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MEMBERSHIP
May 10, 2024

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending December 31, 2024 <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 10, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 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, 2024 (from January 1, 2024 to March 31, 2024)

(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	%
Three months ended								
March 31, 2024	8,039	(13.6)	894	(64.3)	1,044	(58.4)	714	(58.0)
March 31, 2023	9,307	13.3	2,507	42.0	2,511	35.5	1,703	33.5

Note: Comprehensive income Three months ended March 31, 2024: ¥1,443 million [(32.8)%]
 Three months ended March 31, 2023: ¥2,148 million [9.2%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended				
March 31, 2024	69.52		–	
March 31, 2023	161.15		–	

Note: The amount of 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, 2024	36,727	15,807	40.1	1,431.71
December 31, 2023	34,000	14,872	40.9	1,350.69

Reference: Equity
As of March 31, 2024: ¥14,722 million
As of December 31, 2023: ¥13,889 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, 2023	—	0.00	—	55.00	55.00
Fiscal year ending December 31, 2024	—				
Fiscal year ending December 31, 2024 (Forecast)		0.00	—	55.00	55.00

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

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(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, 2024	29,300	1.1	3,150	(16.4)	3,000	(21.1)	1,920	(22.8)	186.71

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

*** 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, 2024	11,072,000 shares
As of December 31, 2023	11,072,000 shares

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

As of March 31, 2024	788,616 shares
As of December 31, 2023	788,582 shares

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

Three months ended March 31, 2024	10,283,396 shares
Three months ended March 31, 2023	10,573,793 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, 2024, the Japanese economy continued to show a moderate recovery due to a steady recovery in inbound tourism demand and firm personal demand. However, there are still many concerns that must be monitored closely, including unstable exchange rate fluctuations and high raw material and energy prices.

As for overseas economies, the future outlook remains uncertain due to the prolonged situation in Ukraine, the growing tensions in the Middle East, and other factors. In the United States, the economy remained strong due to a recovery in personal consumption, but in Europe, the economy was sluggish due to the significant impact of continued monetary tightening. In China, the economy also remained sluggish due to the impact of factors including a real estate market slump and a decline in exports.

Under such business conditions, in the first three months under review, net sales was ¥8,039 million, down ¥1,267 million or 13.6% year on year, operating profit was ¥894 million, down ¥1,612 million or 64.3% year on year, ordinary profit was ¥1,044 million, down ¥1,466 million or 58.4% year on year, and profit attributable to owners of parent was ¥714 million, down ¥989 million or 58.0% year on year.

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, although sales of insecticide *Orion* for fruit trees were favorable, sales of the insecticide *Oncol*, the acaricide *Cyflumetofen*, and the fungicide *Kaligreen* declined year on year. Meanwhile, in the overseas markets, sales of the fungicides *Gatten* and *Kaligreen* to North America were favorable, but factors such as sales of the acaricide *Cyflumetofen* being affected by a delay in shipment timing resulted in a decrease of net sales year on year. As a result, net sales in the agrichemicals field amounted to ¥3,301 million, down ¥1,478 million or 30.9% year on year.

In the fertilizer and biostimulant field in Japan, sales for greenhouse fertilizers, drip-fertigation fertilizers and others fell year on year due to the continuing impact of surplus inventories in the supply chain. In the overseas markets, sales of *Atonik* to South Asian countries including India and Pakistan were favorable, and sales to the Americas by Blue Wave Holding B.V., a subsidiary of the Company, also grew. As a result, net sales in the fertilizer and biostimulant field and other fields increased by ¥211 million, or 4.6% year on year, to ¥4,738 million.

In February 2024, we announced our “New Mid-Term Business Plan [2024-2026]” titled “Aggressive Investments for Further Growth.” Positioning the next three years as a period of transformation, we will reaffirm our group-wide commitment to resolving issues in agriculture and accelerate our R&D investment to realize our ideal vision for 2030.

(2) Information regarding financial position

Total assets as of March 31, 2024, was ¥36,727 million, an increase of ¥2,727 million compared to December 31, 2023. This was mainly the result of an increase of ¥1,464 million in accounts receivable - trade, a decrease of ¥424 million in merchandise and finished goods, and an increase of ¥1,063 million in work in process.

Total liabilities was ¥20,920 million, an increase of ¥1,793 million compared to December 31, 2023. This was mainly the result of an increase of ¥1,984 million in notes and accounts payable - trade, decreases of ¥341 million in short-term borrowings and ¥194 million in income taxes payable, and an increase of ¥426 million in long-term borrowings.

Net assets was ¥15,807 million, an increase of ¥934 million compared to December 31, 2023. This was mainly the result of the recording of ¥714 million in profit attributable to owners of parent, ¥565 million in payment of dividends of surplus, and an increase of ¥633 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, 2024 announced in “Consolidated Financial Results for the Fiscal Year Ended December 31, 2023” on February 13, 2024.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	4,056	4,288
Notes receivable - trade	638	699
Electronically recorded monetary claims - operating	43	34
Accounts receivable - trade	6,736	8,201
Merchandise and finished goods	3,265	2,840
Work in process	1,613	2,677
Raw materials and supplies	2,332	2,313
Other	1,056	991
Allowance for doubtful accounts	(156)	(138)
Total current assets	19,586	21,908
Non-current assets		
Property, plant and equipment	3,979	4,173
Intangible assets		
Goodwill	5,915	5,963
Software	209	205
Customer relation assets	2,694	2,734
Other	411	424
Total intangible assets	9,230	9,328
Investments and other assets	1,204	1,317
Total non-current assets	14,414	14,819
Total assets	34,000	36,727
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,189	4,174
Short-term borrowings	9,949	9,607
Accounts payable - other	617	599
Income taxes payable	572	377
Provision for bonuses	38	145
Provision for compensation for damages	26	27
Refund liability	166	229
Other	1,674	1,414
Total current liabilities	15,233	16,576
Non-current liabilities		
Long-term borrowings	2,355	2,781
Retirement benefit liability	233	235
Deferred tax liabilities	948	945
Other	357	382
Total non-current liabilities	3,893	4,344
Total liabilities	19,127	20,920

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Net assets		
Shareholders' equity		
Share capital	461	461
Capital surplus	2,425	2,440
Retained earnings	9,918	10,068
Treasury shares	(973)	(973)
Total shareholders' equity	11,832	11,997
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	130	163
Foreign currency translation adjustment	1,934	2,568
Remeasurements of defined benefit plans	(8)	(6)
Total accumulated other comprehensive income	2,056	2,725
Non-controlling interests	983	1,084
Total net assets	14,872	15,807
Total liabilities and net assets	34,000	36,727

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

Consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Net sales	9,307	8,039
Cost of sales	4,405	4,392
Gross profit	4,902	3,646
Selling, general and administrative expenses	2,395	2,752
Operating profit	2,507	894
Non-operating income		
Interest income	7	9
Foreign exchange gains	29	158
Dividend income	3	3
Insurance fee income	0	–
Share of profit of entities accounted for using equity method	9	14
Other	2	7
Total non-operating income	52	193
Non-operating expenses		
Interest expenses	41	42
Other	7	1
Total non-operating expenses	48	44
Ordinary profit	2,511	1,044
Extraordinary income		
Gain on sale of non-current assets	–	0
Total extraordinary income	–	0
Extraordinary losses		
Loss on retirement of non-current assets	0	–
Other	0	–
Total extraordinary losses	0	–
Profit before income taxes	2,511	1,044
Income taxes - current	775	402
Income taxes - deferred	(6)	(90)
Total income taxes	769	312
Profit	1,742	732
Profit attributable to non-controlling interests	38	17
Profit attributable to owners of parent	1,703	714

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit	1,742	732
Other comprehensive income		
Valuation difference on available-for-sale securities	23	32
Foreign currency translation adjustment	381	675
Remeasurements of defined benefit plans, net of tax	1	2
Total other comprehensive income	406	710
Comprehensive income	2,148	1,443
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,082	1,383
Comprehensive income attributable to non-controlling interests	66	59

(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.

Significant subsequent events

No items to report.