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November 9, 2022

## Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending December 31, 2022 <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 to file Quarterly Securities Report: November 9, 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 nine months of the fiscal year ending December 31, 2022 (from January 1, 2022 to September 30, 2022)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2022	20,892	19.7	3,255	58.0	3,465	67.4	2,285	62.1
September 30, 2021	17,452	–	2,060	–	2,070	–	1,410	–

Note: Comprehensive income      Nine months ended September 30, 2022:   ¥3,594 million   [–]

Nine months ended September 30, 2021:   ¥1,806 million   [–]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2022	216.48	–
September 30, 2021	130.30	–

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

- 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 were calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended December 31, 2021.
- 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 nine months ended September 30, 2021, 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 nine months ended September 30, 2021, 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
September 30, 2022	32,375	12,426	35.4	1,083.15
December 31, 2021	28,346	9,096	29.2	784.57

Reference: Equity As of September 30, 2022: ¥11,453 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	–	0.00	–		
Fiscal year ending December 31, 2022 (Forecast)				45.00	45.00

Notes: 1. Revisions to the dividends forecasts most recently announced: Yes

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	26,600	17.3	3,320	65.8	3,550	78.5	2,300	57.9	217.82

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

**\* 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 September 30, 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 September 30, 2022	498,207 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)

Nine months ended September 30, 2022	10,559,381 shares
Nine months ended September 30, 2021	10,824,083 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 nine months

### (1) Information regarding operating results

In the first nine months of the fiscal year ending December 31, 2022, the Japanese economy was showing a narrow but improving trend in economic activity, on account of the impact of the progressive implementation of vaccination against the novel coronavirus disease (COVID-19) and the easing of movement restrictions in conjunction with that. However, the rising price of goods has been accelerating amid the situation in Ukraine, the ongoing depreciation of the yen, and the rising price of resources, providing continuing uncertainty regarding the future of the overall economy.

Under such business conditions, OAT Agrio Group (the “Group”) took sound practical steps to implement the New Mid-Term Business Plan [2022-2024], which is a period of preparation for the Group to steadily realize growth for the future, while taking advantage of the positive benefits on earnings provided by the depreciating yen. The Group continues to actively take on challenging goals, not only for its existing businesses, but also in the development of new products and technologies as well as new services, sharing throughout the entire Group a common vision for its future that includes a focus on growth drivers and a maximization of global synergetic effects.

As a result, in the first nine months under review, net sales was ¥20,892 million, up ¥3,439 million or 19.7% year on year, selling, general and administrative expenses was ¥6,743 million, up ¥456 million or 7.3% year on year, operating profit was ¥3,255 million, up ¥1,195 million or 58.0% year on year, ordinary profit was ¥3,465 million, up ¥1,395 million or 67.4% year on year and profit attributable to owners of parent was ¥2,285 million, up ¥875 million or 62.1% year on year.

Net sales and operating profit of the Group tend to be higher in the first and second quarters of the fiscal year compared with the other two quarters because they are the periods 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 continued to achieve favorable results due to green products that the Company has focused on, such as the acaricides *Acaritouch* and *Suffoil* and the fungicide *Kaligreen*, resulting in a growth in net sales. In addition, sales were strong for the Company’s main-stay products, such as insecticide *Orion*, acaricide *Cyflumetofen*, and fungicide *Shochinosuke*. In the overseas markets, the acaricide *Cyflumetofen* maintained favorable results for North and South American markets, and the insecticide *Oncol* saw steady results mainly for South American market. These results covered a decrease in sales of rice herbicide, whose business was transferred in October 2021, net sales in the agrichemicals field overall amounted to ¥9,435 million, up ¥1,565 million or 19.9% year on year.

In the fertilizer and biostimulant field, the Company focused on the sale of drip fertigation cultivation fertilizer and fertilizer for hydroponic culture, which are fertilizers & drip fertigation technologies in congruence with “Strategy for Sustainable Food Systems” advocated by the Ministry of Agriculture, Forestry, and Fisheries, and expanded its share. In addition, the phosphite fertilizer and biostimulant product *Potatol*, etc. achieve favorable results. Overseas, affiliates Blue Wave Holding B.V. of the Netherlands and LIDA Plant Research, S.L. of Spain saw substantial growth in sales for North and Central and South American markets. As a result, net sales in the fertilizer and biostimulant field overall increased by ¥1,874 million, or 19.6% year on year, to ¥11,456 million.

### (2) Information regarding financial position

Total assets as of September 30, 2022, was ¥32,375 million, an increase of ¥4,028 million compared to December 31, 2021. This was mainly the result of increases of ¥706 million in cash and deposits, ¥1,136 million in notes and accounts receivable - trade, ¥943 million in raw materials, ¥440 million in work in process, and ¥70 million in goodwill due to the impact of foreign currency translation.

Total liabilities was ¥19,948 million, an increase of ¥698 million compared to December 31, 2021. This was mainly the result of an increase of ¥419 million in income taxes payable, a decrease of ¥339 million in notes and accounts payable - trade, an increase of ¥1,499 million in short-term borrowings and a decrease of ¥1,134 million in long-term borrowings.

Net assets was ¥12,426 million, an increase of ¥3,329 million compared to December 31, 2021. This was mainly the result of the recording of ¥2,285 million in profit attributable to owners of parent, ¥237 million

in payment of dividends of surplus, and an increase of ¥1,114 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 and Dividends Forecast” announced on November 9, 2022.

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	3,651	4,358
Notes and accounts receivable - trade	5,275	6,412
Merchandise and finished goods	2,682	2,769
Work in process	605	1,046
Raw materials and supplies	1,687	2,631
Other	664	805
Allowance for doubtful accounts	(54)	(73)
Total current assets	14,513	17,949
Non-current assets		
Property, plant and equipment	3,708	3,829
Intangible assets		
Goodwill	6,085	6,156
Software	98	128
Customer relation assets	2,651	2,722
Other	357	392
Total intangible assets	9,193	9,400
Investments and other assets	930	1,194
Total non-current assets	13,833	14,425
Total assets	28,346	32,375
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,076	2,737
Short-term borrowings	4,728	6,228
Income taxes payable	465	884
Accounts payable - other	617	428
Provision for bonuses	33	139
Provision for compensation for damage	21	23
Refund liability	105	297
Other	1,342	1,450
Total current liabilities	10,392	12,190
Non-current liabilities		
Long-term borrowings	7,401	6,266
Retirement benefit liability	161	173
Deferred tax liabilities	915	941
Other	379	377
Total non-current liabilities	8,858	7,757
Total liabilities	19,250	19,948

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	461	461
Capital surplus	2,404	2,401
Retained earnings	5,882	7,930
Treasury shares	(433)	(408)
Total shareholders' equity	8,314	10,386
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	83	80
Foreign currency translation adjustment	(172)	942
Remeasurements of defined benefit plans	45	43
Total accumulated other comprehensive income	(43)	1,066
Non-controlling interests	825	972
Total net assets	9,096	12,426
Total liabilities and net assets	28,346	32,375



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

### Consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Net sales	17,452	20,892
Cost of sales	9,105	10,893
Gross profit	8,346	9,998
Selling, general and administrative expenses	6,286	6,743
Operating profit	2,060	3,255
Non-operating income		
Interest income	8	7
Dividend income	7	5
Foreign exchange gains	70	276
Share of profit of entities accounted for using equity method	6	11
Insurance claim income	29	39
Other	26	28
Total non-operating income	150	369
Non-operating expenses		
Interest expenses	130	145
Other	8	13
Total non-operating expenses	139	159
Ordinary profit	2,070	3,465
Extraordinary income		
Gain on sale of non-current assets	3	0
Gain on sale of investment securities	78	–
Total extraordinary income	82	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on sale of non-current assets	0	–
Impairment losses	5	19
Total extraordinary losses	6	19
Profit before income taxes	2,146	3,446
Income taxes - current	800	1,272
Income taxes for prior periods	20	–
Income taxes - deferred	(151)	(210)
Total income taxes	669	1,061
Profit	1,476	2,385
Profit attributable to non-controlling interests	65	99
Profit attributable to owners of parent	1,410	2,285

**Consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit	1,476	2,385
Other comprehensive income		
Valuation difference on available-for-sale securities	21	(3)
Foreign currency translation adjustment	304	1,213
Remeasurements of defined benefit plans, net of tax	3	(1)
Total other comprehensive income	330	1,209
Comprehensive income	1,806	3,594
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,708	3,395
Comprehensive income attributable to non-controlling interests	97	198

### **(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 or 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 liability.

##### **(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 liability 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 fiscal year and the quarters thereof. However, the following method provided 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 nine months of the previous fiscal year, compared with the figures before the retrospective application, net sales decreased by ¥13 million and cost of sales decreased by ¥3 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 nine 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 effective from the beginning of the first quarter of the current fiscal year, 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.