

*** 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.: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None

(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, 2023	11,072,000 shares
As of December 31, 2022	11,072,000 shares

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

As of September 30, 2023	604,582 shares
As of December 31, 2022	498,207 shares

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

Nine months ended September 30, 2023	10,580,937 shares
Nine months ended September 30, 2022	10,559,381 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, 2023, the Japanese economy was showing deterioration in some areas from the perspective of economic activity due to the effect of persistently high energy costs and economic stagnation in Europe and North America despite social activities returning to normal following the reclassification of the novel coronavirus disease (COVID-19). The prolonged situation in Ukraine, the continuing rise in prices, abnormal weather, and other factors are providing continuing uncertainty concerning the future outlook.

Under such business conditions, OAT Agrio Group (the “Group”), while gaining beneficial impact on operating results from yen depreciation, continued initiatives for the entire Group aimed at realizing the various targets set forth in the “New Mid-Term Business Plan [2023-2025],” which was announced in February 2023. In addition, believing the most important management task is to strive for future medium- to long-term enhancement of corporate value and improvement of shareholder profit, the Group has been focusing its efforts on investment and research and development in businesses that use management resources to create new added value, while invigorating organizations and its personnel. And in line with this view, as announced in September 27, 2023, the Company resolved at the Board of Directors meeting to choose to be listed in the Standard Market on the Tokyo Stock Exchange. The Group maintains a management philosophy of “We contribute to the people in the world with our agritechnology and sincerity.” We will enhance our corporate value through the pursuit of agritechnology, while also continuing to take on the challenge of providing all people with “the joy of cultivating,” “the emotion of watching,” and “the contentment of eating.”

As a result, in the first nine months under review, net sales was ¥22,280 million, up ¥1,388 million or 6.6% year on year, selling, general and administrative expenses was ¥7,295 million, up ¥552 million or 8.2% year on year, operating profit was ¥3,648 million, up ¥392 million or 12.1% year on year, ordinary profit was ¥3,857 million, up ¥391 million or 11.3% year on year, and profit attributable to owners of parent was ¥2,526 million, up ¥240 million or 10.5% 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 maintained favorable sales results for the Company’s mainstay insecticides *Orion* and *Oncol*, and sales for our various green agrochemicals were strong. Meanwhile, sales of insecticide *Hachi-Hachi* and acaricide *Cyflumetofen* were lackluster compared with the same period of the previous fiscal year. In the overseas markets, the acaricide *Cyflumetofen*, the fungicide *Gatten* and others drove the strong sales performance. Among our green agrochemicals, sales of acaricide *Acaritouch* were continuously favorable. As a result, net sales in the agrichemicals field overall amounted to ¥9,664 million, up ¥228 million or 2.4% year on year.

In the fertilizer and biostimulant field in Japan, sales of the spray-on fertilizer *Samppi* series, and the biostimulants *Potetoru*, *Lidavital*, *Algamix*, and *Fullbody* continued to grow. However, sales for greenhouse fertilizers, drip-fertigation fertilizers and others fell year on year due to the impact of surplus inventories in the supply chain. In the overseas markets, sales grew strongly, particularly for shipments of *Atonik* to South-East Asian countries including Thailand and Vietnam. Sales of the *Samppi* series also performed favorably in a similar way to its domestic sales. Our affiliates Blue Wave Holding B.V. in the Netherlands and LIDA Plant Research, S.L. in Spain both maintained robust sales. As a result, net sales in the fertilizer and biostimulant field and other fields increased by ¥1,159 million, or 10.1% year on year, to ¥12,616 million.

(2) Information regarding financial position

Total assets as of September 30, 2023, was ¥35,682 million, an increase of ¥4,673 million compared to December 31, 2022. This was mainly the result of increases of ¥717 million in cash and deposits, ¥232 million in notes receivable - trade, ¥1,640 million in accounts receivable - trade, ¥1,012 million in work in process, and ¥164 million in goodwill due to the impact of foreign currency translation.

Total liabilities was ¥20,273 million, an increase of ¥1,213 million compared to December 31, 2022. This was mainly the result of an increase of ¥153 million in income taxes payable, a decrease of ¥674 million in notes and accounts payable - trade, an increase of ¥4,339 million in short-term borrowings, and a decrease of ¥3,327 million in long-term borrowings.

Net assets was ¥15,409 million, an increase of ¥3,459 million compared to December 31, 2022. This was mainly the result of the recording of ¥2,526 million in profit attributable to owners of parent, ¥475 million in payment of dividends of surplus, and an increase of ¥1,482 million in foreign currency translation adjustment.

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

There is no change to the consolidated earnings forecasts for the fiscal year ending December 31, 2023 announced on May 10, 2023.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	3,614	4,331
Notes receivable - trade	452	685
Electronically recorded monetary claims - operating	62	35
Accounts receivable - trade	5,239	6,879
Merchandise and finished goods	3,443	3,147
Work in process	1,071	2,084
Raw materials and supplies	2,345	2,413
Other	750	1,257
Allowance for doubtful accounts	(60)	(71)
Total current assets	16,920	20,761
Non-current assets		
Property, plant and equipment	3,779	3,999
Intangible assets		
Goodwill	5,960	6,125
Software	184	175
Customer relation assets	2,650	2,772
Other	382	410
Total intangible assets	9,177	9,483
Investments and other assets	1,132	1,437
Total non-current assets	14,089	14,920
Total assets	31,009	35,682
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,954	2,279
Short-term borrowings	5,865	10,204
Accounts payable - other	686	416
Income taxes payable	646	799
Provision for bonuses	37	144
Provision for compensation for damages	23	26
Refund liability	128	317
Other	1,275	1,776
Total current liabilities	11,617	15,965
Non-current liabilities		
Long-term borrowings	5,951	2,623
Retirement benefit liability	282	283
Deferred tax liabilities	883	1,019
Other	324	381
Total non-current liabilities	7,442	4,308
Total liabilities	19,060	20,273

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	461	461
Capital surplus	2,410	2,410
Retained earnings	7,906	9,957
Treasury shares	(408)	(633)
Total shareholders' equity	10,371	12,196
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	72	103
Foreign currency translation adjustment	632	2,115
Remeasurements of defined benefit plans	(44)	(40)
Total accumulated other comprehensive income	660	2,178
Non-controlling interests	917	1,033
Total net assets	11,949	15,409
Total liabilities and net assets	31,009	35,682

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

Consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Net sales	20,892	22,280
Cost of sales	10,893	11,336
Gross profit	9,998	10,944
Selling, general and administrative expenses	6,743	7,295
Operating profit	3,255	3,648
Non-operating income		
Interest income	7	25
Dividend income	5	6
Foreign exchange gains	276	287
Share of profit of entities accounted for using equity method	11	5
Insurance claim income	39	–
Other	28	39
Total non-operating income	369	364
Non-operating expenses		
Interest expenses	145	140
Other	13	15
Total non-operating expenses	159	155
Ordinary profit	3,465	3,857
Extraordinary income		
Gain on sale of non-current assets	0	14
Total extraordinary income	0	14
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Impairment losses	19	3
Total extraordinary losses	19	4
Profit before income taxes	3,446	3,867
Income taxes - current	1,272	1,471
Income taxes - deferred	(210)	(206)
Total income taxes	1,061	1,265
Profit	2,385	2,602
Profit attributable to non-controlling interests	99	75
Profit attributable to owners of parent	2,285	2,526

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit	2,385	2,602
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	31
Foreign currency translation adjustment	1,213	1,586
Remeasurements of defined benefit plans, net of tax	(1)	3
Total other comprehensive income	1,209	1,620
Comprehensive income	3,594	4,223
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,395	4,044
Comprehensive income attributable to non-controlling interests	198	178

(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.

Segment information, etc.

[Segment information]

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