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February 10, 2023

Consolidated Financial Results for the Fiscal Year Ended 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 of ordinary general meeting of shareholders: March 29, 2023
 Scheduled date to commence dividend payments: March 15, 2023
 Scheduled date to file Annual Securities Report: March 29, 2023
 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, 2022 (from January 1, 2022 to December 31, 2022)

(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, 2022	26,960	18.9	3,346	67.1	3,385	70.2	2,261	55.3
December 31, 2021	22,678	–	2,001	–	1,989	–	1,456	–

Note: Comprehensive income Fiscal year ended December 31, 2022: ¥3,126 million [52.0%]
 Fiscal year ended December 31, 2021: ¥2,057 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, 2022	214.12	–	23.4	11.4	12.4
December 31, 2021	135.36	–	19.2	7.0	8.8

Reference: Equity in earnings (losses) of affiliates Fiscal year ended December 31, 2022: ¥3 million
 Fiscal year ended December 31, 2021: ¥7 million

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 were 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 fiscal year ended December 31, 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 fiscal year ended December 31, 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
December 31, 2022	31,009	11,949	35.6	1,043.37
December 31, 2021	28,346	9,096	29.2	784.57

Reference: Equity As of December 31, 2022: ¥11,032 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.

(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, 2022	1,416	(569)	(1,029)	3,371
December 31, 2021	3,603	221	(3,936)	3,514

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, 2021	–	0.00	–	45.00	45.00	237	16.6	3.2
Fiscal year ended December 31, 2022	–	0.00	–	45.00	45.00	475	21.0	4.9
Fiscal year ending December 31, 2023 (Forecast)	–	0.00	–	45.00	45.00		22.7	

Note: 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.

**3. Consolidated earnings forecasts for the fiscal year ending December 31, 2023
(from January 1, 2023 to December 31, 2023)**

(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, 2023	27,700	2.7	3,200	(4.4)	3,120	(7.8)	2,100	(7.2)	198.60

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

*** 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.: Yes
 - Changes in accounting policies due to other reasons: None
 - Changes in accounting estimates: None
 - Restatement: None

Note: For more details, please refer to the section of “3. Consolidated financial statements and significant notes thereto, (5) Notes to consolidated financial statements, Changes in accounting policies” on page 16 of the attached materials.

(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, 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 December 31, 2022	498,207 shares
As of December 31, 2021	529,688 shares

- c. Average number of shares outstanding during the period

Fiscal year ended December 31, 2022	10,563,014 shares
Fiscal year ended December 31, 2021	10,759,363 shares

Note: The Company conducted a two-for-one share split for the common shares of the Company on March 1, 2022. “Number of shares issued at the end of the period,” “Number of treasury shares at the end of the period,” “Average number of shares outstanding during the period” were calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended December 31, 2021.

Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(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, 2022	15,422	20.1	2,354	137.9	2,770	115.9	2,154	73.3
December 31, 2021	12,836	–	989	–	1,283	–	1,243	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2022	203.99	–
December 31, 2021	115.53	–

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 fiscal year ended December 31, 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 fiscal year ended December 31, 2021, is not shown.

(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, 2022	25,116	10,439	41.6	987.32
December 31, 2021	21,707	8,501	39.2	806.45

Reference: Equity As of December 31, 2022: ¥10,439 million

As of December 31, 2021: ¥8,501 million

* 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.

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year ended December 31, 2022

In the fiscal year ended December 31, 2022, the outlook for the Japanese economy remained uncertain, due to the prolongation of the impact of novel coronavirus disease (COVID-19), as well as changes in demand trends arising from the invasion of Ukraine by Russia, supply chain disruption, and other effects of the global situation. We believe that significant exchange rate volatility, soaring prices, and other factors must also continue to be considered risks going forward.

In this business environment, the Group worked steadily to put into practice the “New Mid-Term Business Plan [2022-2024],” which was announced in February 2022. Guided by our management philosophy of “Contributing to the People in the World with Our Agritechnology and Sincerity,” we focused on long-term drivers such as green agrochemicals¹, biostimulants², the greenhouse horticulture field, and global expansion, while striving to maximize global synergies through cooperation with group companies and business partners. We perceive the fiscal year under review to have been one in which we laid the foundations for the future of the Group, helped by the yen’s depreciation, which served as a positive factor for consolidated performance. We are in no doubt that the activities to disseminate the agritechnology that we advocate will in itself lead us to achieve our contributory objectives for the Sustainable Development Goals (SDGs), “environmental conservation”, “improvement of resource efficiency,” and “eradication of hunger.” Through the development of new products, technologies and services, we will forge ahead with business activities to help bring about a sustainable agriculture that is kind to people and the environment.

As a result, in the fiscal year under review, net sales totaled ¥26,960 million, up 18.9% or ¥4,281 million year on year, operating profit was ¥3,346 million, up 67.1% or ¥1,344 million year on year, ordinary profit was ¥3,385 million, up 70.2% or ¥1,396 million year on year, and profit attributable to owners of parent was ¥2,261 million, up 55.3% or ¥805 million year on year.

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

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.

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 due to green agrochemicals 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. Moreover, fungicide *Gatten* also achieved year-on-year growth in net sales. 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 ¥11,394 million, up ¥1,838 million or 19.2% 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. Products such as phosphite fertilizers, which improve the efficiency with which phosphoric acid is absorbed, and the biostimulant *Potetoru*, which stimulates photosynthesis and encourages growth, also recorded strong performance. In the overseas markets, affiliates Blue Wave Holding B.V. of the Netherlands and LIDA Plant Research, S.L. of Spain saw substantial growth in sales for North American and Central and South American markets. In addition, group companies saw favorable results for the biostimulant *Atonik*. As a result, net sales in the fertilizer and biostimulant field overall increased by ¥2,443 million, or 18.6% year on year, to ¥15,565 million.

On the other hand, due to the impact of year-on-year increases in personnel, freight, and warehousing costs, selling, general and administrative expenses came to ¥9,314 million, up ¥608 million or 7.0% year on year.

(2) Overview of financial position for the fiscal year ended December 31, 2022

a. Position of assets, liabilities, and net assets

(i) Assets

Total assets as of December 31, 2022, was ¥31,009 million, an increase of ¥2,662 million compared to December 31, 2021. This was the result of increases of ¥2,406 million in current assets and ¥256 million in non-current assets.

(Current assets)

Total current assets as of December 31, 2022, was ¥16,920 million, an increase of ¥2,406 million compared to December 31, 2021. This was mainly the result of a decrease of ¥36 million in cash and deposits, and increases of ¥478 million in notes and accounts receivable - trade, ¥760 million in merchandise and finished goods, ¥657 million in raw materials and supplies, and ¥465 million in work in process.

(Non-current assets)

Total non-current assets as of December 31, 2022, was ¥14,089 million, an increase of ¥256 million compared to December 31, 2021. This was mainly the result of increases of ¥129 million in deferred tax assets, ¥58 million in investment securities, ¥85 million in software, and decreases of ¥46 million in buildings and structures, and ¥124 million in goodwill.

(ii) Liabilities

(Current liabilities)

Total current liabilities as of December 31, 2022, was ¥11,617 million, an increase of ¥1,225 million compared to December 31, 2021. This was mainly the result of increases of ¥1,136 million in short-term borrowings and ¥180 million in income taxes payable, and a decrease of ¥122 million in notes and accounts payable - trade.

(Non-current liabilities)

Total non-current liabilities as of December 31, 2022, was ¥7,442 million, a decrease of ¥1,416 million compared to December 31, 2021. This was mainly the result of an increase of ¥120 million in retirement benefit liability and a decrease of ¥1,450 million in long-term borrowings.

(iii) Net assets

Total net assets as of December 31, 2022, was ¥11,949 million, an increase of ¥2,853 million compared to December 31, 2021. This was mainly the result of the recording of ¥2,261 million in profit attributable to owners of parent, ¥237 million in payment of dividends of surplus, and an increase of ¥805 million in foreign currency translation adjustment.

(3) Overview of cash flows for the fiscal year ended December 31, 2022

Cash and cash equivalents (hereinafter “cash”) as of December 31, 2022 was ¥3,371 million, a decrease of ¥143 million compared to December 31, 2021. 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 ¥1,416 million (¥3,603 million was provided in the previous fiscal year). The main sources of cash were profit before income taxes of ¥3,378 million, depreciation of ¥864 million, amortization of goodwill of ¥620 million, an increase in retirement benefit liability of ¥120 million. The main uses of cash were an increase in inventories of ¥1,698 million, an increase in trade receivables of ¥306 million, a decrease in trade payables of ¥216 million, and income taxes paid of ¥1,048 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥569 million (¥221 million was provided in the previous fiscal year). The main uses of cash were purchase of property, plant and equipment of ¥288 million, purchase of intangible assets of ¥120 million, payments into time deposits of ¥106 million, and purchase of investment securities of ¥73 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥1,029 million (¥3,936 million was used in the previous fiscal year). The main sources of cash were an increase in short-term borrowings of ¥811 million, and proceeds from long-term borrowings of ¥1,678 million. The main uses of cash were repayments of long-term borrowings of ¥3,045 million and dividends paid of ¥237 million.

Reference: Trends in cash flow indicators

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Equity ratio (%)	23.9	29.2	35.6
Market value equity ratio (%)	25.9	38.5	50.8
Ratio of cash flow to interest-bearing debt (%)	786.1	351.0	867.7
Interest coverage ratio (times)	11.0	21.0	9.2

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.

While working steadily to put into practice the main initiatives of the “New Mid-Term Business Plan [2023-2025]: Taking on Further Challenges” that was announced today, we will respond flexibly to changes in the social environment as we carry out our corporate activities.

a. Growth driver initiatives

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

b. Maximizing global synergies

We will work on greater cooperation between group companies by increasing research speed through the creation of satellite research locations, streamlining new product development for biostimulant products, and increasing the pace of other product development.

c. Building a corporate culture and practicing sustainability management

We are building 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. In order to help shape a sustainable agriculture that is kind to both people and the environment, we aim to enhance corporate value through the practice of sustainability management.

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

With regard to “Expanding sales of and popularizing Green agrochemicals,” which is a key growth driver initiative, the physical control agent *Acaritouch* has made significant progress in Aomori prefecture, which is the largest market for apples in Japan. Another such control agent, *Suffoil*, has begun to be used in pesticide application calendar in the satsuma orange market and we expect sales of both products to expand going forward. With regard to “Expanding sales of and popularizing biostimulant products,” we expect these products to become a new significant growth market in future. For crops such as rice, soy, and citrus fruit, in India, China and other countries, we, as a pioneer in the Asian region, provide education on useful case studies, expand applications to new crops, and steadily implement initiatives to popularize these products, so that we will establish a foundation for further expansion in sales. As for “Stimulation of latent demand in the greenhouse horticulture field,” we have entered the smart agriculture market through aggressive use of proposals for Agrio Strawberry Master, a cultivation diagnosis system using AI. We expect to continue to grow sales in the 2023 season.

In terms of pursuing synergies globally, we will explore collaboration and cooperation in a variety of fields, including research, production, purchasing & procurement, and sales development, not only with Japan, but also between overseas locations. We are acting to create a structure for the appropriate formation of projects, and continue to work on maximizing synergies.

With regard to building a corporate culture and rising to the challenge of new businesses, we are using social media to express “the joy of cultivating, the emotion of watching, and the contentment of eating.” We will focus on disseminating information through a variety of media, such as by launching a cultivation media site and making a corporate image video available, which we assume will help open the way to new businesses.

In addition, we will practice sustainability management with the aim of helping to shape a sustainable agriculture that is kind to people and the environment. This will include addressing climate change risks and seeking to achieve carbon neutrality, and will be implemented as a form of corporate social responsibility with the aim of realizing a sustainable society.

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 ¥155 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, 2023, we forecast net sales of ¥27,700 million, up 2.7% year on year, operating profit of ¥3,200 million, down 4.4% year on year, ordinary profit of ¥3,120 million, down 7.8% year on year, and profit attributable to owners of parent of ¥2,100 million, down 7.2% 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 maximize value for shareholders.

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 November 9, 2022.

Concerning the dividends from surplus for the fiscal year ending December 31, 2023, the Company plans to pay an annual dividend of ¥45 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, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	3,651	3,614
Notes and accounts receivable - trade	5,275	–
Notes receivable - trade	–	452
Electronically recorded monetary claims - operating	–	62
Accounts receivable - trade	–	5,239
Merchandise and finished goods	2,682	3,443
Work in process	605	1,071
Raw materials and supplies	1,687	2,345
Other	664	750
Allowance for doubtful accounts	(54)	(60)
Total current assets	14,513	16,920
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,222	1,176
Machinery, equipment and vehicles, net	698	745
Land	1,037	1,090
Leased assets, net	507	462
Other, net	242	303
Total property, plant and equipment	3,708	3,779
Intangible assets		
Goodwill	6,085	5,960
Software	98	184
Customer relation assets	2,651	2,650
Other	357	382
Total intangible assets	9,193	9,177
Investments and other assets		
Investment securities	370	428
Shares of subsidiaries and associates	74	82
Deferred tax assets	184	313
Other	301	307
Total investments and other assets	930	1,132
Total non-current assets	13,833	14,089
Total assets	28,346	31,009

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,076	2,954
Short-term borrowings	4,728	5,865
Accounts payable - other	617	686
Income taxes payable	465	646
Provision for bonuses	33	37
Provision for compensation for damages	21	23
Refund liability	105	128
Other	1,342	1,275
Total current liabilities	10,392	11,617
Non-current liabilities		
Long-term borrowings	7,401	5,951
Retirement benefit liability	161	282
Deferred tax liabilities	915	883
Other	379	324
Total non-current liabilities	8,858	7,442
Total liabilities	19,250	19,060
Net assets		
Shareholders' equity		
Share capital	461	461
Capital surplus	2,404	2,410
Retained earnings	5,882	7,906
Treasury shares	(433)	(408)
Total shareholders' equity	8,314	10,371
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	83	72
Foreign currency translation adjustment	(172)	632
Remeasurements of defined benefit plans	45	(44)
Total accumulated other comprehensive income	(43)	660
Non-controlling interests	825	917
Total net assets	9,096	11,949
Total liabilities and net assets	28,346	31,009

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

Consolidated statement of income

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	22,678	26,960
Cost of sales	11,971	14,299
Gross profit	10,707	12,660
Selling, general and administrative expenses	8,705	9,314
Operating profit	2,001	3,346
Non-operating income		
Interest income	11	13
Dividend income	7	5
Insurance fee income	29	39
Foreign exchange gains	82	153
Share of profit of entities accounted for using equity method	7	3
Other	35	21
Total non-operating income	174	237
Non-operating expenses		
Interest expenses	171	182
Commission for purchase of treasury shares	2	0
Other	13	16
Total non-operating expenses	186	198
Ordinary profit	1,989	3,385
Extraordinary income		
Gain on sale of investment securities	78	–
Gain on sale of non-current assets	3	17
Gain on sale of businesses	234	–
Total extraordinary income	316	17
Extraordinary losses		
Loss on retirement of non-current assets	1	4
Impairment losses	8	19
Loss on valuation of investment securities	18	–
Loss on valuation of shares of subsidiaries and associates	7	–
Total extraordinary losses	36	24
Profit before income taxes	2,269	3,378
Income taxes – current	838	1,194
Income taxes – deferred	(115)	(184)
Total income taxes	722	1,009
Profit	1,546	2,369
Profit attributable to non-controlling interests	89	107
Profit attributable to owners of parent	1,456	2,261

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	1,546	2,369
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	(11)
Foreign currency translation adjustment	430	858
Remeasurements of defined benefit plans, net of tax	87	(89)
Total other comprehensive income	511	756
Comprehensive income	2,057	3,126
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,922	2,966
Comprehensive income attributable to non-controlling interests	135	160

(3) Consolidated statement of changes in equity

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
Cumulative effects of changes in accounting policies			(38)		(38)
Restated balance	461	2,410	4,642	(162)	7,352
Changes during period					
Profit attributable to owners of parent			1,456		1,456
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)	1,239	(271)	962
Balance at end of period	461	2,404	5,882	(433)	8,314

	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
Cumulative effects of changes in accounting policies				-	(1)	(39)
Restated balance	90	(557)	(41)	(509)	750	7,593
Changes during period						
Profit attributable to owners of parent				-		1,456
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	74	540
Total changes during period	(6)	385	86	465	74	1,503
Balance at end of period	83	(172)	45	(43)	825	9,096

Fiscal year ended December 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	461	2,404	5,882	(433)	8,314
Changes during period					
Profit attributable to owners of parent			2,261		2,261
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		6		25	32
Dividends of surplus			(237)		(237)
Net changes in items other than shareholders' equity					-
Total changes during period	-	6	2,024	25	2,056
Balance at end of period	461	2,410	7,906	(408)	10,371

	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	83	(172)	45	(43)	825	9,096
Changes during period						
Profit attributable to owners of parent				-		2,261
Purchase of treasury shares				-		(0)
Disposal of treasury shares				-		32
Dividends of surplus				-		(237)
Net changes in items other than shareholders' equity	(11)	805	(89)	704	91	796
Total changes during period	(11)	805	(89)	704	91	2,853
Balance at end of period	72	632	(44)	660	917	11,949

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,269	3,378
Depreciation	825	864
Amortization of goodwill	591	620
Loss (gain) on sale of businesses	(234)	–
Loss (gain) on sale of investment securities	(78)	–
Loss on retirement of non-current assets	1	4
Loss (gain) on sale of non-current assets	(3)	(17)
Impairment losses	8	19
Loss (gain) on valuation of investment securities	18	–
Share of loss (profit) of entities accounted for using equity method	(7)	(3)
Insurance claim income	(29)	(39)
Interest and dividend income	(19)	(19)
Share-based payment expenses	22	32
Foreign exchange losses (gains)	10	(0)
Interest expenses	171	182
Increase (decrease) in retirement benefit liability	(121)	120
Increase (decrease) in allowance for doubtful accounts	(2)	1
Increase (decrease) in refund liability	(22)	22
Increase (decrease) in provision for bonuses	2	3
Decrease (increase) in trade receivables	204	(306)
Decrease (increase) in inventories	(429)	(1,698)
Increase (decrease) in trade payables	996	(216)
Increase (decrease) in accounts payable - other	13	(43)
Other, net	131	(330)
Subtotal	4,320	2,575
Interest and dividends received	24	3
Interest paid	(173)	(153)
Compensation paid for damage	(25)	–
Income taxes paid	(570)	(1,048)
Proceeds from insurance income	29	39
Net cash provided by (used in) operating activities	3,603	1,416
Cash flows from investing activities		
Payments into time deposits	(390)	(106)
Proceeds from withdrawal of time deposits	476	–
Purchase of property, plant and equipment	(259)	(288)
Proceeds from sale of property, plant and equipment	6	19
Purchase of intangible assets	(146)	(120)
Proceeds from sale of investment securities	288	–
Purchase of investment securities	(0)	(73)
Proceeds from sale of shares of subsidiaries and associates	12	–
Proceeds from sale of businesses	234	–
Other, net	0	(1)
Net cash provided by (used in) investing activities	221	(569)

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,801)	811
Proceeds from long-term borrowings	–	1,678
Repayments of long-term borrowings	(1,416)	(3,045)
Repayments of lease liabilities	(146)	(171)
Purchase of treasury shares	(299)	(0)
Dividends paid	(215)	(237)
Dividends paid to non-controlling interests	(55)	(64)
Other, net	(0)	–
Net cash provided by (used in) financing activities	(3,936)	(1,029)
Effect of exchange rate change on cash and cash equivalents	97	38
Net increase (decrease) in cash and cash equivalents	(12)	(143)
Cash and cash equivalents at beginning of period	3,527	3,514
Cash and cash equivalents at end of period	3,514	3,371

(5) Notes to consolidated financial statements

Notes on premise of going concern

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 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.

This change in accounting policy is applied retrospectively, and thus in principle the consolidated financial statements for the previous fiscal year reflect this retroactive application. 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 consolidated financial statements for the previous fiscal year are not retrospectively restated for contracts that commenced and expired within the previous fiscal year.

Also, “notes and accounts receivable - trade,” which was presented under “current assets” in the consolidated balance sheet for the previous fiscal year, is included in “notes receivable - trade,” “electronically recorded monetary claims - operating,” and “accounts receivable - trade” from the current fiscal year. However, in accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated to reflect the new method of presentation.

As a result, for the previous fiscal year, compared with the figures before the retrospective application, net sales increased by ¥20 million and cost of sales increased by ¥1 million, but the impact on operating profit, ordinary profit and profit before income taxes was insignificant.

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 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 consolidated financial statements.

Segment information

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, 2021	Fiscal year ended December 31, 2022
Net assets per share	784.57	1,043.37
Basic earnings per share	135.36	214.12

- Notes:
1. Diluted earnings per share is not presented since no potential shares exist.
 2. The Company conducted a two-for-one share split for the common shares of the Company on March 1, 2022. The figures for net assets per share and 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.
 3. Basic earnings per share for the previous fiscal year is calculated using the amounts resulting from the retrospective application of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations.
 4. The basis of calculation of basic earnings per share is as follows.

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit attributable to owners of parent (millions of yen)	1,456	2,261
Amounts not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent available to common shares (millions of yen)	1,456	2,261
Average number of shares outstanding of common shares during the period (shares)	10,759,363	10,563,014

Note: The Company conducted a two-for-one share split for the common shares of the Company on March 1, 2022. The average number of shares outstanding of common shares during the period were calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended December 31, 2021.

Significant subsequent events

No items to report.