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May 12, 2021

## **Consolidated Financial Results for the First Three Months of the Fiscal Year Ending December 31, 2021 <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 14, 2021  
 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, 2021 (from January 1, 2021 to March 31, 2021)**

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

(Percentages indicate year-on-year changes.)

| Three months 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                         | %    |
| March 31, 2021     | 6,824           | 9.2    | 974              | 2.3  | 1,051           | 18.2 | 745                                     | 34.6 |
| March 31, 2020     | 6,250           | (15.1) | 952              | 26.2 | 888             | 21.8 | 553                                     | 14.8 |

Note: Comprehensive income Three months ended March 31, 2021: ¥1,112 million [–%]  
 Three months ended March 31, 2020: ¥58 million [(76.3)%]

| Three months ended | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
|                    | Yen                      | Yen                        |
| March 31, 2021     | 137.72                   | –                          |
| March 31, 2020     | 102.32                   | –                          |

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

## (2) Consolidated financial position

|                   | Total assets    | Net assets      | Equity-to-asset ratio | Net assets per share |
|-------------------|-----------------|-----------------|-----------------------|----------------------|
| As of             | Millions of yen | Millions of yen | %                     | Yen                  |
| March 31, 2021    | 30,913          | 8,528           | 25.0                  | 1,427.97             |
| December 31, 2020 | 28,848          | 7,632           | 23.9                  | 1,271.42             |

Reference: Equity      As of March 31, 2021:      ¥7,728 million  
As of December 31, 2020:      ¥6,880 million

## 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, 2020             | –                   | 0.00               | –                 | 40.00           | 40.00 |
| Fiscal year ending December 31, 2021            | –                   |                    |                   |                 |       |
| Fiscal year ending December 31, 2021 (Forecast) |                     | 0.00               | –                 | 40.00           | 40.00 |

Note: Revisions to the dividends forecasts most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

(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, 2021 | 21,288          | 4.9 | 1,594            | 5.4 | 1,419           | 5.5 | 908                                     | 8.5 | 167.94                   |

Note: Revisions to the earnings forecasts most recently announced: None

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

The novel coronavirus disease (COVID-19) is spreading worldwide and there are many uncertainties concerning the future impact on earnings at the current point in time, so we have left the full-year earnings forecast and forecast year-end dividend for the fiscal year ending December 31, 2021 unchanged.

**\* 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 March 31, 2021    | 5,536,000 shares |
| As of December 31, 2020 | 5,536,000 shares |

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

|                         |                |
|-------------------------|----------------|
| As of March 31, 2021    | 124,042 shares |
| As of December 31, 2020 | 124,042 shares |

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

|                                   |                  |
|-----------------------------------|------------------|
| Three months ended March 31, 2021 | 5,411,958 shares |
| Three months ended March 31, 2020 | 5,412,046 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, 2021, the Japanese economy showed improvements in capital expenditures, production and other areas, yet faced challenging conditions, such as weakness being seen in corporate profits and personal consumption as a result of restrictions on economic activity due to the impact of the third wave of the novel coronavirus disease (COVID-19) and another declaration of a state of emergency in January 2021 because of this. On the other hand, weakness has been seen in overseas economies as restrictions on activities have been prolonged because of a resurgence of COVID-19 in various European countries, despite seeing improvement in some countries, such as the United States and China. Going forward, the future is likely to remain uncertain due to facing causes for concern, such as the spread of COVID-19 variants and delays in vaccine administration, despite expectations that economic activity will normalize in various countries due to the administration of vaccines and expectations for economic policy from the new administration in the United States.

Under such business conditions, although sales volumes fell in domestic markets year on year, OAT Agrio Group (the “Group”) achieved an increase in net sales as a result of a significant increase in sales volume in overseas markets. Furthermore, each item of profit increased year on year despite the impact of rising raw material costs and freight expenses. On the other hand, R&D expenses increased year on year as a result of proactively carrying out R&D activities.

As a result, in the first three months under review, net sales was ¥6,824 million, up ¥574 million or 9.2% year on year, operating profit was ¥974 million, up ¥22 million or 2.3% year on year, ordinary profit was ¥1,051 million, up ¥162 million or 18.2% year on year and profit attributable to owners of parent was ¥745 million, up ¥191 million or 34.6% year on year.

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, net sales decreased as a result of a year-on-year decrease in sales of the insecticide *Hachi-Hachi*, the acaricide *Cyflumetofen*, etc. due to the impact of new insecticides, etc. from competing agrichemical manufacturers in the domestic agrichemical market. Meanwhile in the overseas agrichemical market, net sales increased as a result of a year-on-year increase in sales of the insecticide *Oncol* and the acaricide *Cyflumetofen*. As a result, net sales in the agrichemicals field increased by ¥159 million, or 4.5% year on year, to ¥3,686 million.

In the fertilizer and biostimulant field, net sales increased due to the year on year increase in sales of products such as the biostimulant *Atonik*. Furthermore, at Blue Wave Holding B.V. of the Netherlands, net sales increased due to the increased flower demand, mainly for personal uses. As a result, net sales in the fertilizer and biostimulant field increased by ¥414 million, or 15.2% year on year, to ¥3,137 million.

### (2) Information regarding financial position

Total assets as of March 31, 2021, was ¥30,913 million, an increase of ¥2,065 million compared to December 31, 2020. This was mainly the result of an increase of ¥2,390 million in notes and accounts receivable - trade.

Total liabilities was ¥22,384 million, an increase of ¥1,169 million compared to December 31, 2020. This was mainly the result of increases of ¥1,194 million in notes and accounts payable - trade and ¥620 million in short-term borrowings, and a decrease of ¥560 million in long-term borrowings.

Net assets was ¥8,528 million, an increase of ¥895 million compared to December 31, 2020. This was mainly the result of increases of ¥528 million in retained earnings and ¥277 million in foreign currency translation adjustment.

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

COVID-19 is spreading worldwide and there are many uncertainties concerning the future impact on earnings such as the government's future response and customer purchasing trends, which makes it extremely difficult to calculate appropriate and meaningful earnings forecasts at the current point in time. Therefore, regarding the earnings forecast for the fiscal year ending December 31, 2021, we have decided to leave the new mid-term business plan that we announced on February 12, 2021 unchanged. We will make a prompt disclosure when a meaningful forecast can be calculated, and we determine that disclosure is required.

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

### (1) Consolidated balance sheet

(Millions of yen)

|                                       | As of December 31, 2020 | As of March 31, 2021 |
|---------------------------------------|-------------------------|----------------------|
| <b>Assets</b>                         |                         |                      |
| Current assets                        |                         |                      |
| Cash and deposits                     | 3,736                   | 3,402                |
| Notes and accounts receivable - trade | 5,418                   | 7,808                |
| Merchandise and finished goods        | 2,642                   | 2,602                |
| Work in process                       | 355                     | 525                  |
| Raw materials and supplies            | 1,475                   | 1,401                |
| Other                                 | 870                     | 702                  |
| Allowance for doubtful accounts       | (55)                    | (66)                 |
| Total current assets                  | 14,441                  | 16,375               |
| Non-current assets                    |                         |                      |
| Property, plant and equipment         | 3,623                   | 3,599                |
| Intangible assets                     |                         |                      |
| Goodwill                              | 6,497                   | 6,491                |
| Software                              | 100                     | 97                   |
| Customer relation Assets              | 2,780                   | 2,791                |
| Other                                 | 293                     | 335                  |
| Total intangible assets               | 9,672                   | 9,716                |
| Investments and other assets          | 1,110                   | 1,221                |
| Total non-current assets              | 14,406                  | 14,537               |
| Total assets                          | 28,848                  | 30,913               |
| <b>Liabilities</b>                    |                         |                      |
| Current liabilities                   |                         |                      |
| Notes and accounts payable - trade    | 2,031                   | 3,225                |
| Short-term borrowings                 | 6,558                   | 7,179                |
| Income taxes payable                  | 192                     | 355                  |
| Accounts payable - other              | 522                     | 332                  |
| Provision for bonuses                 | 31                      | 121                  |
| Provision for sales rebates           | 42                      | 87                   |
| Provision for sales returns           | 16                      | 17                   |
| Provision for compensation for damage | 46                      | 46                   |
| Other                                 | 1,365                   | 1,289                |
| Total current liabilities             | 10,807                  | 12,655               |
| Non-current liabilities               |                         |                      |
| Long-term borrowings                  | 8,673                   | 8,112                |
| Retirement benefit liability          | 280                     | 271                  |
| Long-term deposits received           | 173                     | 72                   |
| Deferred tax liabilities              | 938                     | 943                  |
| Other                                 | 341                     | 328                  |
| Total non-current liabilities         | 10,408                  | 9,729                |
| Total liabilities                     | 21,215                  | 22,384               |

(Millions of yen)

|   | As of December 31, 2020 | As of March 31, 2021 |
|---|-------------------------|----------------------|
| Net assets  |                         |                      |
| Shareholders' equity                                  |                         |                      |
| Share capital   | 461                     | 461                  |
| Capital surplus                                       | 2,410                   | 2,411                |
| Retained earnings                                     | 4,680                   | 5,209                |
| Treasury shares                                       | (162)                   | (162)                |
| Total shareholders' equity                            | 7,390                   | 7,919                |
| Accumulated other comprehensive income                |                         |                      |
| Valuation difference on available-for-sale securities | 90                      | 128                  |
| Foreign currency translation adjustment               | (557)                   | (280)                |
| Remeasurements of defined benefit plans               | (41)                    | (39)                 |
| Total accumulated other comprehensive income          | (509)                   | (191)                |
| Non-controlling interests                             | 751                     | 800                  |
| Total net assets                                      | 7,632                   | 8,528                |
| Total liabilities and net assets                      | 28,848                  | 30,913               |



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

### Consolidated statement of income (cumulative)

(Millions of yen)

|  | Three months ended<br>March 31, 2020 | Three months ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Net sales  | 6,250                                | 6,824                                |
| Cost of sales                                    | 3,345                                | 3,637                                |
| Gross profit                                     | 2,904                                | 3,187                                |
| Selling, general and administrative expenses     | 1,952                                | 2,212                                |
| Operating profit                                 | 952                                  | 974                                  |
| Non-operating income                             |                                      |                                      |
| Interest income                                  | 4                                    | 3                                    |
| Foreign exchange gains                           | –                                    | 83                                   |
| Dividend income                                  | 2                                    | 2                                    |
| Insurance fee income                             | –                                    | 19                                   |
| Other  | 7                                    | 13                                   |
| Total non-operating income                       | 15                                   | 124                                  |
| Non-operating expenses                           |                                      |                                      |
| Interest expenses                                | 50                                   | 45                                   |
| Foreign exchange losses                          | 25                                   | –                                    |
| Other  | 2                                    | 1                                    |
| Total non-operating expenses                     | 78                                   | 47                                   |
| Ordinary profit                                  | 888                                  | 1,051                                |
| Extraordinary income                             |                                      |                                      |
| Gain on sales of non-current assets              | 0                                    | –                                    |
| Total extraordinary income                       | 0                                    | –                                    |
| Extraordinary losses                             |                                      |                                      |
| Impairment loss                                  | –                                    | 4                                    |
| Loss on retirement of non-current assets         | 0                                    | 0                                    |
| Total extraordinary losses                       | 0                                    | 4                                    |
| Profit before income taxes                       | 889                                  | 1,046                                |
| Income taxes - current                           | 366                                  | 354                                  |
| Income taxes - deferred                          | (44)                                 | (75)                                 |
| Total income taxes                               | 321                                  | 278                                  |
| Profit   | 567                                  | 767                                  |
| Profit attributable to non-controlling interests | 14                                   | 21                                   |
| Profit attributable to owners of parent          | 553                                  | 745                                  |

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

(Millions of yen)

|  | Three months ended<br>March 31, 2020 | Three months ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Profit   | 567                                  | 767                                  |
| Other comprehensive income                                     |                                      |                                      |
| Valuation difference on available-for-sale securities          | (40)                                 | 38                                   |
| Foreign currency translation adjustment                        | (497)                                | 305                                  |
| Remeasurements of defined benefit plans, net of tax            | 28                                   | 2                                    |
| Total other comprehensive income                               | (509)                                | 345                                  |
| Comprehensive income   | 58                                   | 1,112                                |
| Comprehensive income attributable to                           |                                      |                                      |
| Comprehensive income attributable to owners of parent          | 81                                   | 1,062                                |
| Comprehensive income attributable to non-controlling interests | (23)                                 | 49                                   |

### **(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.