

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



February 10, 2022

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 <under Japanese GAAP>

Company name: **OAT Agrio Co., Ltd.**  
 Listing: Tokyo Stock Exchange  
 Securities code: 4979  
 URL: <https://www.oat-agrio.co.jp>  
 Representative: Hisashi Oka, President CEO  
 Contact: Toshiyuki Shigeuchi, Director (Board Member)  
 TEL: +81-3-5283-0262

Scheduled date of ordinary general meeting of shareholders: March 30, 2022  
 Scheduled date to commence dividend payments: March 16, 2022  
 Scheduled date to file Annual Securities Report: March 30, 2022  
 Preparation of supplementary material on financial results: None  
 Holding of financial results presentation meeting: Yes (For institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated financial results for the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	22,657	11.7	1,982	31.0	1,969	46.3	1,443	72.3
December 31, 2020	20,288	(7.4)	1,512	40.5	1,346	60.7	837	–

Note: Comprehensive income Fiscal year ended December 31, 2021: ¥2,043 million [95.6%]  
 Fiscal year ended December 31, 2020: ¥1,044 million [–%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
December 31, 2021	268.32	–	19.0	6.9	8.7
December 31, 2020	154.76	–	12.9	4.6	7.5

Reference: Equity in earnings (losses) of affiliates Fiscal year ended December 31, 2021: ¥7 million  
 Fiscal year ended December 31, 2020: ¥7 million

Note: Diluted earnings per share is not presented because there are no potential shares.

## (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2021	28,321	9,122	29.3	1,573.90
December 31, 2020	28,848	7,632	23.9	1,271.42

Reference: Equity      As of December 31, 2021:      ¥8,296 million  
As of December 31, 2020:      ¥6,880 million

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2021	3,603	221	(3,936)	3,514
December 31, 2020	1,937	(258)	(1,339)	3,527

## 2. Dividends

	Dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2020	–	0.00	–	40.00	40.00	216	25.9	3.3
Fiscal year ended December 31, 2021	–	0.00	–	45.00	45.00	237	16.8	3.2
Fiscal year ending December 31, 2022 (Forecast)	–	0.00	–	25.00	25.00		19.8	

At a Board of Directors meeting held on January 14, 2022, the Company resolved to conduct a two-for-one share split for the common shares of the Company on March 1, 2022. For the fiscal year ended December 31, 2021, the actual amounts of dividends prior to the share split are listed, and for the dividend forecast for the fiscal year ending December 31, 2022, the amounts listed consider the share split.

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2022	23,263	2.7	2,155	8.7	2,031	3.2	1,329	(7.9)	126.08

Notes: 1. As the Company manages its operations on an annual basis, consolidated earnings forecasts for the first six months are omitted.

2. At a Board of Directors meeting held on January 14, 2022, the Company resolved to conduct a two-for-one share split for the common shares of the Company on March 1, 2022. As a result of the share split, “basic earnings per share” in the consolidated earnings forecasts are calculated using the number of issued shares after the share split (excluding treasury shares).

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- Changes in accounting policies in accordance with changes in accounting standards, etc.: None
  - Changes in accounting policies due to other reasons: None
  - Changes in accounting estimates: None
  - Restatement: None

(3) Number of shares issued (common shares)

- a. Number of shares issued at the end of the period (including treasury shares)

As of December 31, 2021	5,536,000 shares
As of December 31, 2020	5,536,000 shares

- b. Number of treasury shares at the end of the period

As of December 31, 2021	264,844 shares
As of December 31, 2020	124,042 shares

- c. Average number of shares outstanding during the period

Fiscal year ended December 31, 2021	5,379,682 shares
Fiscal year ended December 31, 2020	5,412,030 shares

**Reference: Summary of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	12,820	1.6	974	(1.5)	1,267	24.2	1,232	60.6
December 31, 2020	12,614	(6.6)	988	(15.5)	1,020	(18.7)	767	35.7

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2021	229.05	—
December 31, 2020	141.76	—

Note: Diluted earnings per share is not presented because there are no potential shares.

## (2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2021	21,676	8,523	39.3	1,617.04
December 31, 2020	22,936	7,791	34.0	1,439.73

Reference: Equity                      As of December 31, 2021:                      ¥8,523 million  
    As of December 31, 2020:                      ¥7,791 million

<Reasons for differences between non-consolidated financial results and results for the fiscal year ended December 31, 2020>  
 During the fiscal year ended December 31, 2021, due to the extraordinary income recorded from the transfer of the rice herbicides business to Hokko Chemical Industry Co., Ltd., there is a difference between the actual values in the previous fiscal year and those of the current fiscal year.

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company's actual results. Actual financial and other results may differ substantially from the statements herein due to various factors.

**Attached Materials**

**Index**

- 1. Overview of operating results and others ..... 2
  - (1) Overview of operating results for the fiscal year ended December 31, 2021 ..... 2
  - (2) Overview of financial position for the fiscal year ended December 31, 2021 ..... 3
  - (3) Overview of cash flows for the fiscal year ended December 31, 2021 ..... 3
  - (4) Future outlook ..... 4
- 2. Basic stance on selection of accounting standards ..... 6
- 3. Consolidated financial statements and significant notes thereto ..... 7
  - (1) Consolidated balance sheet ..... 7
  - (2) Consolidated statement of income and consolidated statement of comprehensive income ..... 9
    - Consolidated statement of income ..... 9
    - Consolidated statement of comprehensive income ..... 10
  - (3) Consolidated statement of changes in equity ..... 11
  - (4) Consolidated statement of cash flows ..... 13
  - (5) Notes to consolidated financial statements ..... 15
    - Notes on premise of going concern ..... 15
    - Segment information, etc ..... 15
    - Per share information ..... 15
    - Significant subsequent events ..... 16

## 1. Overview of operating results and others

### (1) Overview of operating results for the fiscal year ended December 31, 2021

In the fiscal year ended December 31, 2021, the Japanese economy continued to face extremely challenging conditions as personal consumption slowed due to the repeated issuance and lifting of state of emergency declarations in response to the impact of the novel coronavirus disease (COVID-19). Furthermore, with the global spread of the COVID-19 Omicron variant at the end of last year, the overall future of the economy remains uncertain.

In the global economy, demand rapidly recovered mainly in the U.S. and Europe with the progressing normalization of economic and social activities. This led to unstable price trends due to supply restrictions on raw materials, labor shortages, and surging energy prices, and just like the Japanese economy, the future of the global economy remains uncertain.

In terms of the environment surrounding the domestic agriculture industry, the response to the “Sustainable Development Goals (SDGs)” and the environment is becoming more important both in Japan and overseas. Amid this trend, in May 2021, the Ministry of Agriculture, Forestry, and Fisheries created and announced new policy guidelines entitled the “Strategy for Sustainable Food Systems” to realize innovation that balances increased production capacity and sustainability in the food, agriculture, forestry, and fisheries industry. These new policy guidelines are compatible with the “agritechnology” being championed and developed by the Group. We also believe that developing agritechnology connects to the SDG contribution targets of “environmental protection,” “improved resource efficiency,” and “zero hunger.”

Amid this environment, in February 2021, the Group formulated its “New Mid-Term Business Plan [2021-2023].” To develop sustainable agriculture that is “friendly to people and the environment” even more broadly, we have implemented our management philosophy of “Contributing to the People in the World with Our Agritechnology and Sincerity” and are moving forward with key policy initiatives.

The Group has been taking steps to better supply safe products that provide peace of mind as demanded by the market by enhancing its sales framework and streamlining production systems, as well as actively investing in sustainable research and development as we continuously work to resolve the issues faced by global agriculture.

As a result of the above business activities, in the fiscal year under review, net sales totaled ¥22,657 million, up 11.7% or ¥2,369 million year on year, operating profit was ¥1,982 million, up 31.0% or ¥469 million year on year, ordinary profit was ¥1,969 million, up 46.3% or ¥623 million year on year, and profit attributable to owners of parent was ¥1,443 million, up 72.3% or ¥605 million year on year.

The Group has a single business segment, the AgriTechno Business. The operating results by business fields in this segment are as follows.

In the agrichemicals field in Japan, we achieved favorable year-on-year shipments with the fungicide *Shochinosuke* and the green products<sup>(Note 1)</sup> *Saffoil* as a result of active sales initiatives, but shipments of the insecticide *Oncol* and *Hachi-Hachi* and rice herbicides decreased in comparison with the previous year. However, overseas, while shipments of the acaricide *Cyflumetofen* and the insecticide *Oncol* were favorable, and sales expanded, shipments of the fungicide *Gatten* fell year on year due to the impact of inventory adjustments by distributors. As a result, net sales in the agrichemicals field amounted to ¥9,539 million, down ¥82 million or 0.9% year on year.

In the fertilizer and biostimulant<sup>(Note 2)</sup> field in Japan, shipments increased for greenhouse fertilizer and drip fertigation cultivation fertilizer. Overseas, Chrysal International B.V. (Blue Wave Holding B.V.) in the Netherlands enjoyed increased shipments of flower materials and the biostimulant *Atonik* from the previous fiscal year. As a result, overall net sales in the fertilizer and biostimulant field increased by ¥2,451 million, or 23.0% year on year, to ¥13,118 million.

Note 1: Green products: Safe and environmentally friendly preventive agents that provide peace of mind and can be used without restriction such as those derived naturally or from food additives or organic JAS-compliant agrochemicals with agrochemical registrations.

Note 2: Biostimulant: General name for the materials and technologies that enhance the immune strength inherent in plants, and promote cold resistance, heat resistance, pest tolerance and growth stimulation.

Impacted by the year-on-year increase in personnel expenses and research and development expenses in selling, general and administrative expenses, operating profit totaled ¥1,982 million (up 31.0% or ¥469 million year on year).

Furthermore, due to the proceeds from the sale of the business handling progenitors and preparations for the rice herbicides Benzofenap and Benfuresate, profit attributable to owners of parent totaled ¥1,443 million (up 72.3% or ¥605 million year on year).

## **(2) Overview of financial position for the fiscal year ended December 31, 2021**

### **a. Position of assets, liabilities, and net assets**

#### **(i) Assets**

Total assets as of December 31, 2021, was ¥28,321 million, a decrease of ¥526 million compared to December 31, 2020. This was the result of an increase of ¥56 million in current assets and a decrease of ¥583 million in non-current assets.

#### **(Current assets)**

Total current assets as of December 31, 2021, was ¥14,498 million, an increase of ¥56 million compared to December 31, 2020. This was mainly the result of decreases of ¥84 million in cash and deposits and ¥136 million in notes and accounts receivable - trade, and increases of ¥39 million in merchandise and finished goods, ¥212 million in raw materials and supplies, and ¥250 million in work in process.

#### **(Non-current assets)**

Total non-current assets as of December 31, 2021, was ¥13,822 million, a decrease of ¥583 million compared to December 31, 2020. This was mainly the result of decreases of ¥72 million in buildings and structures, ¥412 million in goodwill, and ¥128 million in customer relation assets.

#### **(ii) Liabilities**

#### **(Current liabilities)**

Total current liabilities as of December 31, 2021, was ¥10,340 million, a decrease of ¥467 million compared to December 31, 2020. This was mainly the result of increases of ¥1,045 million in notes and accounts payable - trade and ¥273 million in income taxes payable, and a decrease of ¥1,829 million in short-term borrowings.

#### **(Non-current liabilities)**

Total non-current liabilities as of December 31, 2021, was ¥8,859 million, a decrease of ¥1,548 million compared to December 31, 2020. This was mainly the result of decreases of ¥1,272 million in long-term borrowings and ¥164 million in long-term deposits received.

#### **(iii) Net assets**

Total net assets as of December 31, 2021, was ¥9,122 million, an increase of ¥1,489 million compared to December 31, 2020. This was mainly the result of the recording of ¥1,443 million in profit attributable to owners of parent, ¥216 million in payment of dividends of surplus, ¥299 million in purchase of treasury shares, and an increase of ¥385 million in foreign currency translation adjustment.

## **(3) Overview of cash flows for the fiscal year ended December 31, 2021**

Cash and cash equivalents (hereinafter “cash”) as of December 31, 2021 was ¥3,514 million, a decrease of ¥12 million compared to December 31, 2020. Cash flows during the fiscal year under review and their causes are as follows.

#### **(Cash flows from operating activities)**

Net cash provided by operating activities was ¥3,603 million (¥1,937 million was provided in the previous fiscal year). The main sources of cash were profit before income taxes of ¥2,249 million,

depreciation of ¥825 million, amortization of goodwill of ¥591 million, an increase in trade payables of ¥996 million, and a decrease in trade receivables of ¥209 million. The main uses of cash were an increase in inventories of ¥429 million and income taxes paid of ¥570 million.

(Cash flows from investing activities)

Net cash provided by investing activities was ¥221 million (¥258 million was used in the previous fiscal year). The main sources of cash were proceeds from sale of investment securities of ¥288 million and proceeds from sale of businesses of ¥234 million. The main uses of cash were purchase of property, plant and equipment of ¥259 million and purchase of intangible assets of ¥146 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥3,936 million (¥1,339 million was used in the previous fiscal year). The main uses of cash were a decrease in short-term borrowings of ¥1,801 million, repayments of long-term borrowings of ¥1,416 million, dividends paid of ¥215 million, and purchase of treasury shares of ¥299 million.

Reference: Trends in cash flow indicators

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Equity ratio (%)	20.5	23.9	29.3
Market value equity ratio (%)	30.0	25.9	38.5
Ratio of cash flow to interest-bearing debt (%)	674.7	786.1	351.1
Interest coverage ratio (times)	10.2	11.0	21.0

Notes: 1. Equity ratio: Equity / Total assets

Market value equity ratio (%): Market capitalization / Total assets

Ratio of cash flow to interest-bearing debt (%): Interest-bearing debt / Cash flow

Interest coverage ratio (times): Cash flow / Interest payments

2. All items are calculated using consolidated financial data.

3. Market capitalization is based on number of shares issued excluding treasury shares.

4. Operating cash flow is used for cash flow.

#### (4) Future outlook

The Group aims to contribute to society through the provision of technology that boosts food production (agritechnology). Also, guided by the basic policy of increasing corporate profits and enhancing enterprise value, the Group will implement measures to grow earnings and strengthen its financial standing while pursuing business activities that contribute to sustainable agriculture that is friendly to people and the environment.

Furthermore, while maintaining the policy established in our New Mid-Term Business Plan [2021-2023] formulated in the fiscal year under review, we will engage in corporate activities that flexibly respond to changes in the social environment.

##### a. Growth driver initiatives

We will focus on “Green agrochemicals friendly to people and the environment,” “The biostimulant business,” “Stimulation of latent demand in the greenhouse horticulture field,” and “Handling products globally.”

##### b. Pursuing synergistic effects globally

We will attempt to maximize profits by sharing information and cooperating in every part of the agricultural value chain, increasing research speed by creating satellite research locations, streamlining new product development for biostimulant products, and increasing product development speed through cooperation among group companies.

##### c. Building a corporate culture and rising to the challenge of new businesses



We plan to build a corporate culture of “We experience the pleasure and difficulty of cultivation by ourselves and disseminate them to the world” and to propose ways of making cultivation simple and enjoyable. We will rise to the challenge of new business models through a two-way initiative with consumers looking to enjoy home gardening as we work to develop new demand.

The outlook for each of our key themes is as follows.

In the starting year of 2021, for “Green agrochemicals friendly to people and the environment,” we focused on the market launch of new products and completed preparations for the market introduction of three new products from 2023 to 2024. Going forward, we will focus on sales activities of existing products and activities to develop products in Japan and overseas.

Furthermore, in the “biostimulant business,” we began providing the “Agrio Strawberry Master,” a cultivation diagnosis system using AI and a form of smart agriculture for which implementation and verification testing has been conducted for many years. This is part of our efforts to increase the number of registered countries globally, to increase the number of compatible crops, to expand the number of registration tests implemented, and to spur alternative demand in the facility horticulture field, which we will proactively promote.

Regarding pursuing synergistic effects globally, having deepened our understanding of the contents of the value chain from the pre-harvest to the post-harvest phase, we will evaluate product development with group companies. Currently, at Blue Wave Holding B.V., which holds the world’s top share of flower freshness preservatives, we are working to handle a broad range of products from each company.

In terms of building a corporate culture and rising to the challenge of new businesses, based on sharing information through social media in a format specialized for cultivation information, we will increase the number of registered users and begin the two-way sharing of information. We have also exhibited at agricultural expos and focused on sharing information using DX by establishing a branding site, which we envision connecting to these new businesses in the future.

The Group will target cost improvements and earnings gains through initiatives that involve cooperation between sales and production divisions with respect to swiftly addressing market trends and changes in the sales environment. Nevertheless, in the current fiscal year, we expect to incur higher selling, general and administrative expenses such that comprise an increase in experiment and research expenses amounting to approximately ¥56 million in comparison with the previous fiscal year, which contains additional experiment expenses for undertaking new product development and renewing the registration of existing products.

Under those business conditions, for the fiscal year ending December 31, 2022, we forecast net sales of ¥23,263 million, up 2.7% year on year, operating profit of ¥2,155 million, up 8.7% year on year, ordinary profit of ¥2,031 million, up 3.2% year on year, and profit attributable to owners of parent of ¥1,329 million, down 7.9% year on year.

The Company considers the distribution of profit to shareholders as one of the most important issues for management. Accordingly, the Company’s basic policy on profit distribution is to carry out the stable payment of dividends while considering the provision of the necessary internal reserves to strengthen the financial base and proactively develop business. Looking ahead, the Company shall strive for sustainable growth by investing business resources in business fields where growth is expected in the medium- to long-term in order to boost corporate value and increase value for shareholders.

Furthermore, in the “New Mid-Term Business Plan 2022-2024” announced today, we have disclosed our medium-term management plan until the end of fiscal year ending December 31, 2024 for your reference.

The Company plans to pay dividends from surplus for the fiscal year under review of ¥45 per share as per the dividend forecast announced on August 10, 2021.

Concerning the dividends from surplus for the fiscal year ending December 31, 2022, the Company plans to pay an annual dividend of ¥25 per share.

## **2. Basic stance on selection of accounting standards**

The Group uses Japanese accounting standards to facilitate comparison with sector peer companies in Japan.

With respect to adoption of international financial reporting standards (IFRS), the Group follows a policy of responding in a suitable manner after giving consideration to various circumstances in Japan and overseas.

### 3. Consolidated financial statements and significant notes thereto

#### (1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	3,736	3,651
Notes and accounts receivable - trade	5,418	5,281
Merchandise and finished goods	2,642	2,682
Work in process	355	605
Raw materials and supplies	1,475	1,687
Other	870	643
Allowance for doubtful accounts	(55)	(54)
Total current assets	14,441	14,498
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,295	1,222
Machinery, equipment and vehicles, net	677	698
Land	1,012	1,037
Leased assets, net	391	507
Other, net	245	242
Total property, plant and equipment	3,623	3,708
Intangible assets		
Goodwill	6,497	6,085
Software	100	98
Customer relation Assets	2,780	2,651
Other	293	357
Total intangible assets	9,672	9,193
Investments and other assets		
Investment securities	648	370
Shares of subsidiaries and associates	29	74
Deferred tax assets	141	173
Other	290	301
Total investments and other assets	1,110	920
Total non-current assets	14,406	13,822
Total assets	28,848	28,321

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,031	3,076
Short-term borrowings	6,558	4,728
Accounts payable - other	522	617
Income taxes payable	192	465
Provision for bonuses	31	33
Provision for sales rebates	42	35
Provision for sales returns	16	16
Provision for compensation for damage	46	21
Other	1,365	1,343
Total current liabilities	10,807	10,340
Non-current liabilities		
Long-term borrowings	8,673	7,401
Long-term deposits received	173	8
Retirement benefit liability	280	161
Deferred tax liabilities	938	916
Other	341	370
Total non-current liabilities	10,408	8,859
Total liabilities	21,215	19,199
<b>Net assets</b>		
Shareholders' equity		
Share capital	461	461
Capital surplus	2,410	2,404
Retained earnings	4,680	5,907
Treasury shares	(162)	(433)
Total shareholders' equity	7,390	8,339
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	90	83
Foreign currency translation adjustment	(557)	(172)
Remeasurements of defined benefit plans	(41)	45
Total accumulated other comprehensive income	(509)	(43)
Non-controlling interests	751	825
Total net assets	7,632	9,122
<b>Total liabilities and net assets</b>	<b>28,848</b>	<b>28,321</b>

## (2) Consolidated statement of income and consolidated statement of comprehensive income

### Consolidated statement of income

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	20,288	22,657
Cost of sales	10,824	11,969
Gross profit	9,464	10,687
Selling, general and administrative expenses	7,951	8,705
Operating profit	1,512	1,982
Non-operating income		
Interest income	15	11
Dividend income	11	7
Subsidy income	5	–
Insurance fee income	–	29
Foreign exchange gains	–	82
Share of profit of entities accounted for using equity method	7	7
Other	32	35
Total non-operating income	72	174
Non-operating expenses		
Interest expenses	181	171
Foreign exchange losses	47	–
Commission for purchase of treasury shares	0	2
Other	10	13
Total non-operating expenses	239	186
Ordinary profit	1,346	1,969
Extraordinary income		
Gain on sale of investment securities	–	78
Gain on sale of non-current assets	4	3
Gain on sale of businesses	–	234
Gain on liquidation of subsidiaries	154	–
Total extraordinary income	159	316
Extraordinary losses		
Loss on retirement of non-current assets	1	1
Loss on abandonment of inventories	7	–
Impairment losses	61	8
Loss on valuation of investment securities	59	18
Loss on valuation of shares of subsidiaries and associates	–	7
Total extraordinary losses	129	36
Profit before income taxes	1,376	2,249
Income taxes - current	512	838
Income taxes - deferred	(28)	(122)
Total income taxes	484	716
Profit	891	1,532
Profit attributable to non-controlling interests	54	89
Profit attributable to owners of parent	837	1,443

## Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	891	1,532
Other comprehensive income		
Valuation difference on available-for-sale securities	84	(6)
Foreign currency translation adjustment	108	430
Remeasurements of defined benefit plans, net of tax	(39)	87
Total other comprehensive income	153	510
Comprehensive income	1,044	2,043
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	995	1,909
Comprehensive income attributable to non-controlling interests	49	134

### (3) Consolidated statement of changes in equity

Fiscal year ended December 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	461	2,410	4,059	(162)	6,769
Changes during period					
Profit attributable to owners of parent			837		837
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					-
Dividends of surplus			(216)		(216)
Other					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	621	(0)	620
Balance at end of period	461	2,410	4,680	(162)	7,390

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6	(671)	(19)	(685)	724	6,807
Changes during period						
Profit attributable to owners of parent				-		837
Purchase of treasury shares				-		(0)
Disposal of treasury shares				-		-
Dividends of surplus				-		(216)
Other				-		-
Net changes in items other than shareholders' equity	84	113	(21)	176	27	203
Total changes during period	84	113	(21)	176	27	824
Balance at end of period	90	(557)	(41)	(509)	751	7,632

Fiscal year ended December 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	461	2,410	4,680	(162)	7,390
Changes during period					
Profit attributable to owners of parent			1,443		1,443
Purchase of treasury shares				(299)	(299)
Disposal of treasury shares		(6)		28	22
Dividends of surplus			(216)		(216)
Other		0			0
Net changes in items other than shareholders' equity					-
Total changes during period	-	(5)	1,226	(271)	949
Balance at end of period	461	2,404	5,907	(433)	8,339

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	90	(557)	(41)	(509)	751	7,632
Changes during period						
Profit attributable to owners of parent				-		1,443
Purchase of treasury shares				-		(299)
Disposal of treasury shares				-		22
Dividends of surplus				-		(216)
Other				-		0
Net changes in items other than shareholders' equity	(6)	385	86	465	73	539
Total changes during period	(6)	385	86	465	73	1,489
Balance at end of period	83	(172)	45	(43)	825	9,122



#### (4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,376	2,249
Depreciation	842	825
Amortization of goodwill	570	591
Loss (gain) on sale of businesses	–	(234)
Loss (gain) on sale of investment securities	–	(78)
Loss (gain) on liquidation of subsidiaries	(154)	–
Loss (gain) on sale of non-current assets	(4)	(3)
Impairment losses	61	8
Loss (gain) on valuation of investment securities	59	18
Share of loss (profit) of entities accounted for using equity method	(7)	(7)
Insurance claim income	–	(29)
Interest and dividend income	(26)	(19)
Share-based payment expenses	–	22
Foreign exchange losses (gains)	(18)	10
Interest expenses	181	171
Increase (decrease) in retirement benefit liability	36	(121)
Increase (decrease) in allowance for doubtful accounts	28	(2)
Increase (decrease) in provision for sales returns	(1)	(0)
Increase (decrease) in provision for sales rebates	3	(6)
Increase (decrease) in provision for bonuses	0	2
Decrease (increase) in trade receivables	(307)	209
Decrease (increase) in inventories	736	(429)
Increase (decrease) in trade payables	(391)	996
Increase (decrease) in accounts payable - other	(47)	13
Other, net	(150)	132
Subtotal	2,786	4,320
Interest and dividends received	21	24
Interest paid	(176)	(173)
Compensation for damage paid	(92)	(25)
Income taxes paid	(601)	(570)
Proceeds from insurance income	–	29
Net cash provided by (used in) operating activities	1,937	3,603
<b>Cash flows from investing activities</b>		
Payments into time deposits	(377)	(390)
Proceeds from withdrawal of time deposits	306	476
Purchase of property, plant and equipment	(217)	(259)
Proceeds from sale of property, plant and equipment	224	6
Purchase of intangible assets	(75)	(146)
Proceeds from sale of investment securities	–	288
Proceeds from sale of shares of subsidiaries and associates	–	12
Purchase of shares of subsidiaries	(96)	(0)
Proceeds from sale of businesses	–	234
Other, net	(23)	0
Net cash provided by (used in) investing activities	(258)	221

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(155)	(1,801)
Proceeds from long-term borrowings	2,779	–
Repayments of long-term borrowings	(3,576)	(1,416)
Repayments of lease obligations	(151)	(146)
Purchase of treasury shares	(0)	(299)
Dividends paid	(216)	(215)
Dividends paid to non-controlling interests	(19)	(55)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(1,339)	(3,936)
Effect of exchange rate change on cash and cash equivalents	(139)	97
Net increase (decrease) in cash and cash equivalents	199	(12)
Cash and cash equivalents at beginning of period	3,328	3,527
Cash and cash equivalents at end of period	3,527	3,514

## (5) Notes to consolidated financial statements

### Notes on premise of going concern

No items to report.

### Segment information, etc.

As the Group consists of a single business segment, the AgriTechno Business, this information is omitted.

### Per share information

	(Yen)	
	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net assets per share	1,271.42	1,573.90
Basic earnings per share	154.76	268.32

Notes: 1. Diluted earnings per share is not presented since no potential shares exist.  
2. The basis of calculation of basic earnings per share is as follows.

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit attributable to owners of parent (millions of yen)	837	1,443
Amounts not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent available to common shares (millions of yen)	837	1,443
Average number of shares outstanding of common shares during the period (shares)	5,412,030	5,379,682

## Significant subsequent events

(Share split and partial amendment to the Articles of Incorporation in relation to share split)

The Company, at its meeting of the Board of Directors held on January 14, 2022, resolved to implement a share split and partially amend the Articles of Incorporation in relation to the share split, as follows.

### 1. Purpose of share split

The share split will lower the amount per investment unit for the Company's shares and increase the liquidity of shares, creating an easier environment for investors to invest and further broadening our investor class.

### 2. Overview of share split

#### (1) Method of share split

With a record date of February 28, 2022, a two-for-one share split will be instituted to the shares of common share held by shareholders registered in the final List of Shareholders or in other registers on that date.

#### (2) Number of shares to be increased by share split

Total number of issued shares before share split:	5,536,000 shares
Number of shares to be increased by share split:	5,536,000 shares
Total number of issued shares after share split:	11,072,000 shares
Total number of authorized shares to be issued after share split:	36,000,000 shares

#### (3) Schedule of the share split

Publicly announced record date	February 10, 2022
Record date:	February 28, 2022
Effective date:	March 1, 2022

### 3. Partial amendment to the Articles of Incorporation

#### (1) Reason for the amendment

In connection with this share split, pursuant to the provisions of Article 184, paragraph (2) of the Companies Act, the total number of authorized shares stipulated in Article 6 of the Company's Articles of Incorporation will be amended effective March 1, 2022.

#### (2) Details of the amendment

Details of the amendment are as follows.

(Underlined portions indicate the parts that are to be amended.)

Current Articles of Incorporation	Articles of Incorporation after amendment
Article 6 (Total Number of Authorized Shares)	Article 6 (Total Number of Authorized Shares)
The Company's total number of authorized shares stands at <u>18,000,000</u> .	The Company's total number of authorized shares stands at <u>36,000,000</u> .

(3) Schedule of the amendment

Effective date for the  
amendment to the Articles of     March 1, 2022  
Incorporation:

4. Others

The amount of the Company's share capital will not change as a result of the share split.