

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Application of special accounting for preparing semi-annual 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 June 30, 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 June 30, 2024	761,894 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)

Six months ended June 30, 2024	10,291,163 shares
Six months ended June 30, 2023	10,585,702 shares

* Semi-annual financial results reports are exempt from 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. Overview of operating results and others

(1) Overview of operating results for the first six months

In the first six months of the fiscal year ending December 31, 2024, the Japanese economy showed a moderate recovery trend, partly due to the expansion of inbound tourism demand. However, given a series of price hikes, stagnant real wages, prolonged unstable global situation and trends in exchange and interest rates, the future outlook remains uncertain.

Under such business conditions, in the first six months under review, net sales was ¥15,673 million, down ¥691 million or 4.2% year on year, operating profit was ¥2,002 million, down ¥1,251 million or 38.5% year on year, ordinary profit was ¥2,269 million, down ¥1,129 million or 33.2% year on year, and profit attributable to owners of parent was ¥1,557 million, down ¥717 million or 31.5% 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 agrochemical field in Japan, sales were favorable for insecticides in the green agrochemicals, which is the Company's focus, such as the acaricides *Suffoil* and *Acaritouch*, and insecticide *Tomonol*. On the other hand, sales of insecticide *Oncol* and acaricide *Cyflumetofen* declined year on year. In the overseas markets, sales of the fungicides *Gatten* and *Kaligreen* continued to be favorable. Sales of the insecticide *Oncol* also increased year on year. However, 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 agrochemicals field amounted to ¥6,078 million, down ¥1,600 million or 20.8% 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* were favorable, and sales to North and South America by Blue Wave Holding B.V., a subsidiary in the Netherlands, also grew. Domestic subsidiaries Asahi Chemical Manufacturing Co., Ltd. which manufactures biostimulant products and manufactures and sells fertilizers, and Inplanta Innovations Inc., which conducts contract research on plants, including genome editing and genetic analysis, also posted favorable sales year on year. As a result, net sales in the fertilizer and biostimulant field and other fields increased by ¥908 million, or 10.4% year on year, to ¥9,595 million.

As set forth in the "New Mid-Term Business Plan [2024-2026]" announced in February 2024, we position the next three years as a period of transformation for us, and our mission is to solve the problems facing global agriculture and the environment that surrounds it. We will focus on sales of the green agrochemicals, which are protection materials with low environmental impact, and further expand our product lineup. We are also focusing on developing and expanding sales of biostimulants to achieve stable yields even in harsh environments such as the recent heat wave. These policies are in line with the future of agriculture, which will realize a stable supply of food while giving due consideration to the environment, as formulated by the Ministry of Agriculture, Forestry and Fisheries in its "Strategy for Sustainable Food Systems." The Group will continue to invest aggressively in R&D for the development of global agriculture, aiming to realize our ideal vision for 2030, along with the pillars of green agrochemicals, biostimulants, fertilizers & drip fertigation technology, organic hydroponics, and smart agriculture.

(2) Overview of financial position for the first six months

a. Position of assets, liabilities, and net assets

Total assets as of June 30, 2024, was ¥38,253 million, an increase of ¥4,253 million compared to December 31, 2023. This was mainly the result of increases of 443 million in cash and deposits, ¥2,312 million in accounts receivable - trade, ¥133 million in raw materials and supplies, ¥1,027 million in work in process, and ¥188 million in goodwill due to the impact of foreign currency translation.

Total liabilities was ¥20,808 million, an increase of ¥1,681 million compared to December 31, 2023. This was mainly the result of increases of ¥631 million in short-term borrowings, ¥1,217 million in notes and accounts payable - trade, a decrease of ¥36 million in income taxes payable, and an increase of ¥84 million in long-term borrowings.

Net assets was ¥17,445 million, an increase of ¥2,572 million compared to December 31, 2023. This was mainly the result of the recording of ¥1,557 million in profit attributable to owners of parent, ¥565 million in payment of dividends of surplus, and an increase of ¥1,327 million in foreign currency translation adjustment.

b. Cash flows

Cash and cash equivalents as of June 30, 2024, was ¥4,070 million, an increase of ¥354 million compared to December 31, 2023.

Net cash provided by operating activities was ¥954 million (¥676 million was provided in the same period of the previous fiscal year). The main sources of cash were profit before income taxes of ¥2,269 million, depreciation of ¥556 million, amortization of goodwill of ¥366 million, and an increase in trade payables of ¥1,078 million. The main uses of cash were an increase in trade receivables of ¥1,968 million, and an increase in inventories of ¥254 million.

Net cash used in investing activities was ¥580 million (¥226 million was used in the same period of the previous fiscal year). The main uses of cash were purchase of property, plant and equipment of ¥327 million and purchase of intangible assets of ¥28 million.

Net cash used in financing activities was ¥62 million (¥642 million was provided in the same period of the previous fiscal year). The main sources of cash were an increase in short-term borrowings of ¥1,847 million and proceeds from long-term borrowings of ¥1,029 million. The main uses of cash were repayments of long-term borrowings of ¥2,296 million, dividends paid of ¥565 million, and repayments of lease liabilities of ¥97 million.

(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 on May 10, 2024.

2. Semi-annual consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	4,056	4,499
Notes receivable - trade	638	579
Electronically recorded monetary claims - operating	43	35
Accounts receivable - trade	6,736	9,049
Securities	-	25
Merchandise and finished goods	3,265	2,621
Work in process	1,613	2,640
Raw materials and supplies	2,332	2,465
Other	1,056	1,258
Allowance for doubtful accounts	(156)	(130)
Total current assets	19,586	23,045
Non-current assets		
Property, plant and equipment	3,979	4,281
Intangible assets		
Goodwill	5,915	6,103
Software	209	194
Customer relation assets	2,694	2,818
Other	411	432
Total intangible assets	9,230	9,549
Investments and other assets	1,204	1,376
Total non-current assets	14,414	15,208
Total assets	34,000	38,253
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,189	3,407
Short-term borrowings	9,949	10,580
Accounts payable - other	617	439
Income taxes payable	572	536
Provision for bonuses	38	38
Provision for compensation for damages	26	29
Refund liability	166	290
Other	1,674	1,452
Total current liabilities	15,233	16,773
Non-current liabilities		
Long-term borrowings	2,355	2,439
Retirement benefit liability	233	232
Deferred tax liabilities	948	999
Other	357	364
Total non-current liabilities	3,893	4,035
Total liabilities	19,127	20,808

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	461	461
Capital surplus	2,425	2,417
Retained earnings	9,918	10,910
Treasury shares	(973)	(940)
Total shareholders' equity	11,832	12,849
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	130	180
Foreign currency translation adjustment	1,934	3,262
Remeasurements of defined benefit plans	(8)	(0)
Total accumulated other comprehensive income	2,056	3,442
Non-controlling interests	983	1,153
Total net assets	14,872	17,445
Total liabilities and net assets	34,000	38,253

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

Consolidated statement of income

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Net sales	16,364	15,673
Cost of sales	8,186	8,152
Gross profit	8,178	7,520
Selling, general and administrative expenses	4,924	5,518
Operating profit	3,253	2,002
Non-operating income		
Interest income	15	19
Foreign exchange gains	230	298
Dividend income	3	3
Share of profit of entities accounted for using equity method	11	18
Other	11	20
Total non-operating income	271	359
Non-operating expenses		
Interest expenses	95	88
Other	30	4
Total non-operating expenses	125	92
Ordinary profit	3,399	2,269
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	–	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on sale of non-current assets	0	–
Impairment losses	0	–
Total extraordinary losses	0	0
Profit before income taxes	3,399	2,269
Income taxes - current	1,139	759
Income taxes - deferred	(66)	(99)
Total income taxes	1,073	660
Profit	2,326	1,608
Profit attributable to non-controlling interests	51	51
Profit attributable to owners of parent	2,275	1,557

Consolidated statement of comprehensive income

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	2,326	1,608
Other comprehensive income		
Valuation difference on available-for-sale securities	39	49
Foreign currency translation adjustment	1,515	1,422
Remeasurements of defined benefit plans, net of tax	1	9
Total other comprehensive income	1,557	1,481
Comprehensive income	3,884	3,090
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,735	2,942
Comprehensive income attributable to non-controlling interests	148	147

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	3,399	2,269
Depreciation	456	556
Amortization of goodwill	327	366
Impairment losses	0	–
Increase (decrease) in retirement benefit liability	(0)	4
Increase (decrease) in allowance for doubtful accounts	(0)	(38)
Increase (decrease) in refund liability	133	122
Increase (decrease) in provision for bonuses	0	(0)
Interest and dividend income	(19)	(23)
Interest expenses	95	88
Share-based payment expenses	19	25
Foreign exchange losses (gains)	(85)	93
Insurance claim income	(0)	(0)
Loss (gain) on sale and retirement of non-current assets	(0)	0
Decrease (increase) in trade receivables	(2,870)	(1,968)
Decrease (increase) in inventories	(915)	(254)
Increase (decrease) in trade payables	1,132	1,078
Other, net	(125)	(681)
Subtotal	1,545	1,638
Interest and dividends received	14	24
Interest paid	(101)	(94)
Proceeds from insurance income	0	0
Income taxes paid	(782)	(615)
Net cash provided by (used in) operating activities	676	954
Cash flows from investing activities		
Payments into time deposits	(3)	(136)
Proceeds from withdrawal of time deposits	–	63
Proceeds from sale of property, plant and equipment and intangible assets	0	0
Purchase of property, plant and equipment	(197)	(327)
Purchase of intangible assets	(34)	(28)
Purchase of investment securities	(0)	(24)
Proceeds from sale of investment securities	–	48
Purchase of securities	–	(24)
Other, net	8	(151)
Net cash provided by (used in) investing activities	(226)	(580)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,880	1,847
Repayments of long-term borrowings	(669)	(2,296)
Proceeds from long-term borrowings	–	1,029
Repayments of lease liabilities	(83)	(97)
Proceeds from issuance of shares	–	41
Dividends paid	(474)	(565)
Dividends paid to non-controlling interests	(19)	(21)
Other, net	10	(0)
Net cash provided by (used in) financing activities	642	(62)
Effect of exchange rate change on cash and cash equivalents	265	43
Net increase (decrease) in cash and cash equivalents	1,358	354
Cash and cash equivalents at beginning of period	3,371	3,716
Cash and cash equivalents at end of period	4,729	4,070

(4) Notes to semi-annual 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.

Notes on 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.