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May 11, 2022

Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending December 31, 2022
<under Japanese GAAP>

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 Listing: Tokyo Stock Exchange
 Securities code: 4979
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Scheduled date to file Quarterly Securities Report:	May 11, 2022
Scheduled date to commence dividend payments:	—
Preparation of supplementary material on quarterly financial results:	None
Holding of quarterly financial results presentation meeting:	None

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

1. Consolidated financial results for the first three months of the fiscal year ending December 31, 2022 (from January 1, 2022 to March 31, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	8,216	20.2	1,765	78.7	1,853	74.0	1,276	69.3
March 31, 2021	6,833	—	988	—	1,065	—	754	—

Note: Comprehensive income	Three months ended March 31, 2022:	¥1,968 million	[75.3%]
	Three months ended March 31, 2021:	¥1,122 million	[−%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2022	121.10	—
March 31, 2021	69.68	—

Notes 1. Diluted earnings per share is not presented because there are no potential shares.

2. The Company conducted a two-for-one share split for the common shares of the Company on March 1, 2022. The figures for basic earnings per share was calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended December 31, 2021.
3. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and each figure for the first three months of the fiscal year ended December 31, 2022, is the figure after retrospectively applying the accounting standard and relevant ASBJ regulations. Consequently, the percentage of year-on-year change of each figure for the first three months of the fiscal year ended December 31, 2022, is not shown.

(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
March 31, 2022	31,811	10,836	31.3	943.01
December 31, 2021	28,346	9,096	29.2	784.57

Reference: Equity As of March 31, 2022: ¥9,941 million
 As of December 31, 2021: ¥8,271 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and each figure as of December 31, 2021, is the figure after retrospectively applying the accounting standard and relevant ASBJ regulations.

2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	—	0.00	—	45.00	45.00
Fiscal year ending December 31, 2022	—				
Fiscal year ending December 31, 2022 (Forecast)		0.00	—	30.00	30.00

Notes 1. Revisions to the dividends forecasts most recently announced: None

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. 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	24,700	8.9	2,509	25.4	2,488	25.1	1,631	12.0	154.73

Note: Revisions to the earnings forecasts most recently announced: Yes

* For the details, please refer to the “Notice Concerning Revisions to Full-Year Financial Results Forecasts” announced on May 11, 2022.

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- a. Changes in accounting policies in accordance with changes in accounting standards, etc.: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None

Note: For more details, please refer to the section of “2. Quarterly consolidated financial statements and significant notes thereto, (3) Notes to quarterly consolidated financial statements, Changes in accounting policies” on page 8 of the attached materials.

- (4) Number of shares issued (common shares)

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

As of March 31, 2022	11,072,000 shares
As of December 31, 2021	11,072,000 shares

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

As of March 31, 2022	529,688 shares
As of December 31, 2021	529,688 shares

- c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2022	10,542,312 shares
Three months ended March 31, 2021	10,823,916 shares

* Quarterly financial results reports are exempt from quarterly review 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

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1. Qualitative information regarding financial results for the first three months

(1) Information regarding operating results

In the first three months of the fiscal year ending December 31, 2022, the Japanese economy remained uncertain due to the impact of the international situation surrounding the novel coronavirus disease (COVID-19) and Russia's invasion of Ukraine, among others. However, as for the COVID-19, the gradual decline in the number of new cases following the explosive sixth wave of COVID-19 resulted in key measures to prevent the spread of infection being lifted in all regions of Japan. Nevertheless, the situation in Ukraine looks likely to be protracted and has been a factor spurring the higher prices of raw materials and crude oil in Japan as well. As is the case overseas, with the higher energy prices and the supply chain disruptions being the global concerns, the outlook remains unpredictable.

Under such business conditions, OAT Agrio Group (the "Group") revised its New Mid-Term Business Plan [2021-2023] formulated in February 2021, and announced its New Mid-Term Business Plan [2022-2024] in February 2022. The Group has implemented its management philosophy of "Contributing to the People in the World with Our Agritechnology and Sincerity" and further strengthened key policy initiatives.

As a result, in the first three months under review, net sales was ¥8,216 million, up ¥1,382 million or 20.2% year on year, operating profit was ¥1,765 million, up ¥777 million or 78.7% year on year, ordinary profit was ¥1,853 million, up ¥787 million or 74.0% year on year, and profit attributable to owners of parent was ¥1,276 million, up ¥522 million or 69.3% year on year.

The Group has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under review. The Group retrospectively applied the said accounting standard, etc., to the consolidated operating results for the three months ended March 31, 2021, in accordance with the general accounting treatment provided for in paragraph 84 of the Accounting Standard for Revenue Recognition.

Net sales and operating profit of the Group tend to be higher in the first quarter of the consolidated fiscal year compared with the other three quarters because it is the period for deliveries in preparation for peak demand seasons, particularly with respect to the domestic agrichemicals business.

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, the Group achieved favorable results as a result of aggressive sales activities of green products that the Company has focused on, such as acaricides *Acaritouch* and *Suffoil* and the fungicide *Kaligreen*. In addition, sales were strong for the Company's main-stay insecticides *Hachi-Hachi* and *Orion*, acaricide *Cyflumetofen* and fungicide *Shochinosuke*. On the other hand, there was a decrease in sales of rice herbicide, whose business was transferred in October 2021. In the overseas markets, acaricide *Cyflumetofen* and fungicide *Gatten* produced favorable results. As a result, net sales in the agrichemicals field amounted to ¥4,447 million, up ¥757 million or 20.5% year on year.

In the fertilizer and biostimulant field, greenhouse fertilizer and drip fertigation fertilizer, etc. were strong in the domestic market. Furthermore, the earnings of overseas affiliates were favorable, with substantial growth in sales for Blue Wave Holding B.V. of the Netherlands and LIDA Plant Research, S.L. of Spain. As a result, net sales in the fertilizer and biostimulant field increased by ¥624 million, or 19.9% year on year, to ¥3,768 million.

(2) Information regarding financial position

Total assets as of March 31, 2022, was ¥31,811 million, an increase of ¥3,464 million compared to December 31, 2021. This was mainly the result of increases of ¥2,840 million in notes and accounts payable - trade and ¥134 million in goodwill due to the impact of foreign currency translation.

Total liabilities was ¥20,975 million, an increase of ¥1,724 million compared to December 31, 2021. This was mainly the result of increases of ¥953 million in notes and accounts payable - trade and ¥590 million in short-term borrowings and long-term borrowings.

Net assets was ¥10,836 million, an increase of ¥1,739 million compared to December 31, 2021. This was mainly the result of the recording of ¥1,276 million in profit attributable to owners of parent, ¥237 million

in payment of dividends of surplus, and an increase of ¥614 million in foreign currency translation adjustment.

(3) Information regarding consolidated earnings forecasts and other forward-looking statements

For details of the consolidated earnings forecasts for the fiscal year ending December 31, 2022, please refer to “Notice Concerning Revisions to Full-Year Financial Results Forecasts” announced on May 11, 2022.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	3,651	3,846
Notes and accounts receivable - trade	5,275	8,116
Merchandise and finished goods	2,682	2,751
Work in process	605	541
Raw materials and supplies	1,687	1,815
Other	664	614
Allowance for doubtful accounts	(54)	(79)
Total current assets	14,513	17,606
Non-current assets		
Property, plant and equipment	3,708	3,757
Intangible assets		
Goodwill	6,085	6,220
Software	98	99
Customer relation Assets	2,651	2,723
Other	357	379
Total intangible assets	9,193	9,422
Investments and other assets	930	1,025
Total non-current assets	13,833	14,204
Total assets	28,346	31,811
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,076	4,030
Short-term borrowings	4,728	5,476
Income taxes payable	465	715
Accounts payable - other	617	448
Provision for bonuses	33	128
Provision for compensation for damage	21	23
Refund liability	105	181
Other	1,342	1,257
Total current liabilities	10,392	12,260
Non-current liabilities		
Long-term borrowings	7,401	7,244
Retirement benefit liability	161	163
Long-term deposits received	8	8
Deferred tax liabilities	915	943
Other	370	353
Total non-current liabilities	8,858	8,714
Total liabilities	19,250	20,975

(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Share capital	461	461
Capital surplus	2,404	2,412
Retained earnings	5,882	6,921
Treasury shares	(433)	(433)
Total shareholders' equity	8,314	9,362
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	83	91
Foreign currency translation adjustment	(172)	442
Remeasurements of defined benefit plans	45	44
Total accumulated other comprehensive income	(43)	578
Non-controlling interests	825	894
Total net assets	9,096	10,836
Total liabilities and net assets	28,346	31,811

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

Consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Net sales	6,833	8,216
Cost of sales	3,632	4,137
Gross profit	3,201	4,078
Selling, general and administrative expenses	2,212	2,312
Operating profit	988	1,765
Non-operating income		
Interest income	3	2
Foreign exchange gains	83	115
Dividend income	2	2
Insurance fee income	19	—
Share of profit of entities accounted for using equity method	8	8
Other	5	1
Total non-operating income	124	131
Non-operating expenses		
Interest expenses	45	42
Other	1	0
Total non-operating expenses	47	43
Ordinary profit	1,065	1,853
Extraordinary losses		
Impairment losses	4	18
Loss on retirement of non-current assets	0	0
Total extraordinary losses	4	18
Profit before income taxes	1,060	1,835
Income taxes - current	354	610
Income taxes - deferred	(71)	(78)
Total income taxes	282	532
Profit	777	1,302
Profit attributable to non-controlling interests	23	26
Profit attributable to owners of parent	754	1,276

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Profit	777	1,302
Other comprehensive income		
Valuation difference on available-for-sale securities	38	7
Foreign currency translation adjustment	305	657
Remeasurements of defined benefit plans, net of tax	2	(0)
Total other comprehensive income	345	665
Comprehensive income	1,122	1,968
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,071	1,899
Comprehensive income attributable to non-controlling interests	50	68

(3) Notes to quarterly consolidated financial statements

Notes on premise of going concern

No items to report.

Notes on substantial changes in the amount of shareholders' equity

No items to report.

Changes in accounting policies

Application of Accounting Standard for Revenue Recognition, Etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the first quarter of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon the exchange of said goods or services. The main changes due to this are as follows.

(1) Sales incentives

As for part of the sales incentives, etc. paid to customers, previously only the confirmed amount of sales incentives, etc. was deducted from net sales and it was treated as selling, general and administrative expenses, but the Group has changed this to a method to deduct the estimated amount of sales incentives, etc. from net sales. In addition, the estimated amount of sales incentives, etc. is presented under "current liabilities" as refund liabilities.

(2) Sales with right of return

As for merchandise and finished goods forecast to be returned, previously these were recorded as provision for sales returns based on the equivalent amount of gross profit, but the Group has changed this to a method not to recognize revenue at the time of sale but to recognize the consideration of merchandise and finished goods forecast to be returned as refund liability and to recognize the right to collect the merchandise and finished goods from the customer at the time of payment of the refund liabilities as returned assets. In addition, refund liability is presented in "current liabilities" and returned assets are included in "other" under "current assets."

(3) Agent transactions

For transactions where it is the Group's role to act as an agent to provide merchandise to customers, the Group previously recognized the total amount of consideration received from customers as revenue, but the Group has changed this to a method to recognize the net amount after deducting the amount paid to the suppliers of the merchandise from the amount received from the customer as revenue.

The said change in accounting policy, in principle, has been applied retrospectively and therefore be reflected in the quarterly consolidated financial statements for the previous consolidated fiscal year and the quarters thereof. However, the following method provide for in paragraph 85 of the Accounting Standard for Revenue Recognition has been applied.

- (1) Comparative information is not retrospectively restated for contracts for which nearly all the revenue amounts have been recognized prior to the beginning of the previous fiscal year in accordance with the previous treatment.
- (2) The quarterly consolidated financial statements for the previous fiscal year are not retrospectively restated for contracts that commenced and expired within the previous fiscal year.

As a result, for the first three months of the previous fiscal year, compared with the figures before the retrospective application, net sales increased by ¥9 million and cost of sales decreased by ¥4 million, but the impact on operating profit, ordinary profit and profit before income taxes was insignificant.

Furthermore, the information on disaggregation of revenue from contracts with customers during the first three months of the previous fiscal year has not been disclosed as allowed by the transitional

treatment provided for in paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020).

Application of Accounting Standard for Fair Value Measurement, Etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year under review, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on the quarterly consolidated financial statements.

Segment information, etc.

[Segment information]

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

Significant subsequent events

Disposal of treasury shares as restricted stock remuneration.

The Company resolved to dispose of treasury shares as restricted stock remuneration at its Board of Directors held on April 8, 2022.

1. Overview of the Disposal

(1) Class and number of shares for disposal	31,513 common shares of the Company
(2) Disposal value	No monetary consideration
(3) Total disposal value	32,868,059 yen
(4) Allottees and number thereof, and number of shares for disposal	Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members), 6 persons, 31,513 shares
(5) Payment date	May 6, 2022
(6) Other	The disposal of treasury shares is conditional on filing of a securities notification statement in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reason for the Disposal

The Company resolved to introduce a restricted stock remuneration system (hereinafter the “Plan”) for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members) to promote sharing common interests with shareholders, while ensuring their greater commitment to sustainably improve the Company’s medium- to long-term corporate value at its Board of Directors held on February 26, 2021. In addition, the 11th Ordinary General Meeting of Shareholders held on March 30, 2021, approved the total monetary value of the Company’s common shares subject to issuance or disposal of for the purpose of granting restricted shares under the Plan to be an amount to ¥100 million or less per year with respect to the delivery without contribution approach and the contribution in-kind approach combined.

Now, the Company has resolved to grant the Company’s six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members) restricted shares using the delivery without contribution approach as consideration for their execution of duties as Directors by taking into account the objective of the Plan, the Company’s earnings, the scope of the duties designated to each eligible person and various other circumstances.