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Financial Highlights Material for the 2nd quarter of Period Ending May 2021

Sakata Seed Corporation
January 22, 2021



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I Actions and impact of COVID-19

Actions against COVID-19 and current situation

Prevention of infection

- Prompt Actions based on government policy
- Thorough wearing of masks and temperature measurement
- Continued voluntary restraint in non-essential and non-urgent business trips
- Continued voluntary restraint at various events
- Voluntary restraint in dining and meetings
- Establishment of working at home system
- Pervading awareness of "Three Cs" prevention

Situation in each Division

- R&D: No significant effects with thorough infection prevention
 - Production: Progress as planned as production sites have been globally dispersed
 - Logistics: Responding advance shipment
 - Sales: Responding to advance shipment, increased online sales activities, and increased demand for activities at home
 - Finance and Cash Flows: Improve cash flow management, optimization of investment plans
- **There is no concern about liquidity on hand**

No occurrence of clusters, suspension or delay of business activities

Stable supply of seeds in countries around the world in the wake of the COVID-19 disaster

Impact of COVID-19 on First-Half Results

Restriction on movement of people

- **Decrease of visitors**
 - **Event canceled**
- ▶
- Decrease in demand for cut flowers due to simplification of ceremonial occasions
 - Decrease in demand for flowerbed seedling for landscapes such as parks
 - Increase in demand for household use in areas where the culture enjoying flowers is strong

Decrease in flower seed and seedling business, while tend to increase in demand for household use. Impact on first-half results is small.

- **Workforce reduction**
- ▶
- Situations around the world are different and need to continue monitoring

No significant decrease in production site at present, No significant impact on seed demand

- **Outing restrictions**
- ▶
- Travel restrictions affect sales activities and trial evaluation
 - Decrease in demand for vegetables for eating out, but increase in it for household use

No significant impact at present, but Impact on research and sales if prolonged

Impact of COVID-19 on First-Half Results

Restriction of movement of goods

- **Logistical delay**
 - **Increase in transportation costs**
- 
- Impact on customer shipments due to reduced air shipment
 - increase in air fares

Although there were restrictions on the transportation of seeds, responded by advance shipment.

Impact on the business is small

Other

- **Recession**
 - **Currency exchange fluctuation**
 - **Credit risk**
- 
- Economic trends in various regions are unclear, but demand for vegetables remains firm
 - Depreciation of emerging country currency
 - Need to watch currency exchange fluctuations
 - Credit risk is not currently evident

Although some exchange rate risks have become apparent, the impact on the first-half results is currently small

Medium- to long-term risk factors

Impact on product development due to prolonged restrictions on movement

Building an online system as a complementary and alternative measure

While, field trials and cultivation guidance are important for the introduction of new varieties

Concerns about the impact on the development of new production areas from a medium- to long-term perspective



Responding from a medium- to long-term perspective by closely monitoring the state of vaccine development and government policy

II Overview of 2nd quarter of Period Ending May 2021

Figures in the document are rounded for fractions less than the unit.
Please be advised that some figures may differ from the summary of financial results.

Performance overview for 2nd quarter of period ending May 2021 (Consolidated)

Significant increase in sales and profit compared to the previous year

Unit:100 million yen

	Nov./2019	Nov./2020	Difference	Difference(%)	Initial forecast
Sales	287	315	29	10.0%	290(+25)
Gross profit	171	188	18	10.3%	-
Gross profit margin (%)	59.5%	59.7%	-	-	-
R&D expenses	30	31	1	4.3%	-
Ratio against sales (%)	10.5%	9.9%	-	-	-
Other SGA expenses	102	101	-2	-1.6%	-
Operating income	38	56	18	46.9%	34(+22)
Ordinary income	43	58	15	33.9%	36(+22)
Net income	31	43	12	39.5%	25(+18)
Exchange rates for overseas subsidiaries					
Yen/USD (¥)	108	106	-2	Impact of FX -3	107(-1)
Yen/Euro (¥)	118	124	+6		120(+4)

Significant increase in net income due to increase sales

Unit: 100 million yen

0 10 20 30 40 50

Main factors causing change in net income

Nov./2019
Net income

31

Gross profit

+18

Increase due to increase in sales

SGA
expenses

+0

Increase in expenses for replacement of core IT system, but decrease travel and advertising expenses

Non-operating
income

-3

Foreign exchange loss

Extraordinary
income

+1

Corporate
tax, etc.

-3

Nov./2020
Net income

43

+12

Results for 2nd quarter of period ending May 2021 (By business segment)

Increase in sales in all business segment

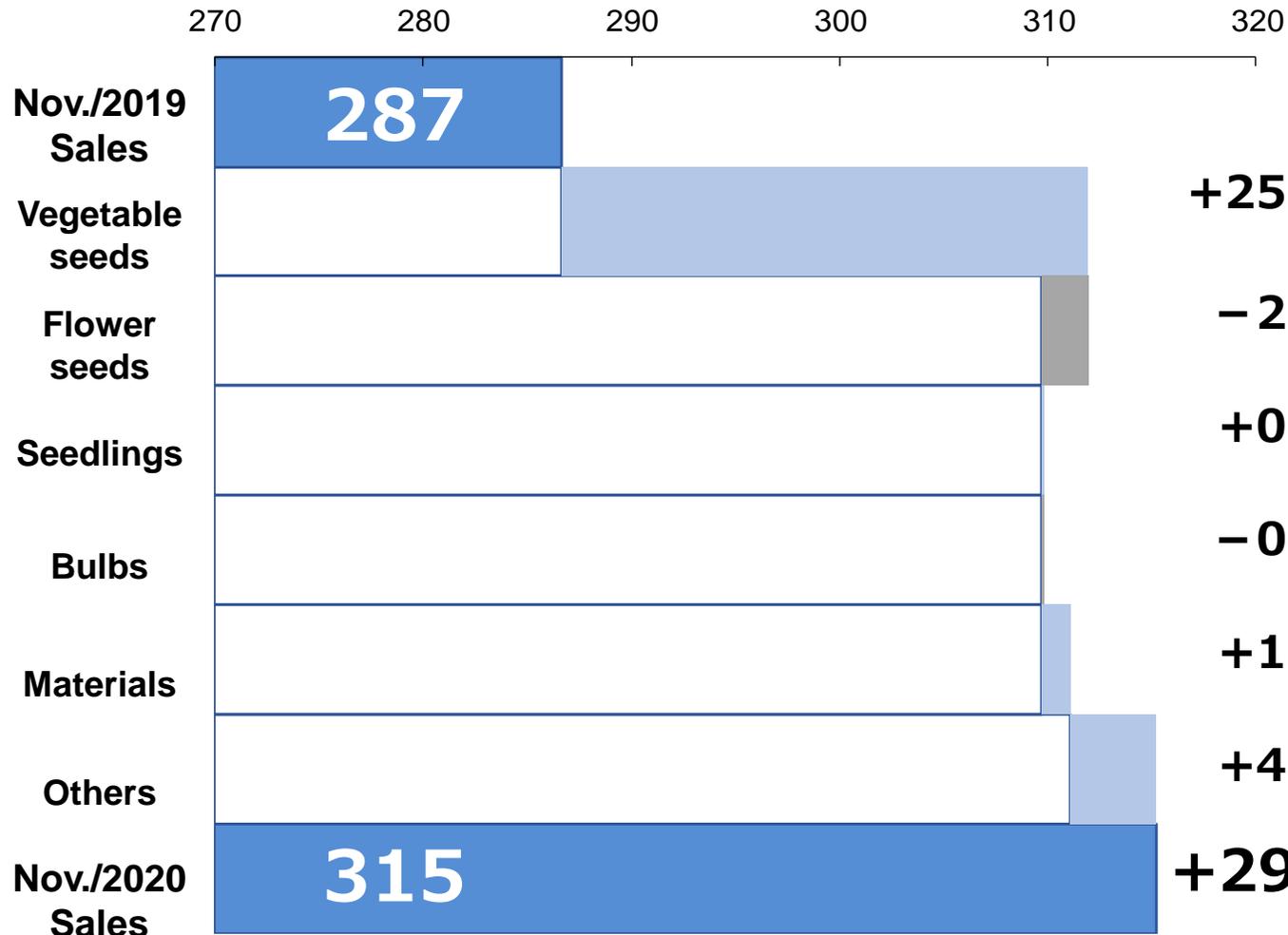
Unit: 100 million yen

	Sales				Operating income			
	Nov./19	Nov./20	Difference	Difference(%)	Nov./19	Nov./20	Difference	Difference(%)
Domestic wholesale	80	82	2	2.7%	26	30	3	13.0%
Overseas wholesale	173	194	21	12.1%	54	69	15	28.2%
Retail sales	23	24	2	6.9%	1	- 0	- 1	—
Other	11	15	4	34.5%	0	0	0	1106.9%
Subtotal	287	315	29	10.0%	81	99	18	21.8%
Elimination	—	—	—	—	- 43	- 43	0	0.6%
Consolidated	287	315	29	10.0%	38	56	18	46.9%

Results for 2nd quarter of period ending May 2021 (Sales by product)

Significant increase in vegetable seeds, decrease in flower seeds affected by COVID-19

Unit: 100 million yen



Main factors causing change in sales

Increase in broccoli and tomato, Change in sales timing of carrots for China

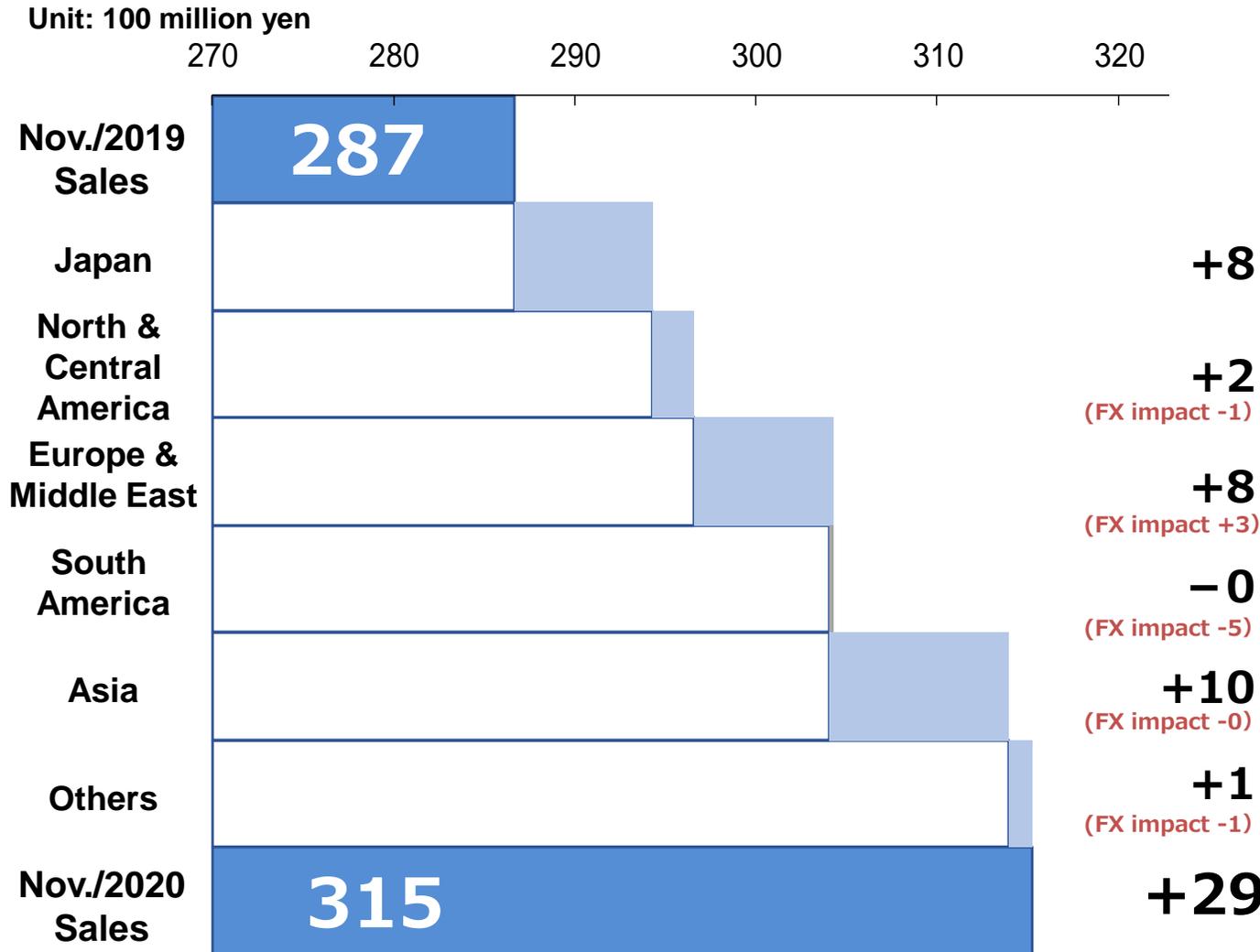
Decrease sales affected by COVID-19

Increase in demand for home gardening

Increase in landscape business

Results for 2nd quarter of period ending May 2021 (Sales by customers' region)

Increase sales in every region in terms of local currencies



Main factors causing change in sales

Strong sales in vegetable seeds and landscape business

Increase in vegetable seeds

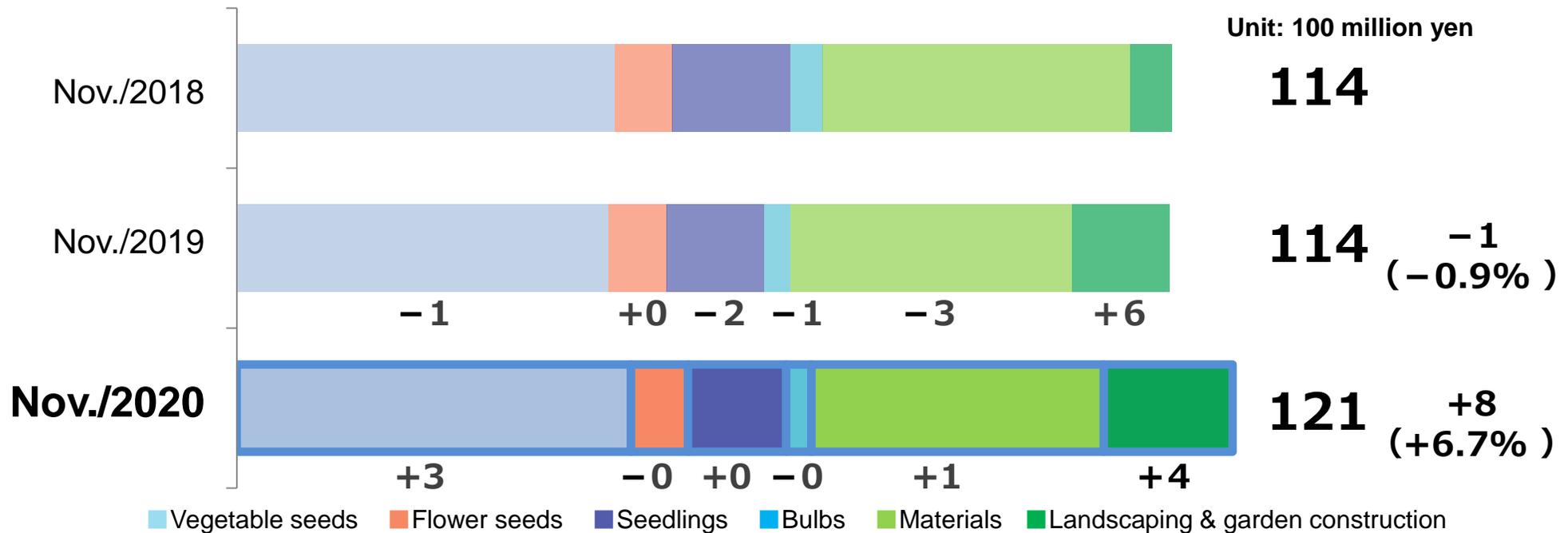
Increase in vegetable seeds

Increase in both vegetable and flower seeds in terms of local currencies, but decrease sales due to weak local currencies

Change in sales timing of carrots for China

Impact of FX
-3

Decrease in flower seeds affected by COVID-19, but increase in vegetable seeds, materials and landscape business



Nov./18-Nov./19 Products whose sales changed most

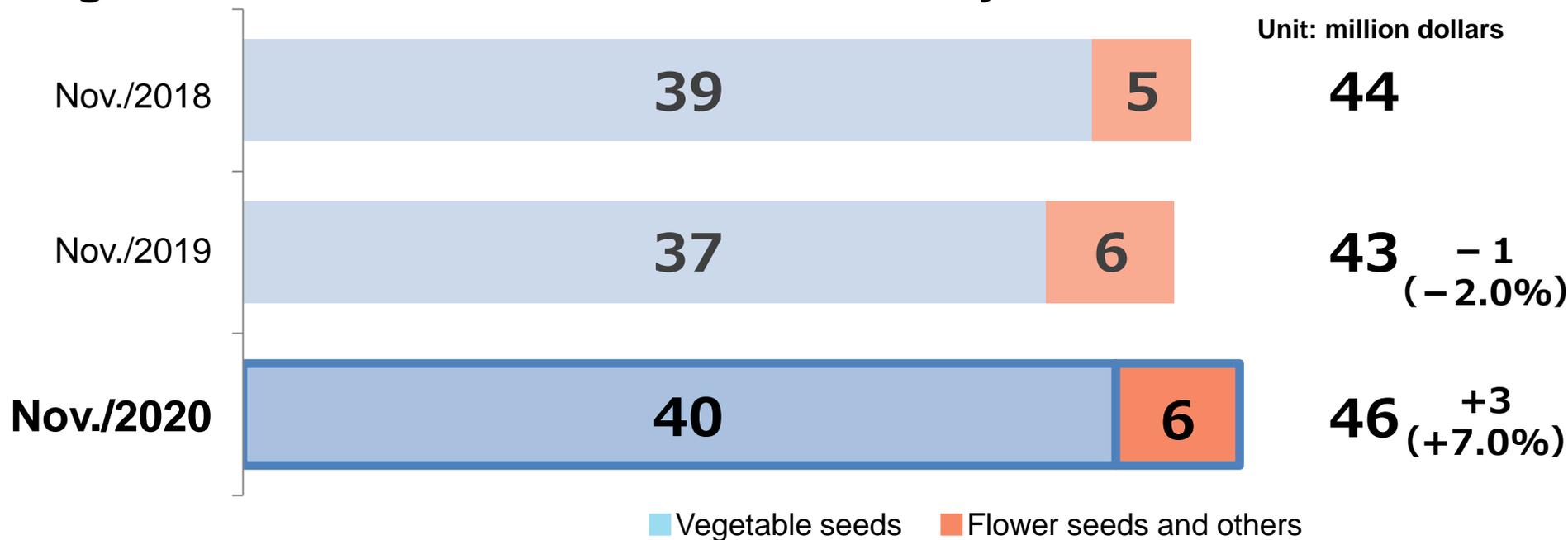
Vegetable seeds	Bunching Onion	-0.9
	Broccoli	+0.4
	Sweetcorn	-0.3
Flower seeds	Pansy	-0.1

Nov./19-Nov./20 Products whose sales changed most

Vegetable seeds	Broccoli	+0.7
	Tomato	+0.5
	Sweetcorn	+0.4
Flower seeds	Pansy	-0.2

Sales by region for 2nd quarter of period ending May 2021 (2) [North and Central America]

Strong sales in vegetable seeds, slight decrease in flower seeds affected by COVID-19



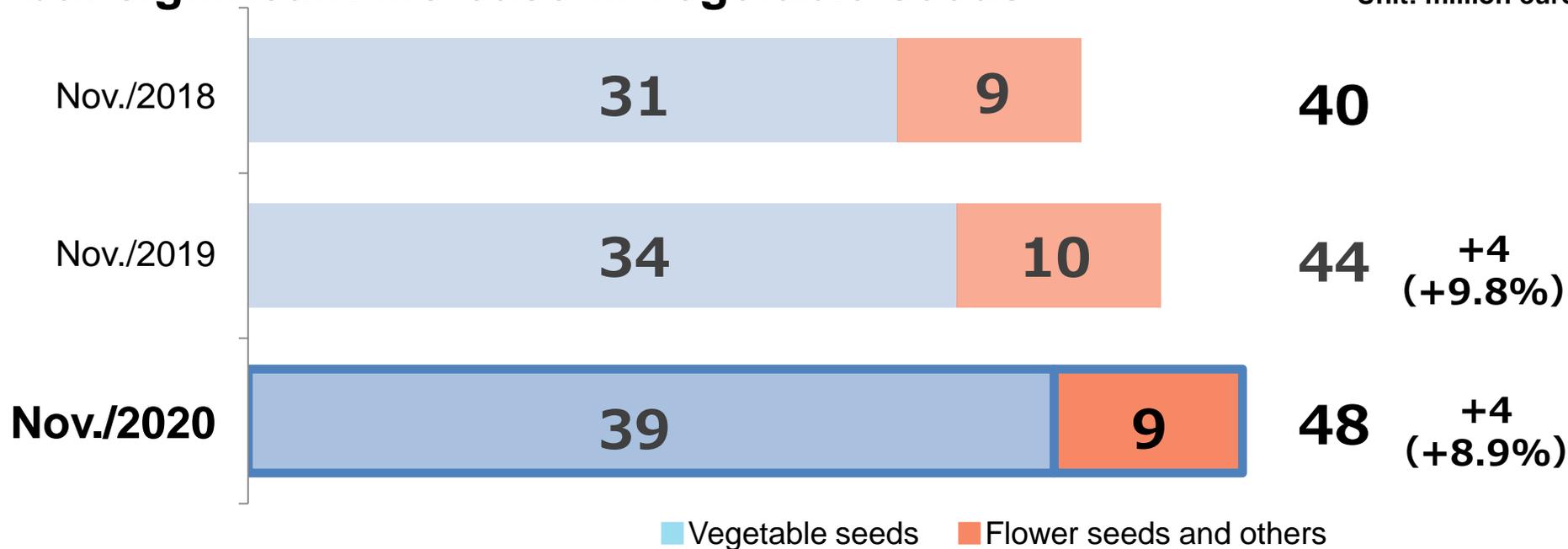
Nov./18-Nov./19 Products whose sales changed most		
Vegetable seeds :	Broccoli	-2.5
	Melon	-0.8
	Pepper	+0.4
Flower seeds :	Sunflower	+0.5

Nov./19-Nov./20 Products whose sales changed most		
Vegetable seeds :	Lettuce	+1.1
	Tomato	+1.1
	Cabbage	+0.9
Flower seeds :	Campanula	+0.4

Sales by region for 2nd quarter of period ending May 2021 (3) [Europe and Middle East]

Slight decrease in flower seeds affected by COVID-19, but significant increase in vegetable seeds

Unit: million euros



Nov./18-Nov./19 Products whose sales changed most

Vegetable seeds :	Tomato	+1.7
	Cucumber	+0.8
	Watermelon	+0.6
Flower seeds :	Lisianthus	+0.7

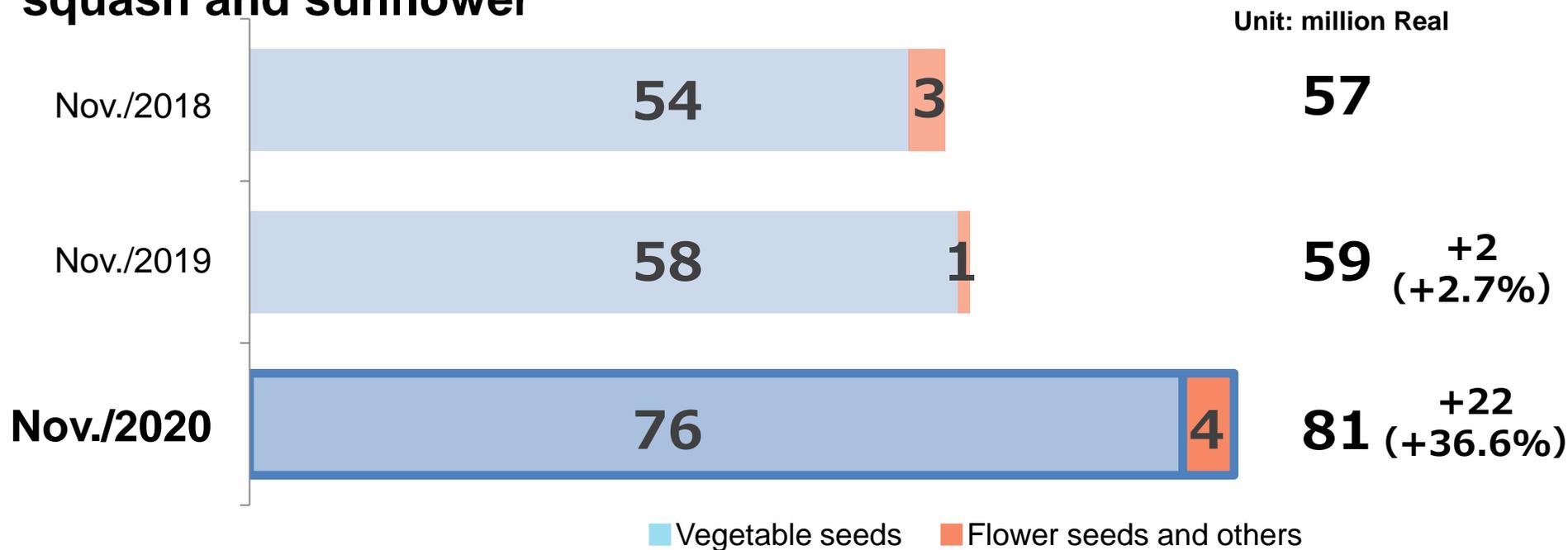
Nov./19-Nov./20 Products whose sales changed most

Vegetable seeds :	Broccoli	+2.4
	Squash	+0.9
	Bunching Onion	+0.5
Flower seeds :	Lisianthus	-0.8

Sales by region for 2nd quarter of period ending May 2021

(4) 【 South America 】

Significant increase in sales due to strong sales of broccoli, squash and sunflower



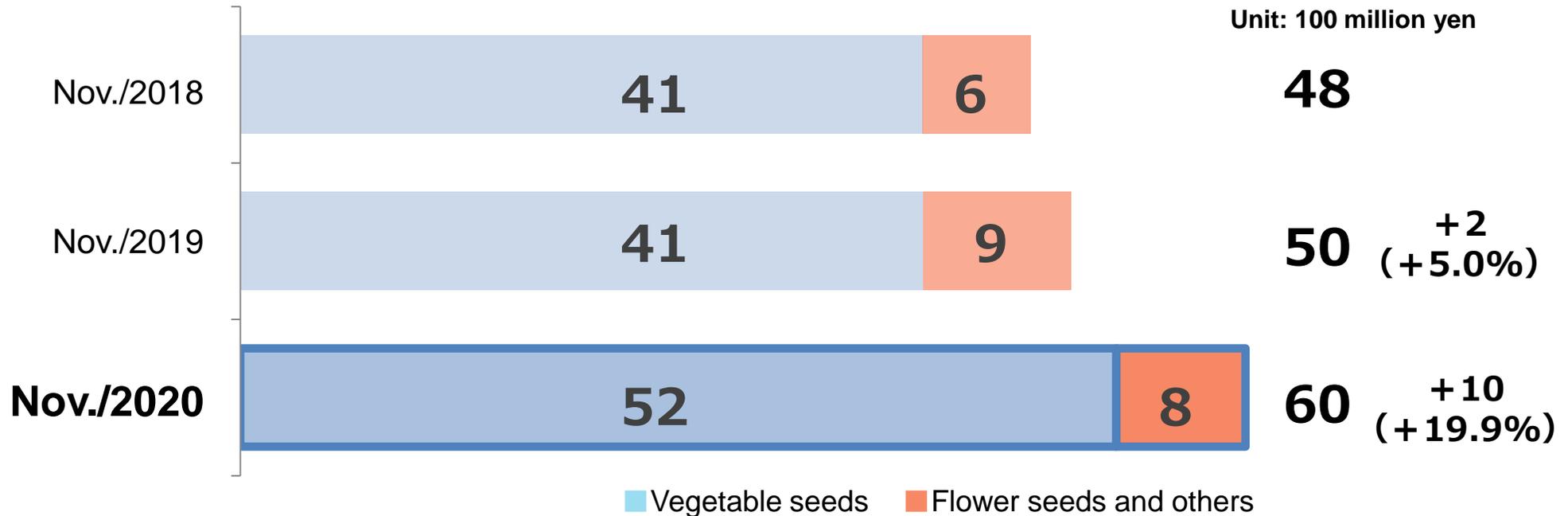
Nov./18-Nov./19 Products whose sales changed most

Vegetable seeds :	Squash	+3.4
	Pepper	+0.8
	Broccoli	+0.7
Flower seeds :	Antirrhinum	- 0.1

Nov./19-Nov./20 Products whose sales changed most

Vegetable seeds :	Broccoli	+7.7
	Squash	+3.0
	Tomato	+2.3
Flower seeds :	Sunflower	+0.5

Significant increase in sales due to shipping carrots for China



Nov./18-Nov./19 Products whose sales changed most

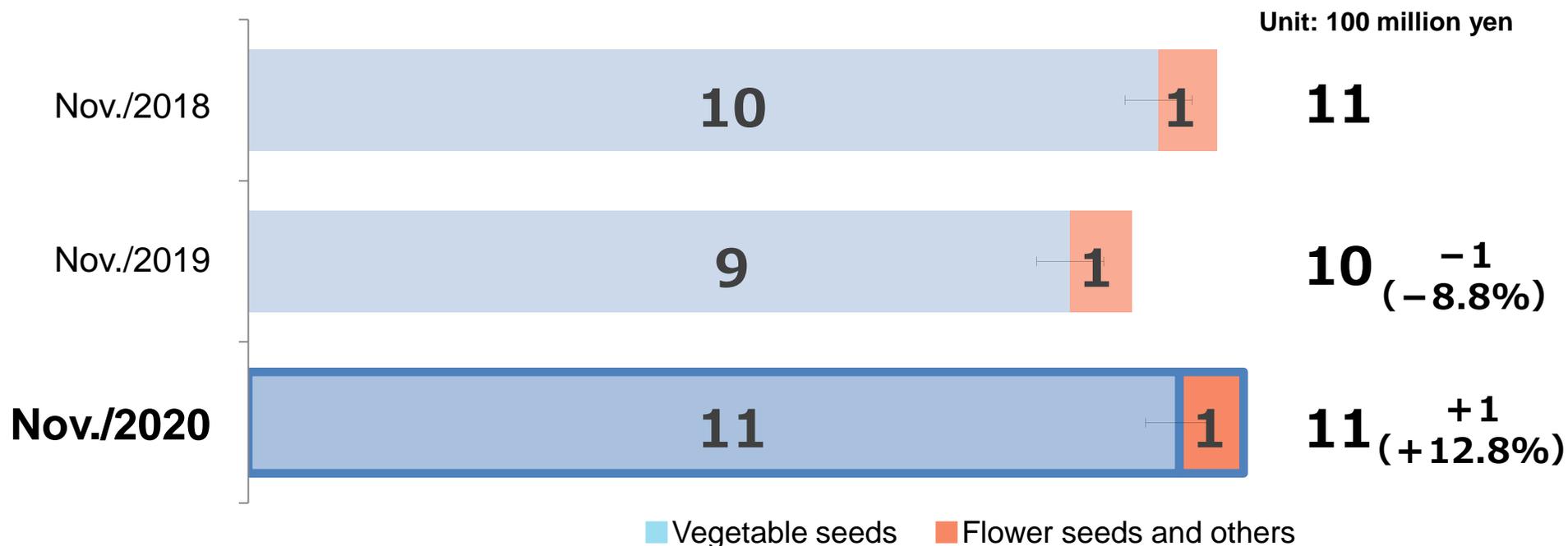
Vegetable seeds :	Bunching Onion	+2.7
	Broccoli	-1.7
	Spinach	+1.4
Flower seeds :	Sunflower	+1.6

Nov./19-Nov./20 Products whose sales changed most

Vegetable seeds :	Carrot	+9.6
	Broccoli	+3.7
	Bunching Onion	-2.7
Flower seeds :	Sunflower	-1.0

Sales by region for 2nd quarter of period ending May 2021 (6) 【Other regions(Africa and Oceania)】

Strong sales in vegetable seeds despite of weak South African rand



Nov./18-Nov./19 Products whose sales changed most

Vegetable seeds :	Melon	+0.5
	Carrot	- 0.5
	Cabbage	- 0.4
Flower seeds :	Pansy	+0.0

Nov./19-Nov./20 Products whose sales changed most

Vegetable seeds :	Melon	- 0.6
	Cabbage	+0.5
	Squash	+0.3
Flower seeds :	Petunia	+0.1

Main selling, general and administrative (SGA) expenses for 2nd quarter of period ending May 2021

Slight decrease from the previous fiscal year due to the impact of foreign exchange rates and unused business travel expenses

Unit: 100 million yen; consolidated basis

(Breakdowns given on the basis of locations of head office and major subsidiaries)

	SGA expenses	Personnel expenses	Travel expenses	Depreciation	R&D expenses*	
Results for Nov./2020	131.8	72.6	2.0	8.8	31.3	
Results for Nov./2019	132.2	70.8	6.1	8.2	30.0	
Difference YoY	-0.4	1.7	-4.1	0.6	1.3	
Impact of foreign exchange out of the above	-1.4	-0.9	0.0	-0.0	-0.4	
Breakdown	Japan (head office)	0.3	1.6	-1.5	0.1	0.7
	Europe & Middle East	0.9	0.8	-1.3	0.2	0.6
	North & Central America	-0.7	0.7	-0.9	0.0	0.3
	South America (Brazil)	-2.4	-1.6	-0.1	0.1	-0.6
	Others + consolidation adjustment	1.5	0.1	-0.4	0.1	0.3

*R&D expenses are the total expenses related to research activities, which may also be included as personnel expenses and depreciation.

Ⅲ Forecast for Period Ending May 2021 and Dividend Policy

Forecast for period ending May 2021 (Consolidated bases)

Upward adjustment of sales and profit items

Unit:100 million yen	Period2021	Period2021	Difference	Difference(%)	Period2020 Results
	Initial forecast	Revised forecast			
Sales	617	648	31	5.0%	617(+31)
Gross profit	342	355	13	3.9%	344(+12)
Gross profit margin (%)	55.4%	54.8%	-	-	55.7%
R&D expenses	66	67	1	2.0%	63
Ratio against sales (%)	10.6%	10.3%	-	-	10.3%
Other SGA expenses	216	217	1	0.3%	206
Operating income	60	72	12	20.0%	75(-3)
Ordinary income	62	74	12	19.4%	81(-7)
Net income of FY	44	56	12	27.3%	61(-5)
Exchange rates for overseas subsidiaries					
Yen/USD(yen)	107	103	-4		109(-6)
Yen/Euro(yen)	120	125	5		120(+5)

Estimate of exchange sensitivity(million yen)

USD36

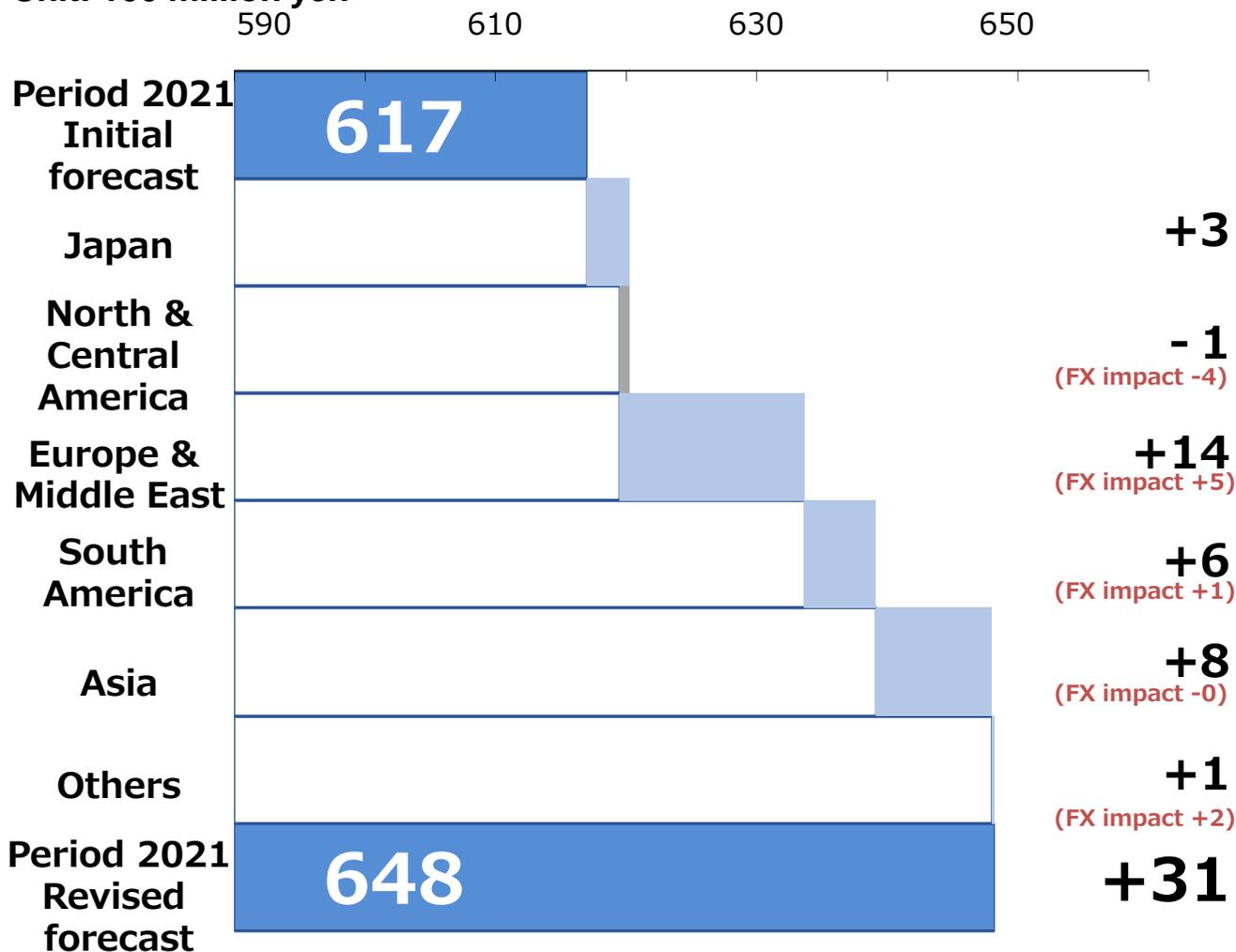
EUR13

(Estimated amount of affect from currency fluctuation of 1 yen on revised expected amount for operating income)

Forecast for period ending May 2021: Sales by customers' region (compared to initial forecast)

Sales forecast revised upward significantly

Unit: 100 million yen



Major factors likely to cause change in sales

Increase in demand for home gardening

Decrease due to the impact of foreign exchange rates in spite of strong sales

Strong sales in vegetable seeds, Impact of COVID-19 on flower seeds is slight compared to initial forecast

Strong sales in vegetable seeds, Impact of COVID-19 is slight compared to initial forecast

Strong sales in China, Impact of COVID-19 is slight compared to initial forecast

Impact of foreign exchange

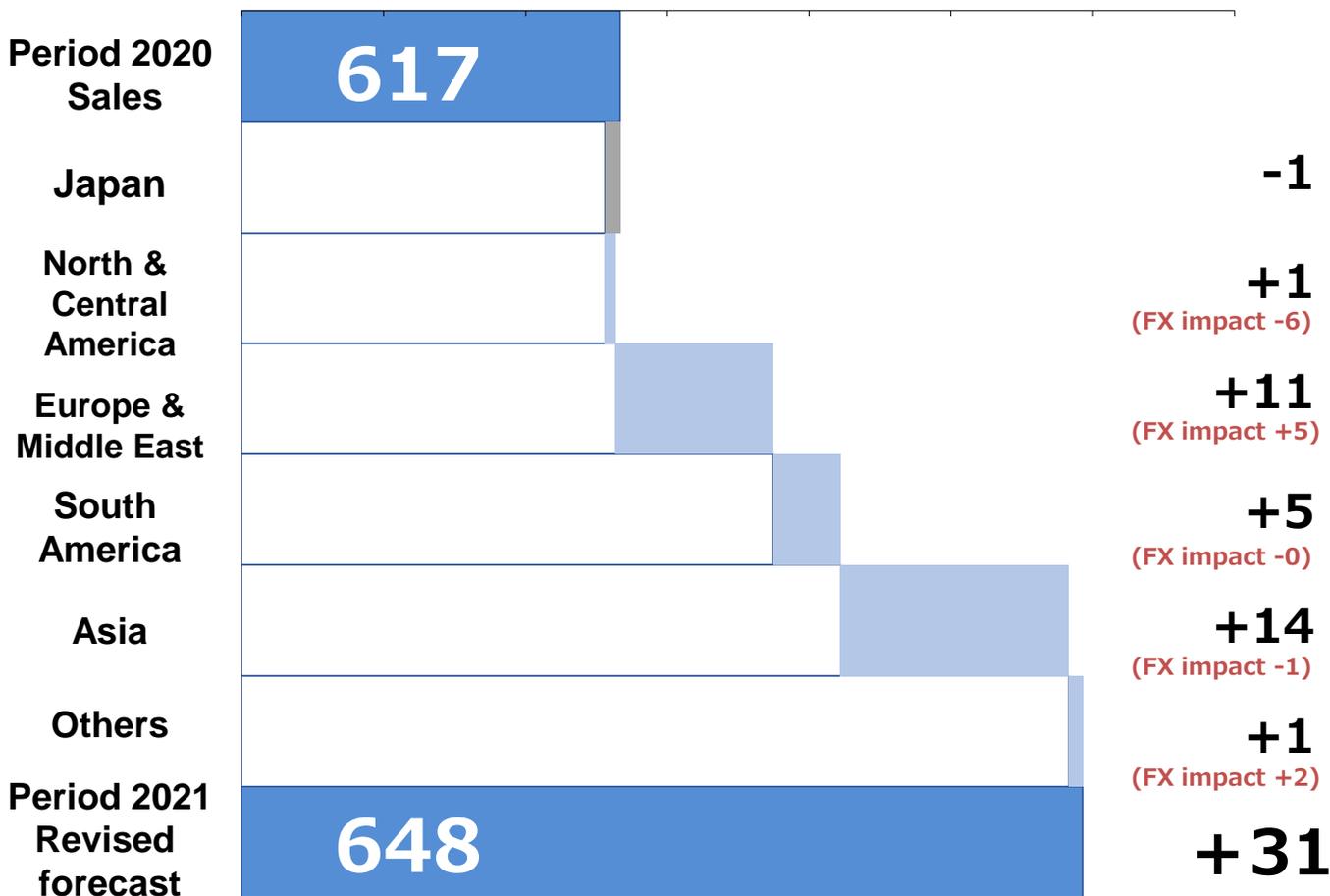
Impact of FX
+4

Forecast for period ending May 2021: Sales by customers' region (compared to the previous year)

Expecting increase in sales forecast for results compared to the previous year

Unit: 100 million yen

590 610 630 650



Main factors likely to cause change in sales

Increase in demand for household use supported decrease in it for business use

Strong sales in spite of strong yen

Strong sales, weak yen and strong euro

Strong sales

Change in sales timing of carrots for China, Other items expected to sell well

Impact of foreign exchange

Impact of FX
+0

Main selling, general and administrative (SGA) expenses for period ending May 2021

Increased 190 million yen from initial forecast

Unit: 100 million yen; consolidated basis

(Breakdowns given on the basis of locations of head office and major subsidiaries)

		Compared to initial forecast		Compared to previous year	
Revised forecast May 2021		283.9		283.9	
Initial forecast May 2021		282.0		268.7	
Difference YoY		1.9	(2.3)	15.2	(0.8)
Breakdown	Japan (head office)	-1.7	(0.0)	13.1	(0.0)
	Europe & Middle East	3.3	(3.4)	3.8	(3.6)
	North & Central America	-1.4	(-2.2)	-2.4	(-3.1)
	South America (Brazil)	0.9	(0.3)	0.4	(-0.5)
	Others + consolidation adjustment	0.8	(0.8)	0.3	(0.8)

Number in parentheses are
the effect of foreign exchange

Interim dividends decided at 15 yen; year-end dividends forecast at 18 yen

Our company considers the return of profits to shareholders to be an important management issue, and has adopted a basic policy of ensuring a stable and continuous distribution of profits while securing internal reserves necessary to strengthen the management structure and management base, taking into consideration the consolidated results for each fiscal year from a medium- to long-term management perspective.

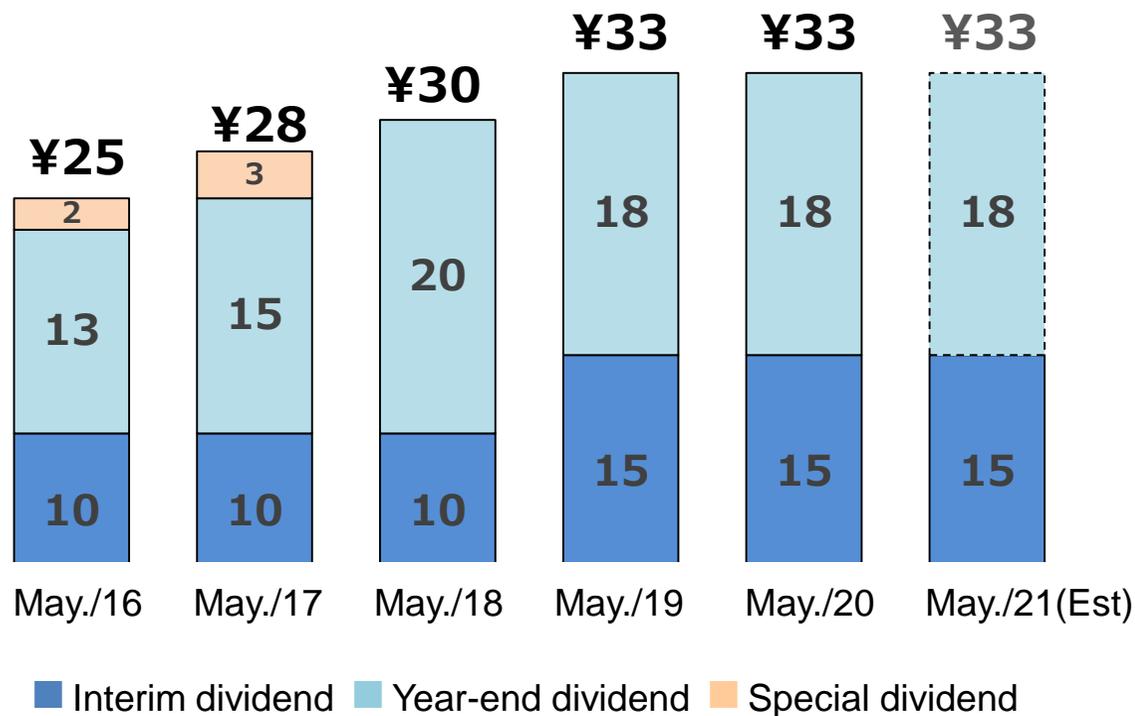
Interim dividend:

¥15/share

Year-end dividend forecast:

¥18/share

We are planning no change from our initial forecast.



IV Topics

1 Actions against COVID-19

Establishment of the online system

Enhancement of video promotion

Responding to “stay-at-home” demand

2 Results of R&D

**Zinnia “Profusion Red Yellow Bicolor”
wins golds at two major world flower
competitions**

Establishment of the online system



Hold important events such as business meetings and field exhibitions online

Online business meeting : SAKATA Fair ONLINE (Japan)

Our largest business meeting
Introduction of video contents such as latest varieties of flowers and vegetables and new products



Online field exhibition "iField"(Brazil)

Introduction of characteristics our varieties



SAKATA Online shop(Japan)

<https://sakata-netshop.com/>

Gaining popular with the wide variety of items that only a specialty store can offer

Expanding online sales, utilizing the web for customer communication

1 Actions against COVID-19

Enhancement of video promotion



Accelerating the development of new sales tools spurred by pandemic of COVID-19

Increase in “stay-at-home” demand (Domestic retail business)

Characteristics of home gardening

- Enjoyable for children and the elderly and affordable
- Feel relaxed by the growth of flowers and plants
- Health promotion through mild exercise



Noticeable points due to COVID-19 pandemic

- The vegetable garden is located near or at home
- No need for outings or outings
- Outdoor or suburban activities. Avoid the "Three Cs "



- Home gardening market revitalized
- Good sales of vegetable seeds and materials



Popular items

Vegetable seed
Herb, Komatsuna (type of rape), turnip, etc.

Flower seed
Marigold, zinnia, etc.

Materials
Horticultural soil, planter, etc.

Original materials
Materials for sowing seeds, liquid fertilizer, horticultural soil, etc.

Sales of some of herbs, leaf vegetables, horticultural soil and etc., increase by 30~50%*

* Sales growth rate compared to the same period of the previous year for the year from Dec. 2019 to Nov. 2020

Development of original products for retail



“Seedfun.” series



Even beginners and children can easily enjoy the cultivation from the seed. introduced in various media as a material for gardening beginners.

Kit for beginners

Easily sowing on horticultural soil which inflate with water

Set of cultivation tray and horticultural soil



“Kitchen vegie for beginners”

Set of seed, soil, fertilizer and planter.

Easy to enjoy from sowing to harvesting mainly herbs and leafy vegetables

Long-selling original product of Garden Center Yokohama

Aggressively expand sales of products for beginners and households, increase and maintain new horticultural fans

Zinnia “Profusion Red Yellow Bicolor” wins golds at two major world flower competitions



Picture taken by AAS Judge Rodger Tschantz at the University of Guelph in Canada

- Distinct red and yellow coloration, the first time this coloration has been achieved in an interspecific zinnia hybrid
- Gradual color changes from bicolored to shades of apricot, pink and rose as the flowers age



First time in the industry in 17 years, to be sold worldwide

Establishment of a profitable business model

Establishment of healthy profit structure and promoting key strategies in each region

Development of a global supply chain to boost supply reliability and efficiency

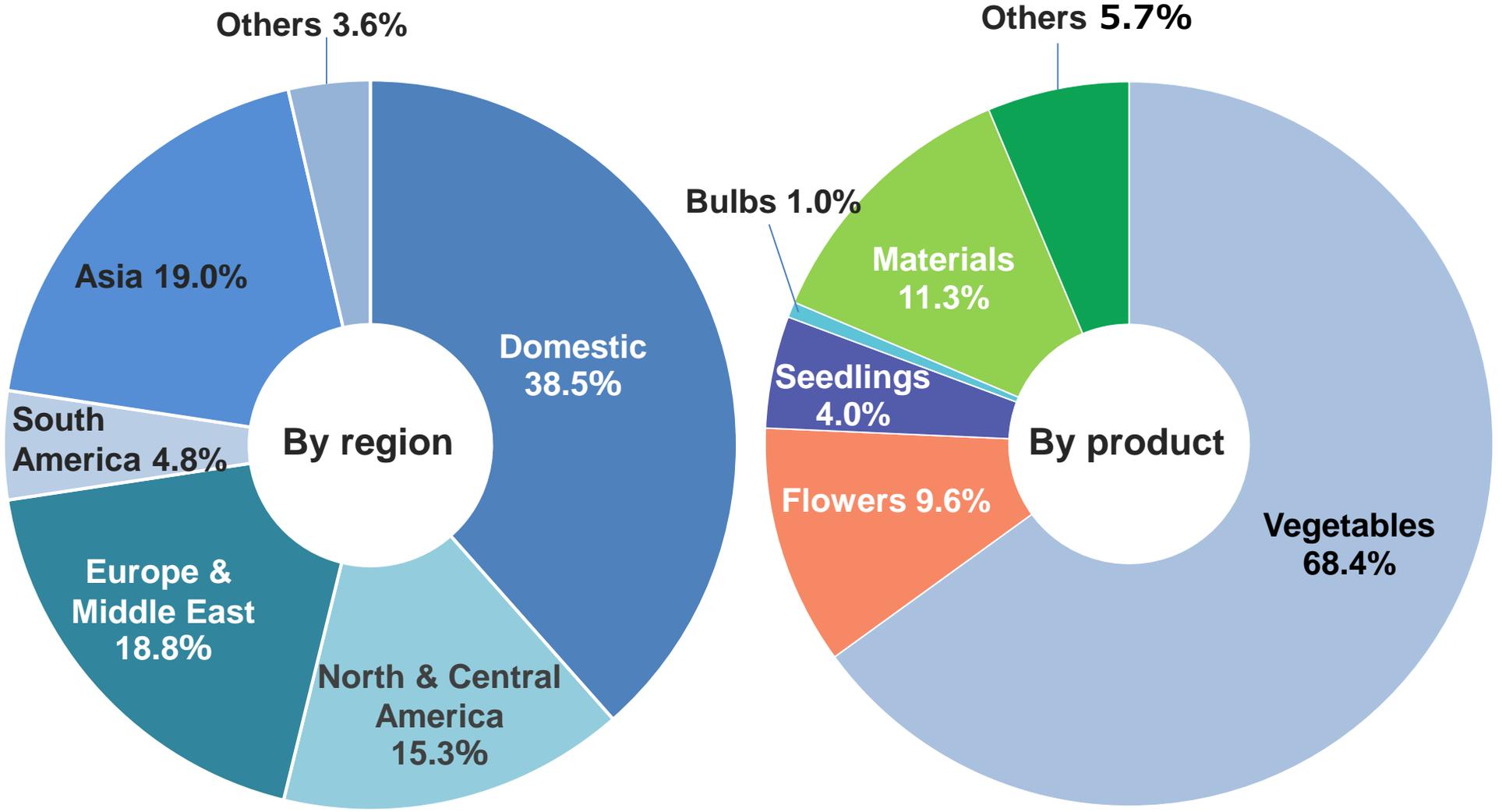
Internal structural development to foster global enterprise growth

“Vegetable nourishes the people's body and flower nourishes the people's soul.”

Aiming for Sustainable Development of the Environment, Society, and Agriculture and Horticulture

V Appendix

Results for 2nd quarter of period ending May 2021: Breakdown of external sales (1)



Results for 2nd quarter of period ending May 2021: Breakdown of external sales (2)

Difference of sales YoY by product and region (after eliminating internal transactions)

Unit: 100 million yen

	Vegetables	Flowers	Seedlings	Bulbs	Materials	Others	Total
North & Central America	2.6	-0.1	-0.0	—	—	-0.3	2.2
Europe & Middle East	7.9	-0.5	—	—	—	0.3	7.7
South America	-0.7	-0.0	—	—	—	0.6	-0.2
Asia	11.5	-1.4	0.1	—	-0.0	-0.2	9.9
Other regions	1.3	0.0	—	—	—	0.0	1.3
Overseas subtotal	22.5	-2.1	0.1	—	-0.0	0.4	20.9
Domestic subtotal	2.8	-0.2	0.0	-0.1	1.4	3.8	7.6
Total	25.3	-2.2	0.1	-0.1	1.4	4.2	28.6

Results for period ending May 2021: External sales by customers' region (Quarterly change)

Overseas sales (by customers' region)

	1st Qtr	QoQ	QoQ (%)	2nd Qtr	QoQ	QoQ (%)	Total	YoY	YoY (%)
North & Central America (1,000US\$)	17,617	2,994	20.5	28,091	-9	-0.0	45,708	2,985	7.0
Europe & Middle East (1,000EUR)	24,059	3,566	17.4	23,602	344	1.5	47,660	3,910	8.9
South America (1,000BRL)	38,538	13,244	52.4	42,044	8,367	24.8	80,583	21,611	36.6
Asia (Million Yen)	2,643	65	2.5	3,338	927	38.4	5,981	991	19.9
Korea included in Asia (Million WON)	6,758	1,134	20.2	6,690	-92	-1.4	13,448	1,042	8.4
India included in Asia (Million INR)	240	66	38.0	352	19	5.7	591	85	16.8
Others (Million Yen) (Africa, Oceania)	479	35	7.8	669	95	16.5	1,148	130	12.7

Results for period ending May 2020: External sales by customers' region (Quarterly change)

Overseas sales (by customers' region)

	1st Qtr	QoQ	QoQ (%)	2nd Qtr	QoQ	QoQ (%)	3rd Qtr	QoQ	QoQ (%)	4th Qtr	QoQ	QoQ (%)	Total	YoY	YoY (%)
North & Central America (1,000US\$)	14,623	-2,988	-17.0	28,100	2,135	8.2	25,411	-314	-1.2	38,104	-758	-2.0	106,237	-1,925	-1.8
Europe & Middle East (1,000EUR)	20,493	1,052	5.4	23,258	2,867	14.1	20,610	2,094	11.3	30,606	77	0.3	94,966	6,089	6.9
South America (1,000BRL)	25,294	1,087	4.5	33,677	445	1.3	31,549	-1,280	-3.9	41,554	7,358	21.5	132,075	7,611	6.1
Asia (Million Yen)	2,579	47	1.9	2,411	190	8.6	1,921	-36	-1.8	1,897	-634	-25.1	8,809	-432	-4.7
Korea included in Asia (Million WON)	5,624	823	17.1	6,782	-116	-1.7	3,855	285	8.0	5,262	254	5.1	21,523	1,245	6.1
India included in Asia (Million INR)	174	-22	-11.2	333	46	16.2	186	61	49.3	190	100	111.5	882	186	26.7
Others (Million Yen) (Africa, Oceania)	444	-54	-10.9	574	-44	-7.1	638	-18	-2.8	692	124	21.9	2,348	8	0.3

This presentation document includes descriptions and materials on forecasts regarding performance, strategies and business plans of Sakata Seed Corporation. Those descriptions and materials are the Company's estimates based on information available at the time of announcement, not facts in the past.

Also, they include potential risks and uncertain elements such as economic circumstances, conditions of competition with other companies, and foreign exchange rates. Therefore, please acknowledge that the Company's actual performance, business development or financial conditions may turn out very different to the forecasts given herein due to various economic, social and political factors, including economic circumstances, competition in the industry, market demand and foreign exchange rates in the future.

Please refer to the annual securities report, the summary of consolidated earnings report and the like for details on general uncertainty and fluctuating elements.