

Financial Highlights Material for the Period Ending May 2023

Sakata Seed Corporation
July 27, 2023



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I Overview of Period Ended May 2023

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.

Sales increased YoY; income fell YoY

Unit:100 million yen

Forecast for

2023^{*1}

780(-7)

	2022	2023	Difference	Difference(%)	Forecast for 2023 ^{*1}
Sales	730	773	42	5.8%	780(-7)
Gross profit	439	475	36	8.2%	-
Gross profit margin (%)	60.1%	61.5%	-	-	-
R&D expenses	81	91	9	11.5%	-
Ratio against sales (%)	11.1%	11.7%	-	-	-
Other SGA expenses	246	275	29	11.9%	-
Operating income	112	109	-3	-2.4%	113(-4)
Ordinary income	121	123	2	1.6%	118(+5)
Net income	123	95	-28	-22.6%	85(+10)
*2					
Yen/USD(¥)	122	134	+11	Impact of FX +40 Unit:100million yen	133(+1)
Yen/Euro(¥)	137	146	+9		140(+6)

*1 Announced July 2022 *2 Exchange rates for overseas subsidiaries (Period ended March)

Decrease in income due to fall in gain on sales of non-current assets

Unit: 100 million yen

0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150

Period 2022
Net income

123

Gross profit

+36

Increase due to increase in sales and improvement of profit margin

SGA expenses

-39

Increase in expenses for personnel, R&D and travel
Increase due to foreign exchange rate

Non-operating income

+5

Increase in interest received and foreign exchange gains

Extraordinary income

-43

Fall in gain on sales of non-current assets

Corporate tax, etc.

+14

Period 2023
Net income

95

-28

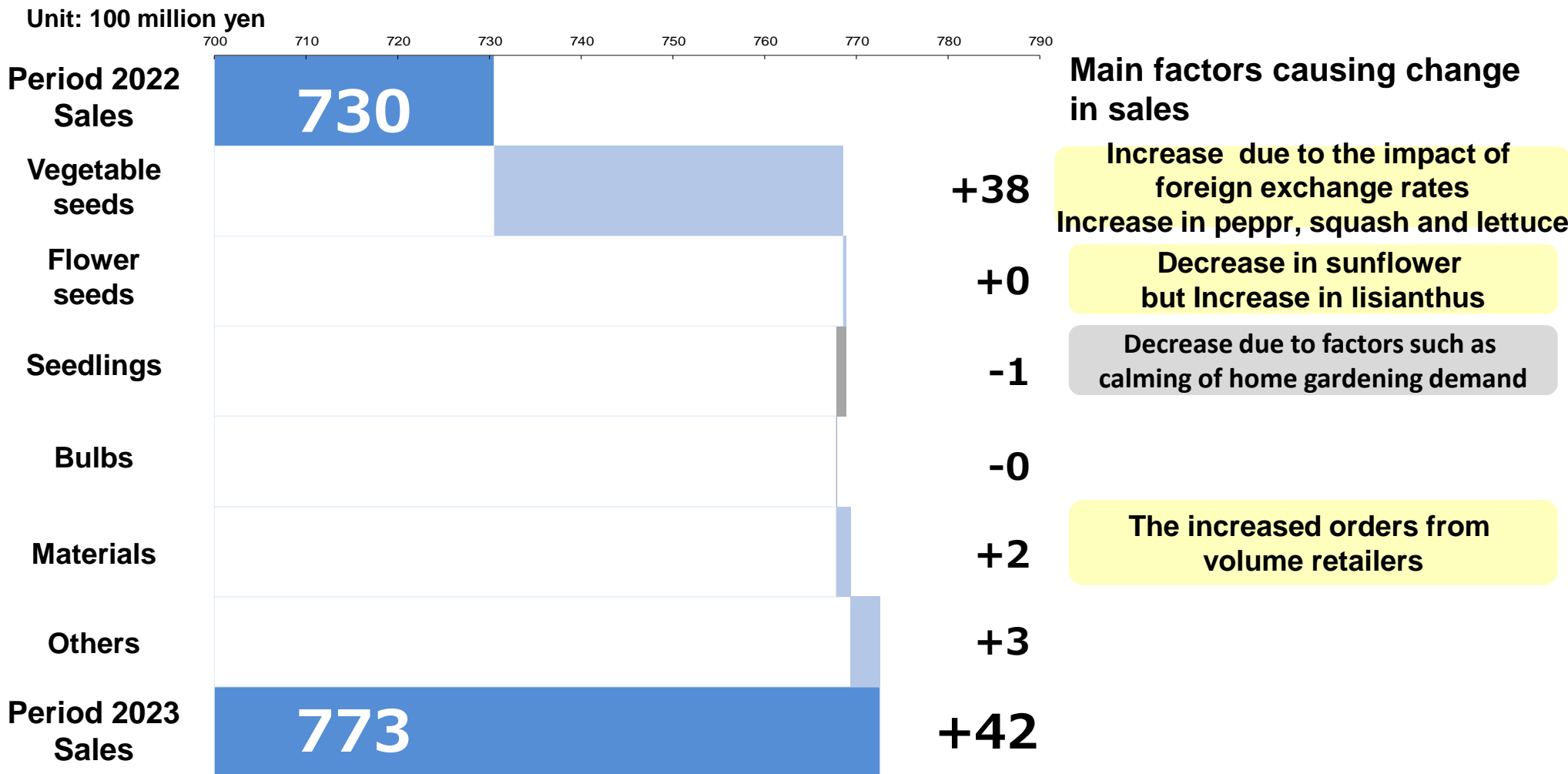
Main factors causing change in net income

Overseas wholesale has been a driver

Unit: 100 million yen

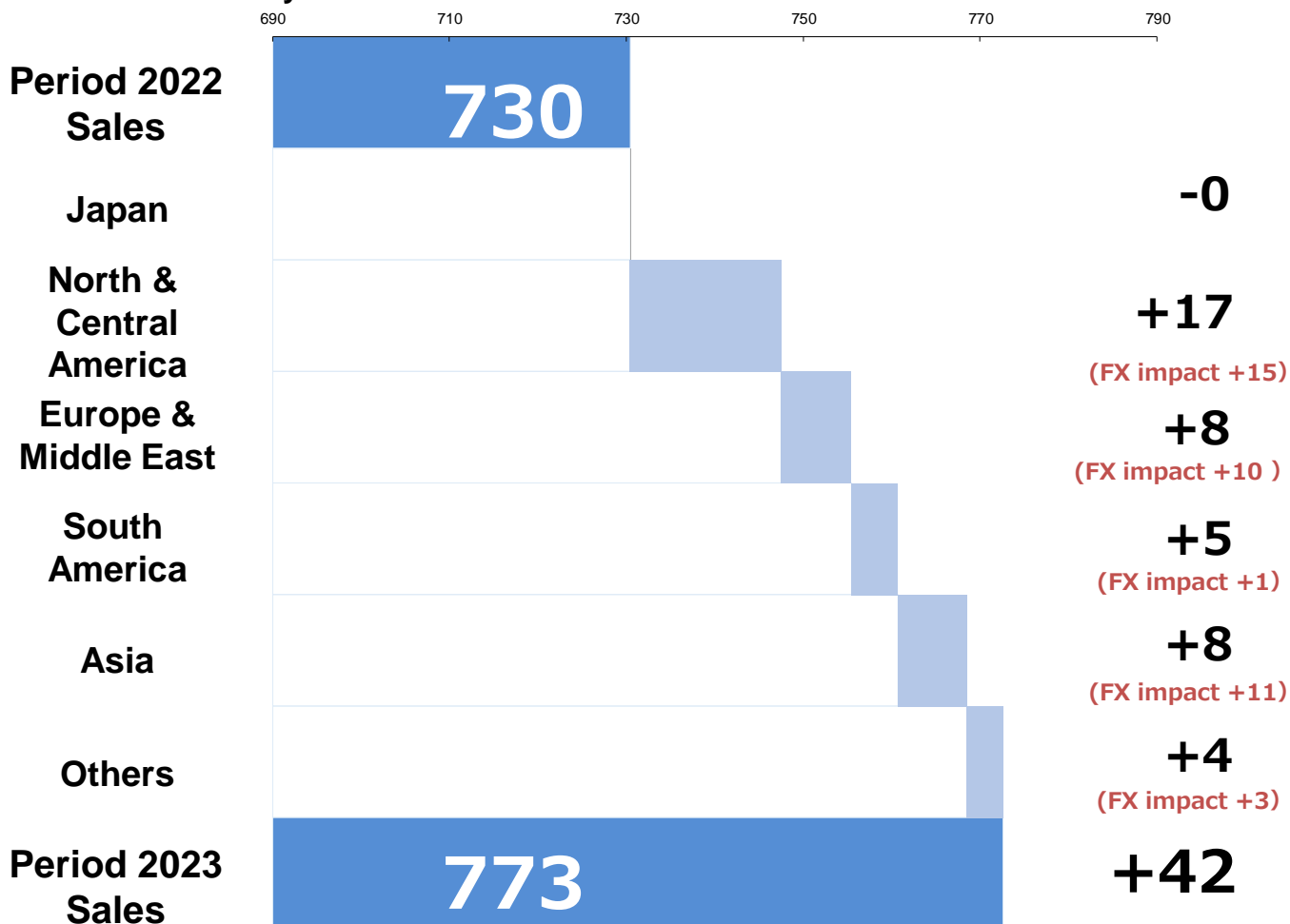
	2022	2023	Difference	Difference(%)	2022	2023	Difference	Difference(%)
Domestic wholesale	128	123	-5	-4.0%	49	49	-0	-0.4%
Overseas wholesale	520	563	42	8.1%	163	168	5	3.4%
Retail sales	52	53	2	3.7%	0	-1	-1	—
Other	31	34	3	10.3%	1	1	0	4.0%
Subtotal	730	773	42	5.8%	213	218	4	2.0%
Elimination	—	—	—	—	-101	-108	-7	—
Total	730	773	42	5.8%	112	109	-3	-2.4%

Significant increase in vegetable seeds



Increase in all overseas regions due to foreign exchange fluctuations

Unit: 100 million yen



Main factors causing change in sales

Decrease in vegetable and flower seeds
Increase in materials and landscaping

Increase in vegetable seeds

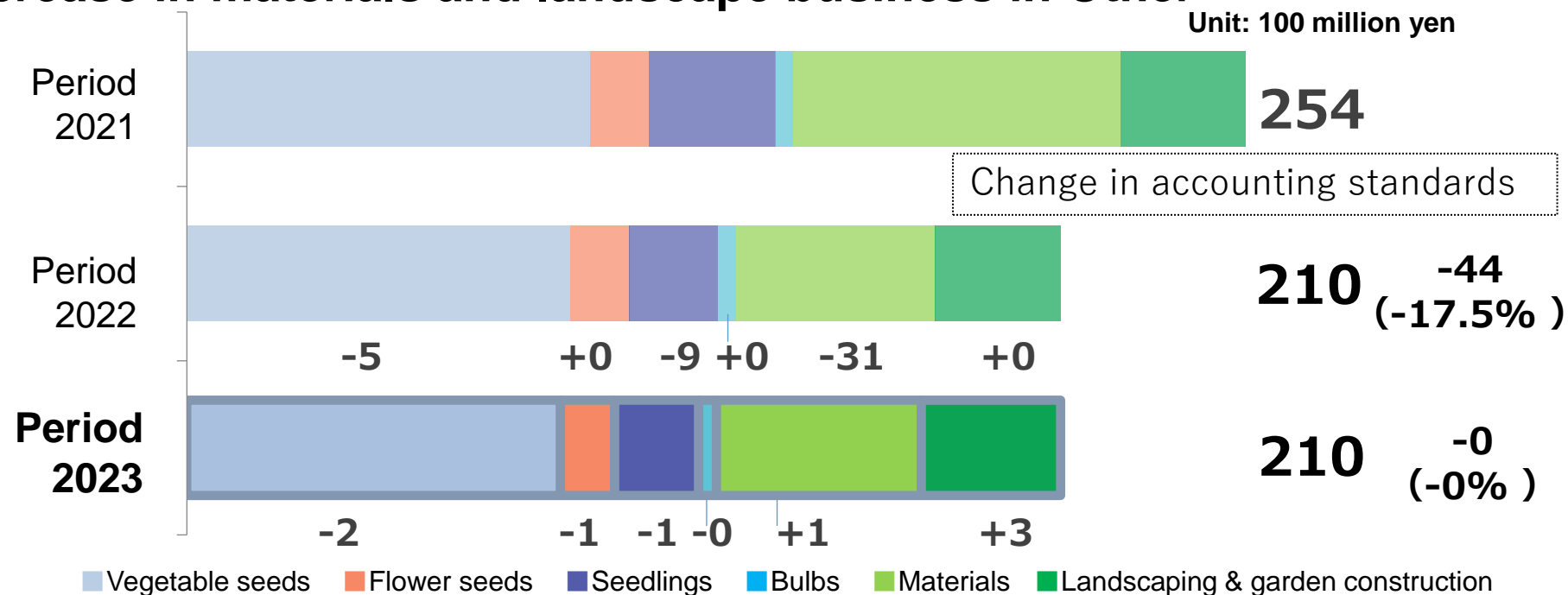
Slight decrease in both vegetables and flowers
in terms of local currencies

Increase in both vegetable and flower seeds

Decrease in local currency basis due to a shift in sales/expenses related to carrots to a different settlement period and a reactionary decline in sunflowers

Impact of FX
+40

While decrease in vegetable and flower seeds, increase in materials and landscape business in Other



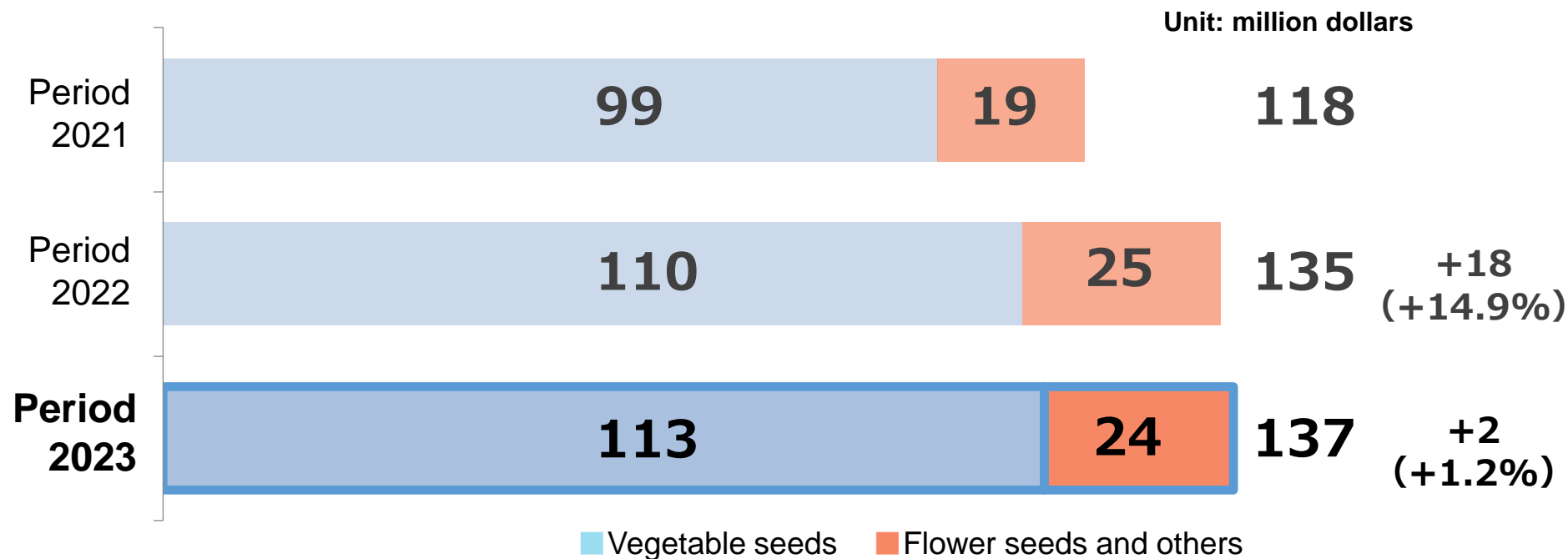
2021/6-2022/5 Products whose sales changed most

Vegetable seeds:	Broccoli	+0.8
	Tomato	- 0.7
	Lettuce	+0.6
Flower seeds:	Pansy	+0.5

2022/6-2023/5 Products whose sales changed most

Vegetable seeds:	Bunching Onion	- 0.8
	Spinach	- 0.8
	Carrot	- 0.7
Flower seeds:	Pansy	- 0.1

Increase in sales due to good sales of vegetable seeds



2021/6-2022/5 Products whose sales changed most

Vegetable seeds:	Broccoli	+5.1
	Carrot	+1.6
	Tomato	+1.5
Flower seeds:	Sunflower	+2.1

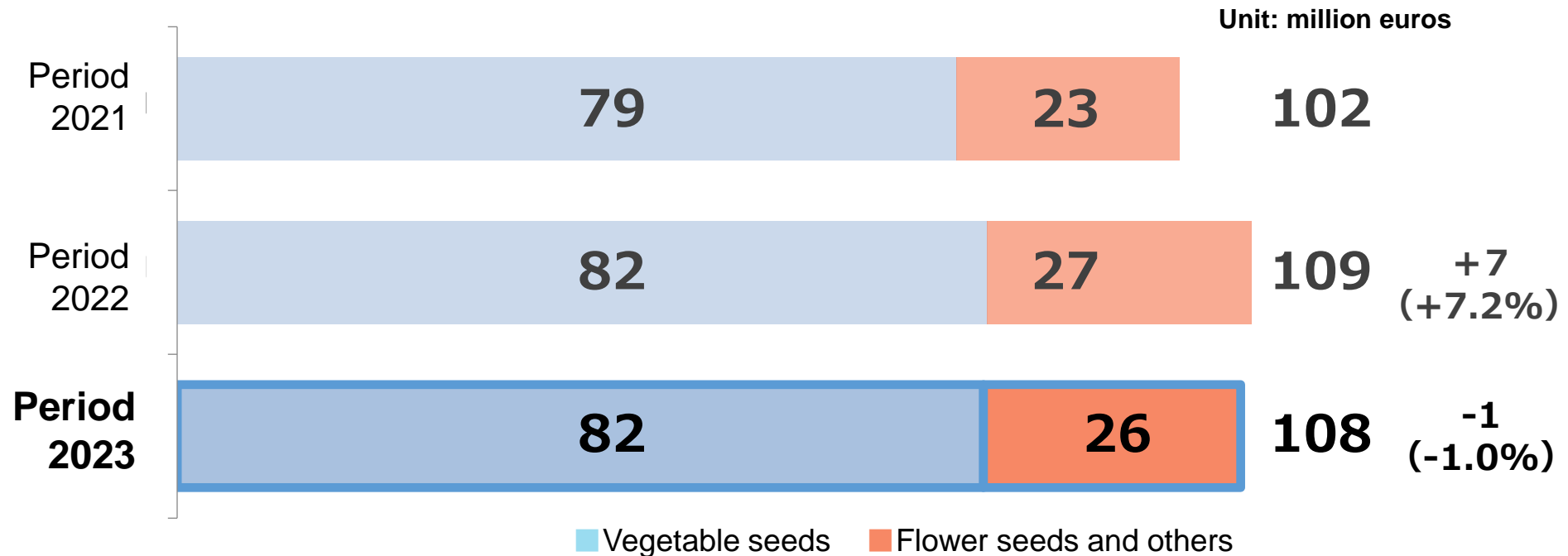
2022/6-2023/5 Products whose sales changed most

Vegetable seeds:	Broccoli	- 2.6
	Pepper	+2.3
	Spinach	+1.8
Flower seeds:	Lisianthus	+0.7

Sales by region for period ended May 2023 (3)

[Europe and Middle East]

Slight decrease in both vegetable and flower seeds in terms of local currencies



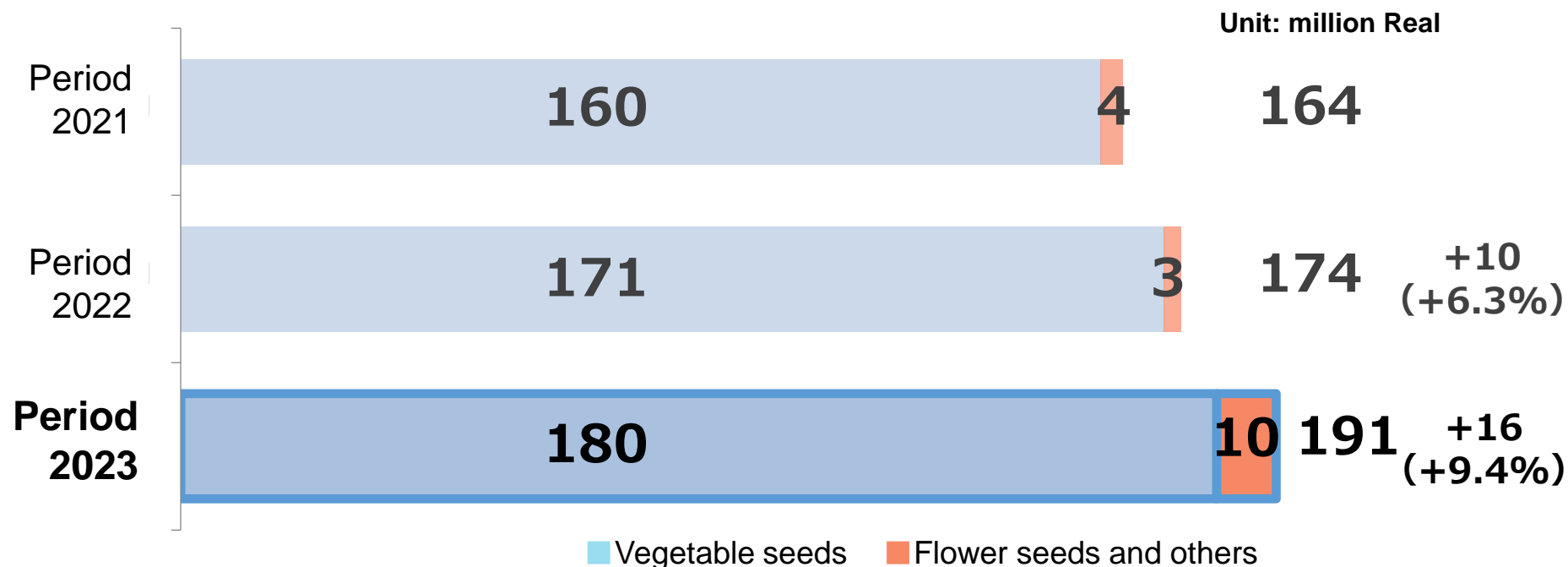
2021/6-2022/5 Products whose sales changed most

Vegetable seeds:	Broccoli	+1.5
	Tomato	+1.5
	Pepper	+0.9
Flower seeds:	Lisianthus	+1.6

2022/6-2023/5 Products whose sales changed most

Vegetable seeds:	Tomato	- 3.0
	Squash	+2.0
	Broccoli	+0.9
Flower seeds:	Platycodon	- 0.4

Good sales in both vegetable and flower seeds



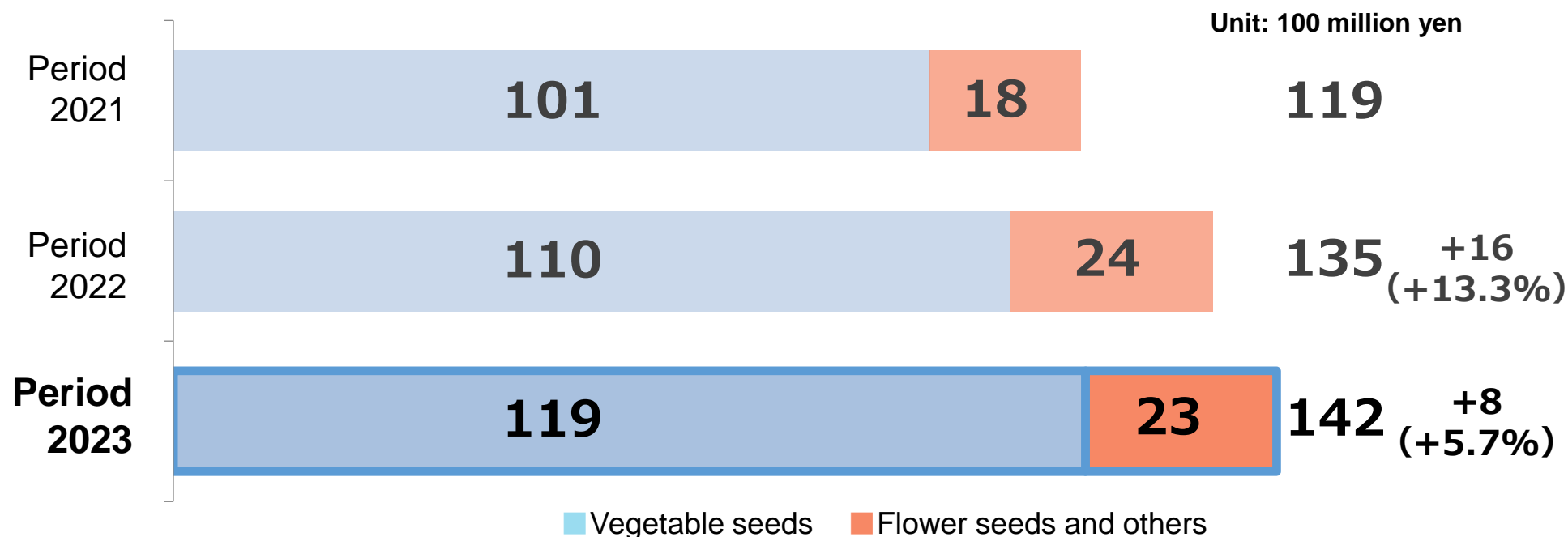
2021/6-2022/5 Products whose sales changed most

Vegetable seeds:	Squash	+2.9
	Melon	+2.2
	Lettuce	+2.1
Flower seeds:	Sunflower	+1.2

2022/6-2023/5 Products whose sales changed most

Vegetable seeds:	Squash	+7.3
	Melon	- 4.9
	Pepper	+4.8
Flower seeds:	Lisianthus	+0.5

Increase due to the impact of foreign exchange rates



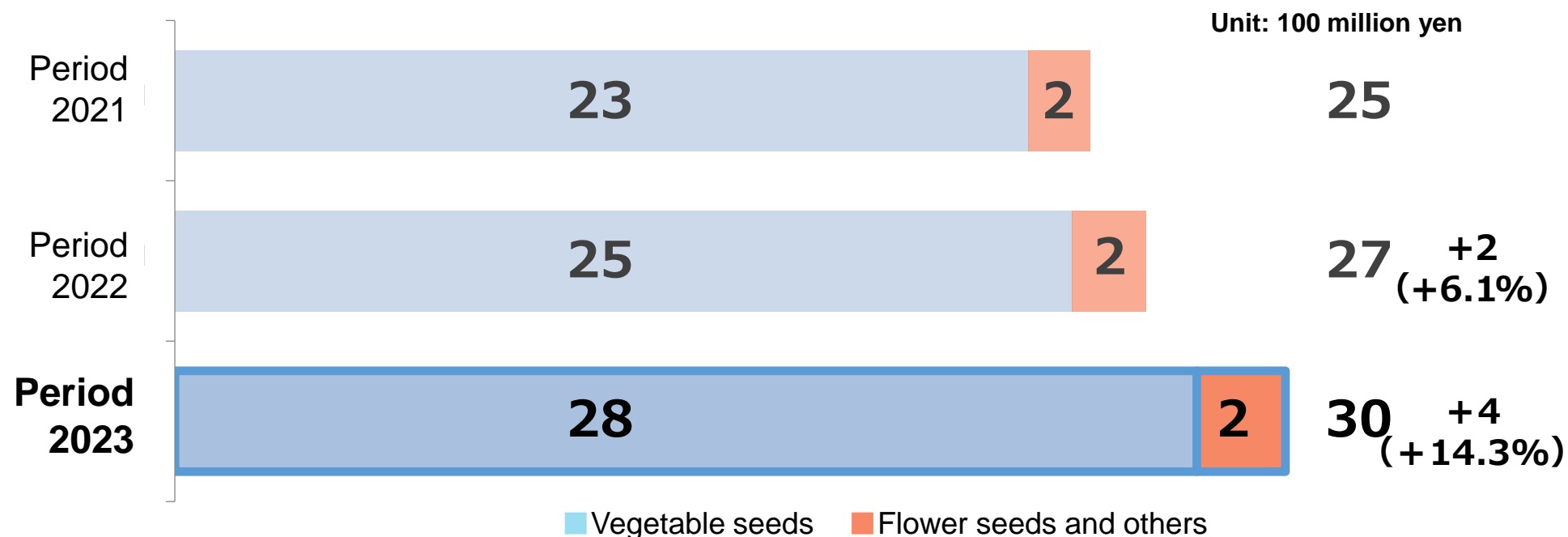
2021/6-2022/5 Products whose sales changed most

Vegetable seeds:	Carrot	+7.5
	Pepper	+3.3
	Spinach	+1.2
Flower seeds:	Sunflower	+5.5

2022/6-2023/5 Products whose sales changed most

Vegetable seeds:	Carrot	- 5.3
	Bunching Onion	+5.2
	Broccoli	+5.0
Flower seeds:	Lisianthus	+2.9

Increase in vegetable seeds



2021/6-2022/5 Products whose sales changed most

Vegetable seeds:	Onion	- 1.2
	Bunching Onion	+0.9
	Squash	+0.8
Flower seeds:	Primula	+0.1

2022/6-2023/5 Products whose sales changed most

Vegetable seeds:	Bunching Onion	- 0.9
	Broccoli	+0.4
	Squash	- 0.4

Main selling, general and administrative (SGA) expenses for period ended May 2023

Increase in expenses for personnel, travel and R&D

Unit: 100 million yen

(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 period 2023	366	188	12	28	91	
Results for period 2022	327	172	7	26	81	
Difference YoY	39	16	6	3	9	
Impact of foreign exchange out of the above	16	7	1	1	3	
Breakdown	Japan	9	-0	2	5	
	North & Central America	14	6	1	4	
	Europe & Middle East	14	6	2	2	
	South America	3	1	0	1	
	Asia	3	2	0	-0	
	Others + consolidation adjustment	-4	1	0	-0	-2

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

II Forecast for Period Ending May 2024 and Dividend Policy

Forecast for period ending May 2024 (Consolidated bases)

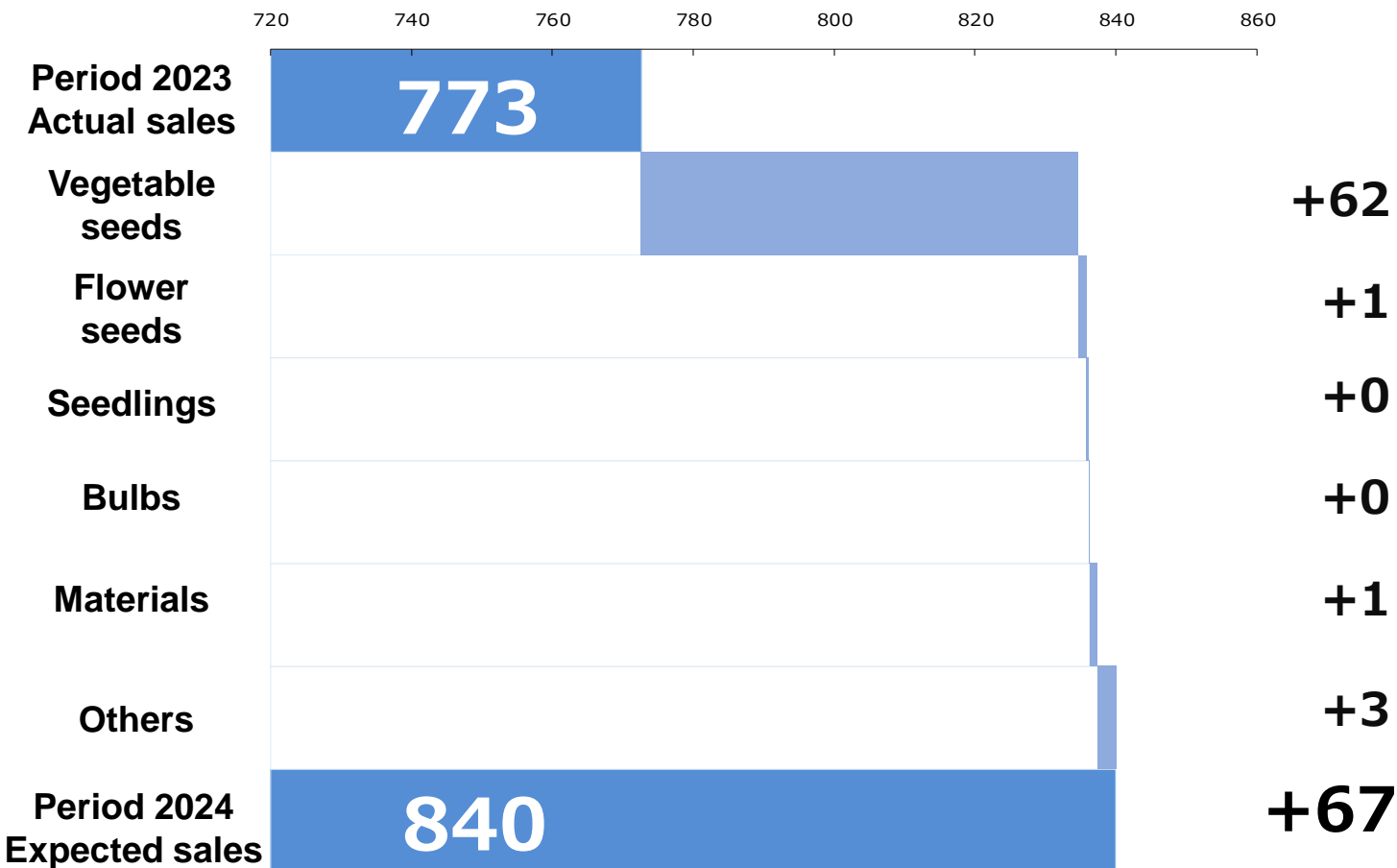
Expecting increase in sales and Operating income but decrease in ordinary income and net income

Unit:100 million yen	Period 2022	Period 2023	Period 2024 forecast	Difference	Difference(%)
Sales	730	773	840	67	8.7%
Gross profit	439	475	521	46	9.6%
Gross profit margin (%)	60.1%	61.5%	62.0%	-	-
R&D expenses	81	91	99	9	9.6%
Ratio against sales (%)	11.1%	11.7%	11.8%	-	-
Other SGA expenses	246	275	311	36	13.1%
Operating income	112	109	110	1	0.7%
Ordinary income	121	123	110	-13	-10.6%
Net income	123	95	80	-15	-15.7%
Yen/USD (yen)	122	134	135	Estimate of exchange sensitivity*(million yen)	
Yen/Euro (yen)	137	146	145	USD	97
				Euro	13

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

Expecting significant increase in vegetables

Unit: 100 million yen



Major factors likely to cause change in sales

Expecting an increase in all regions

Expecting decreased sales in Europe & Middle East and increased sales in other regions

Expecting a slight increase

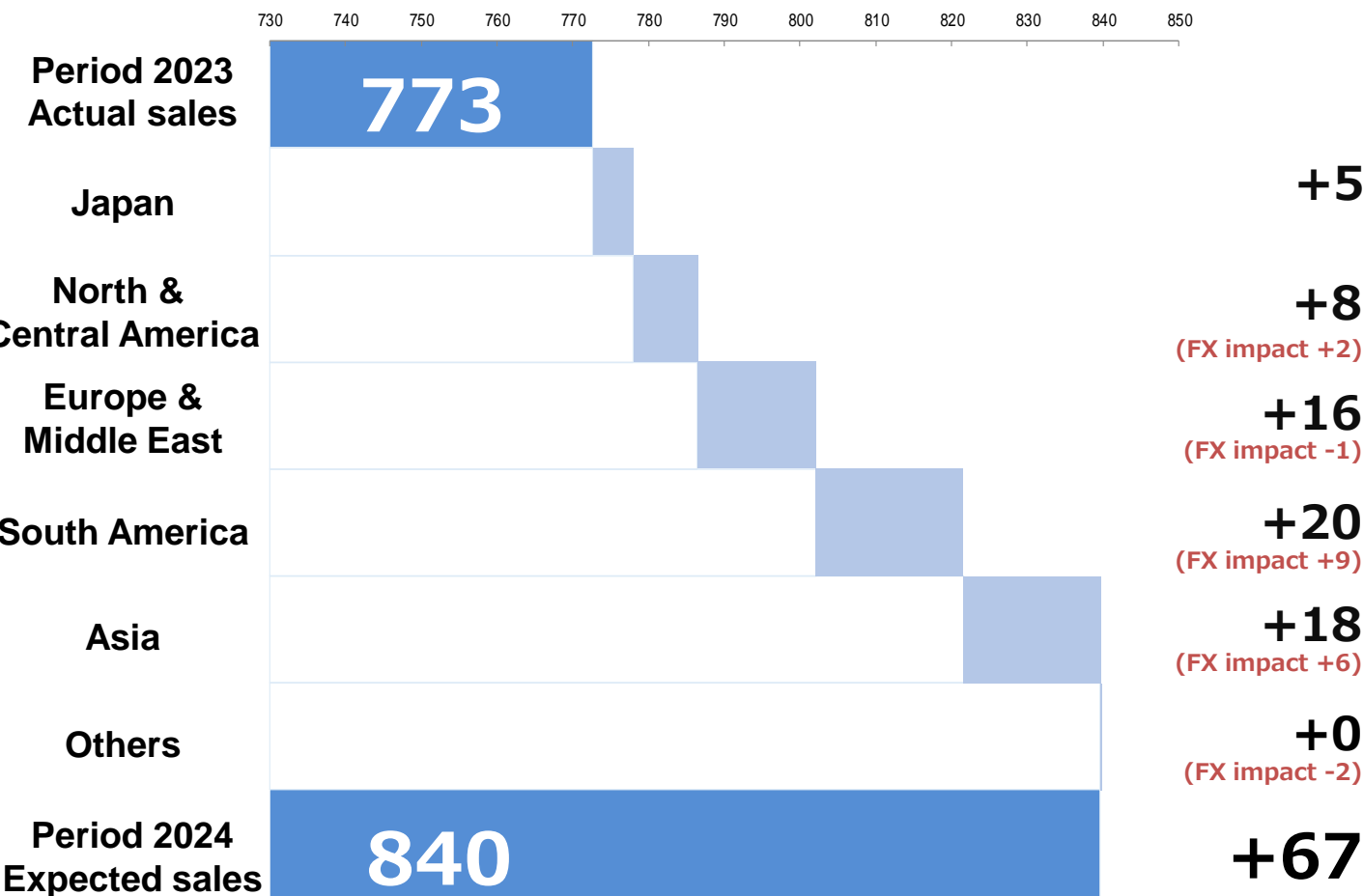
Expecting a slight increase

Expecting a slight increase

Expecting increase in landscape business

Expecting increased sales in all regions

Unit: 100 million yen



Major factors likely to cause change in sales

Expecting increased sales in landscape business
Expecting a slight increase in flowers, vegetables, and materials

Increase in both vegetable and flower seeds

Increase in vegetable seeds, decrease in flower seeds

Increase in both vegetable and flower seeds

Increase in both vegetable and flower seeds

**Impact of FX
+14**

Forecast for period ending May 2024 (Main selling, general and administrative (SGA) expenses)

Increase due to plan for enhancement of intellectual property and human resources contributing to future growth

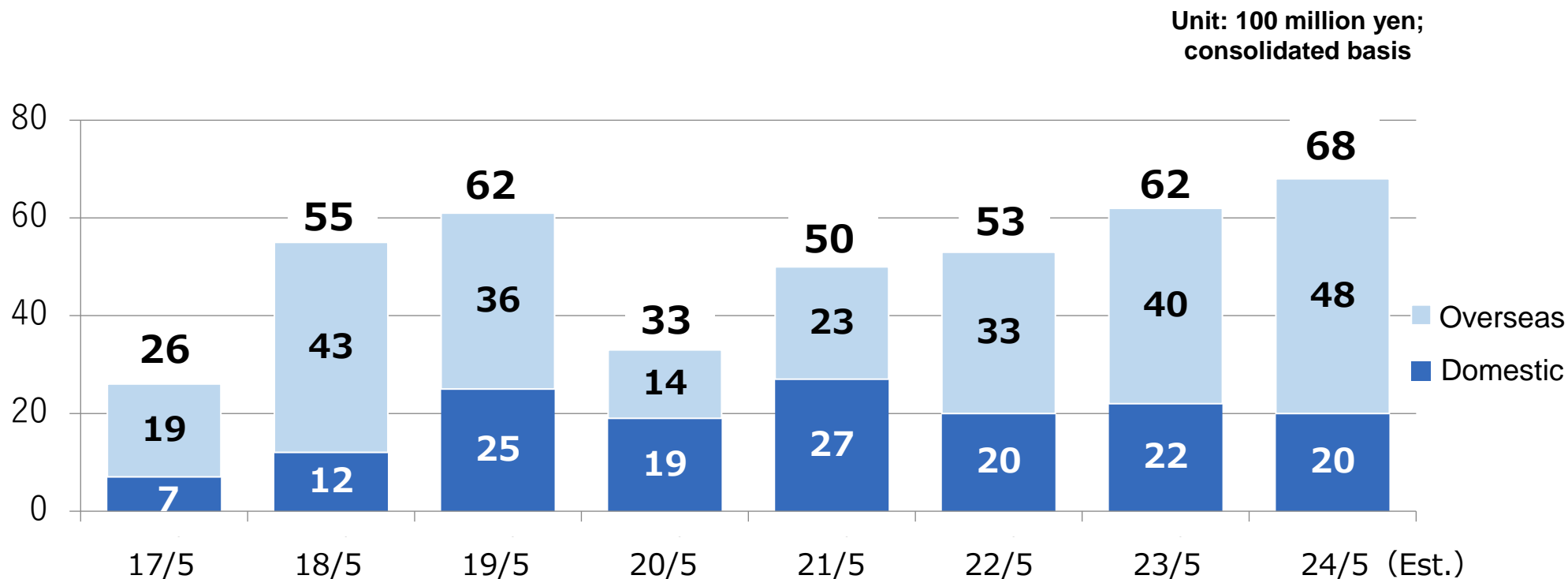
Unit: 100 million yen

(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 period 2024	411	205	17	31	99	
Results for period 2023	366	188	12	28	91	
Difference YoY	45	18	4	3	9	
Impact of foreign exchange out of the above	7	3	0	0	1	
Breakdown	Japan	20	2	3	1	3
	North & Central America	9	4	0	0	1
	Europe & Middle East	13	5	0	1	2
	South America	8	4	0	1	1
	Asia	5	2	1	-0	1
	Others + consolidation adjustment	-10	0	0	0	-0

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

Increase in total capital expenditure



*2017/5-2023/5: Actual capital expenditure amounts for each period (including acquisition of intangible fixed assets)
2024/5: Including amounts of investment for periods after period 2024

We will actively use cash obtained from business activities, etc.,
in strategic investment (including corporate acquisitions) for future growth,
while at the same time providing stable and continuous returns to shareholders

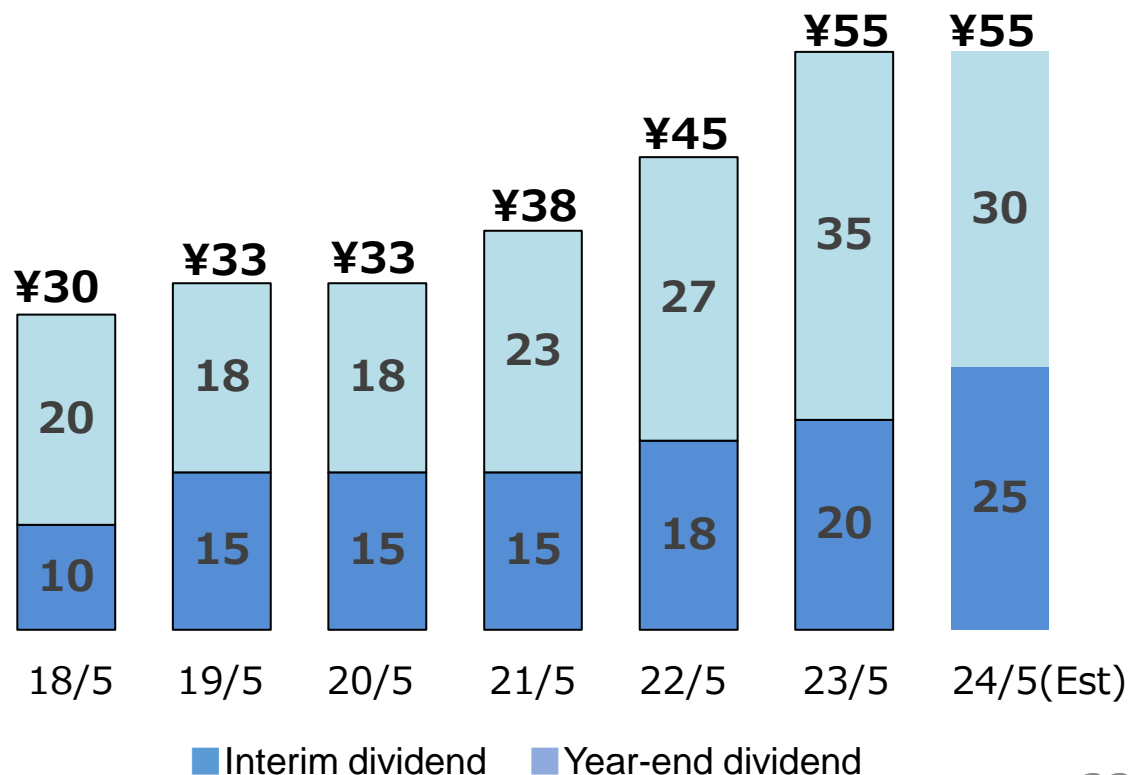
**Year-end dividends for period 2023 is ¥35 (¥55 per year),
For period 2024, ¥55 is expected.**

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

**1) The year-end dividend for period 2023 is ¥35 (¥55 per year).
(Increase of ¥5 from forecast 2023)**

**2) For period 2024, ¥55 is expected.
Interim dividend: ¥25
Year-end dividend: ¥30**

* Amount per share



■ Interim dividend ■ Year-end dividend

III Action for Global Growth

Growth in Indian Market and R&D for Tropics

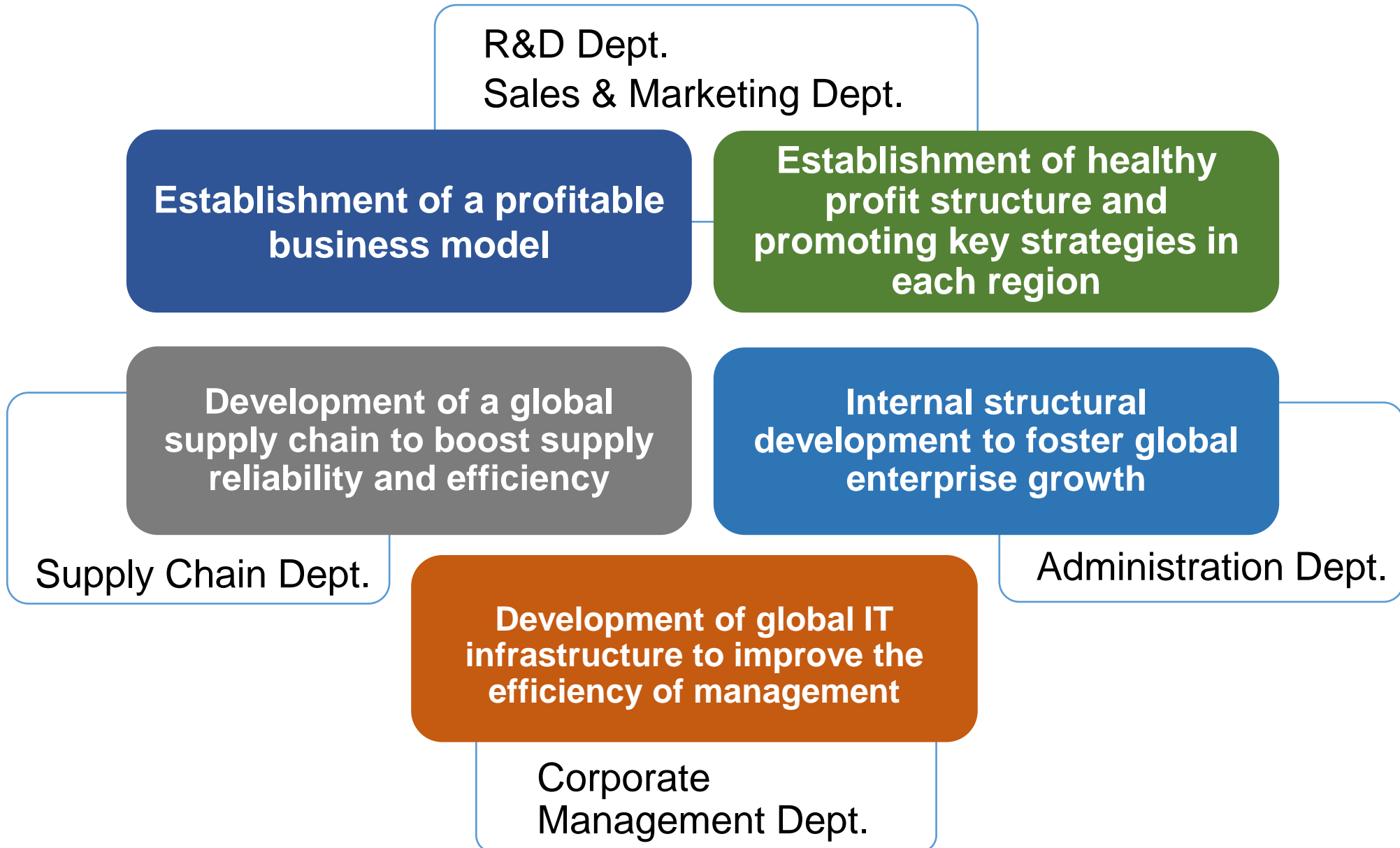
1 Growth strategy of SAKATA Group

2 Investment and growth in Indian market

3 R&D for tropics



1. Growth Strategy of SAKATA group



Growth in Indian Market and R&D for Tropics

1 Growth strategy of SAKATA Group

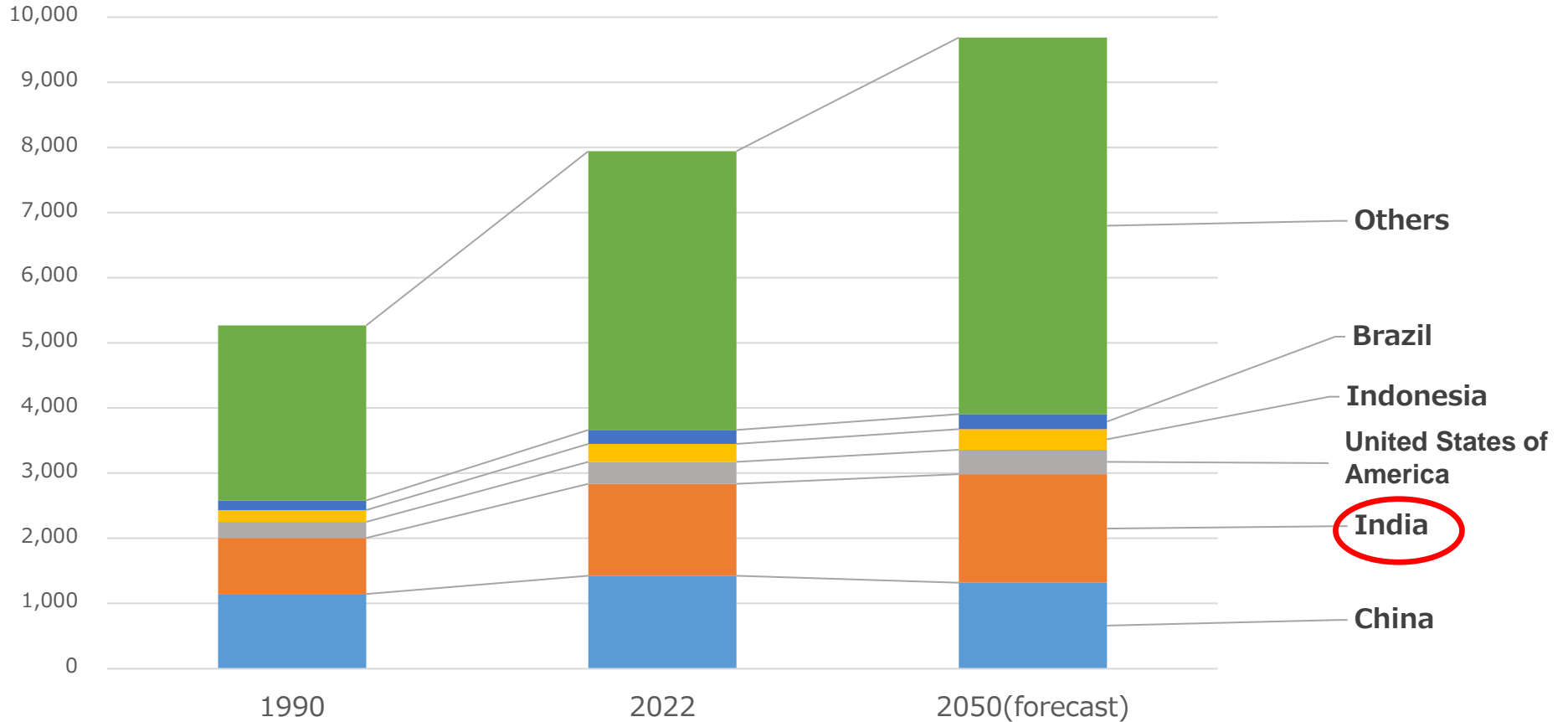
2 Investment and growth in Indian market

3 R&D for tropics



Market potential of India: Increasing population

Population (millions of people)



United Nations Department of Economic and Social Affairs
World Population Prospects 2022

Largest population in the world, further growth expected per 2050 forecast

Market potential of India: Dietary culture focused on vegetables



Vegetable shop in market



Indian food with large amounts of vegetables

India is a huge consumer of vegetables, with 60% of citizens said to be vegetarians*

(* Source: Ministry of Land, Infrastructure, Transport and Tourism
<https://www.mlit.go.jp/common/000116966.pdf>

Market potential of India: Lifestyle and culture using large amounts of flowers



Flower shop in market

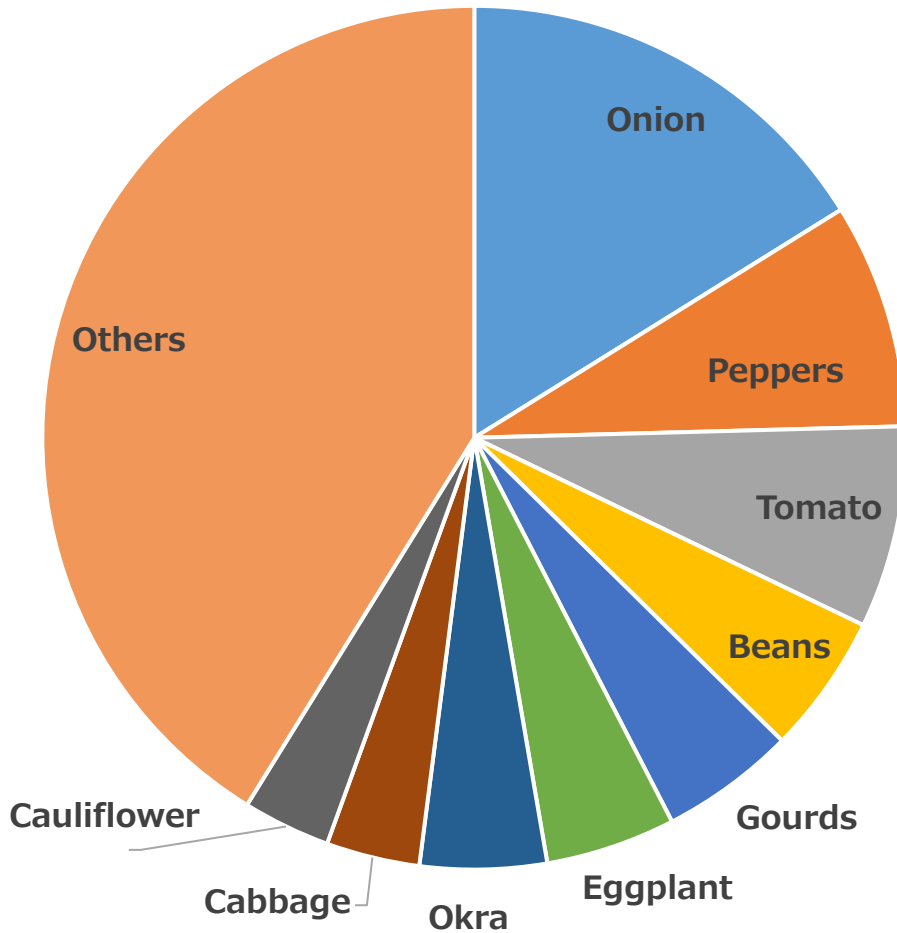


Flowers are essential for celebrations and ceremonies

Large amounts of flowers are used at homes and temples

Market potential of India: Status of vegetable crop area and seed market

Major vegetable crop area ratio in India



Market scale of vegetables and flowers in India

Vegetables

[Monetary amount of seed wholesales]

Approx. 700 million USD

[Crop area]

10.96 million hectares

[Production amount]

202 million tons

[Monetary amount of fruit & vegetable wholesales]

Approx. 9.850 billion USD

Flowers

[Crop area]

280 thousand hectares

[Production amount]

28 million tons

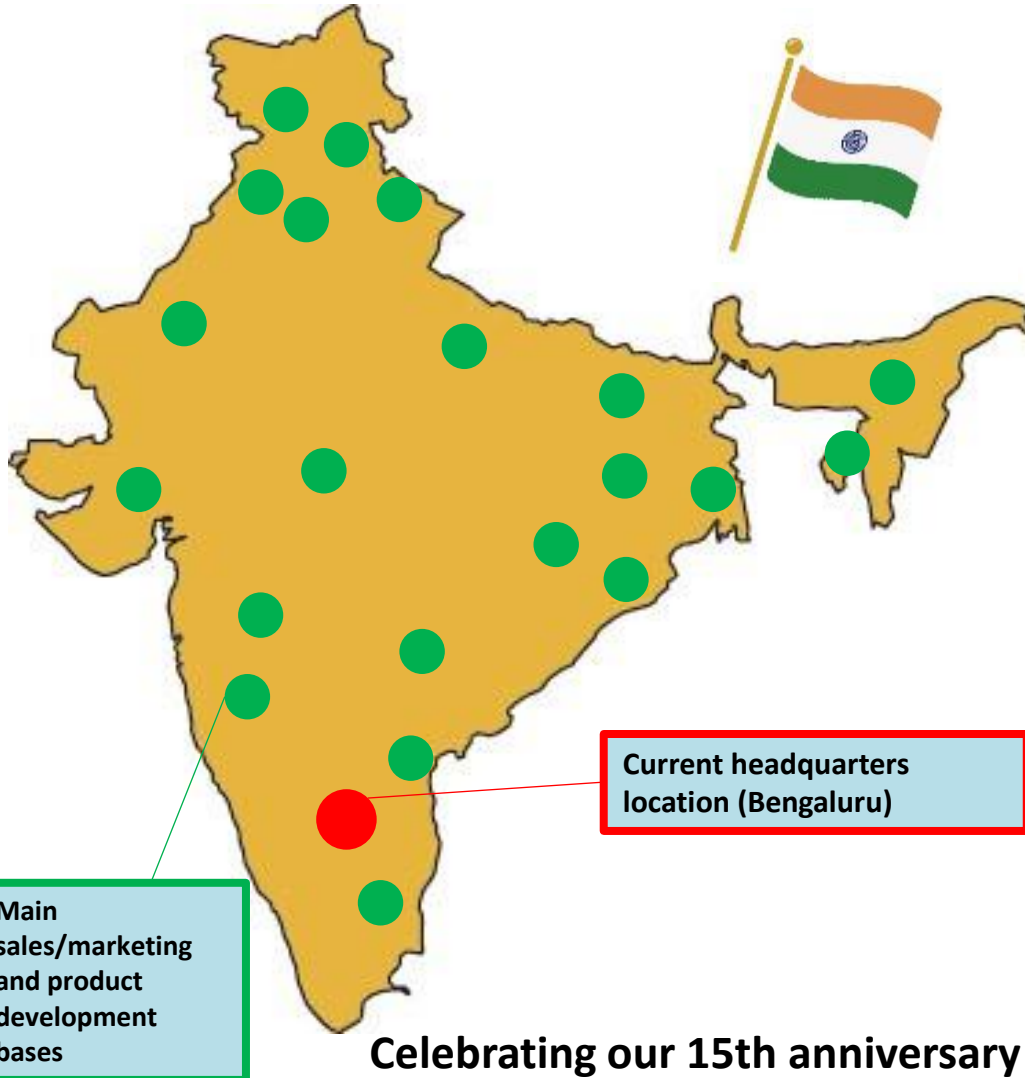
[Monetary amount of flower wholesales]

Approx. 2.9 billion USD

(the above figures are tabulated by

SAKATA SEED CORPORATION)

Overview of local subsidiary in India: Establishment of R&D stations and sales/marketing network through India



Sakata Seed India Pvt. Ltd.

2008: Established in suburb of New Delhi

2010: Established a research station in Bengaluru

[No. of employees] 164

[Customers/agents] Approx. 500 companies throughout India
(Construction of sales network that covers the entire country)

[Trial cultivated land] Large number throughout India

Celebrating our 15th anniversary and growing into a major seed company in India

Market strategy in India: Three basic strategies

Strategy (1): Differentiation from other companies

- Concentration in highly-profitable products
- Development of new vegetable markets
- Take on the challenge of new products of flowers

Strategy (2): Strengthening of R&D

- Enhancement of R&D functions and expansion of local breeding

Strategy (3): Strengthening of governance

- Relocation of headquarters and aggregation of functions

Market strategy in India: Differentiation from other companies

—Concentration in highly-profitable products

Toward a lineup focused on original F₁ varieties



Tomatoes



Hot peppers



Cauliflower



Okra



Cucurbits



Cabbage

Package of seeds sold in India



We have been also significantly increasing the ratio of other original F₁ varieties such as beets, broccoli, and squash

Establish a product lineup different from other companies

Market strategy in India: Differentiation from other companies

—Development of new vegetable markets

Provide cultivation information to producers



Tour of broccoli field

Provide recipes to consumers



Website: Broccoli Lovers <https://broccolilovers.com/hi/>

Infrastructure development

- Growth of cold chain logistics market in India
CAGR 14% from 2020 to 2025 (Source: Mordor Intelligence)

Detailed dissemination activities from production to consumption;
also driven by infrastructure development

Market strategy in India: Differentiation from other companies

—Take on the challenge of new products of flowers

Propose Sunflowers as decorations for temples



- Proposes the 'Vincent's series of Sunflowers for cut flowers, which have been sold worldwide
- Collaborate with historic temples to determine marketability

Innovative approach to create a new flower culture

Market strategy in India: Strengthening of R&D

—Enhancement of R&D functions and expansion of local breeding

Breeding

- Local research stations (Tomatoes, Hot Peppers, Okra, Gourds, etc.)
- Research expenses CAGR approx. 23% (2011 to 2023)

Expand research facilities



Biotechnology research facility



Pathology research facility

Disease-resistant F₁ Okra : Simba



Diseases resistance against two types of viruses. Highly evaluated in India. Sales are steadily increasing and it is a hit product. As an essential ingredient in curries and soups, okra is an important item in the Indian market.

Sales driven by the development of distinctive original varieties

Market strategy in India: Strengthening of governance

—Relocation of headquarters and aggregation of functions

2019 Established the Bengaluru Innovation Center (BIC)
A new comprehensive base centered on logistics functions

2023 Moved headquarters to the BIC
Accelerate decision-making by integrating management, administration, research, production, logistics, quality control, sales, and marketing



Bengaluru Innovation Center



Bengaluru Research Station

Website renewal for 15th anniversary

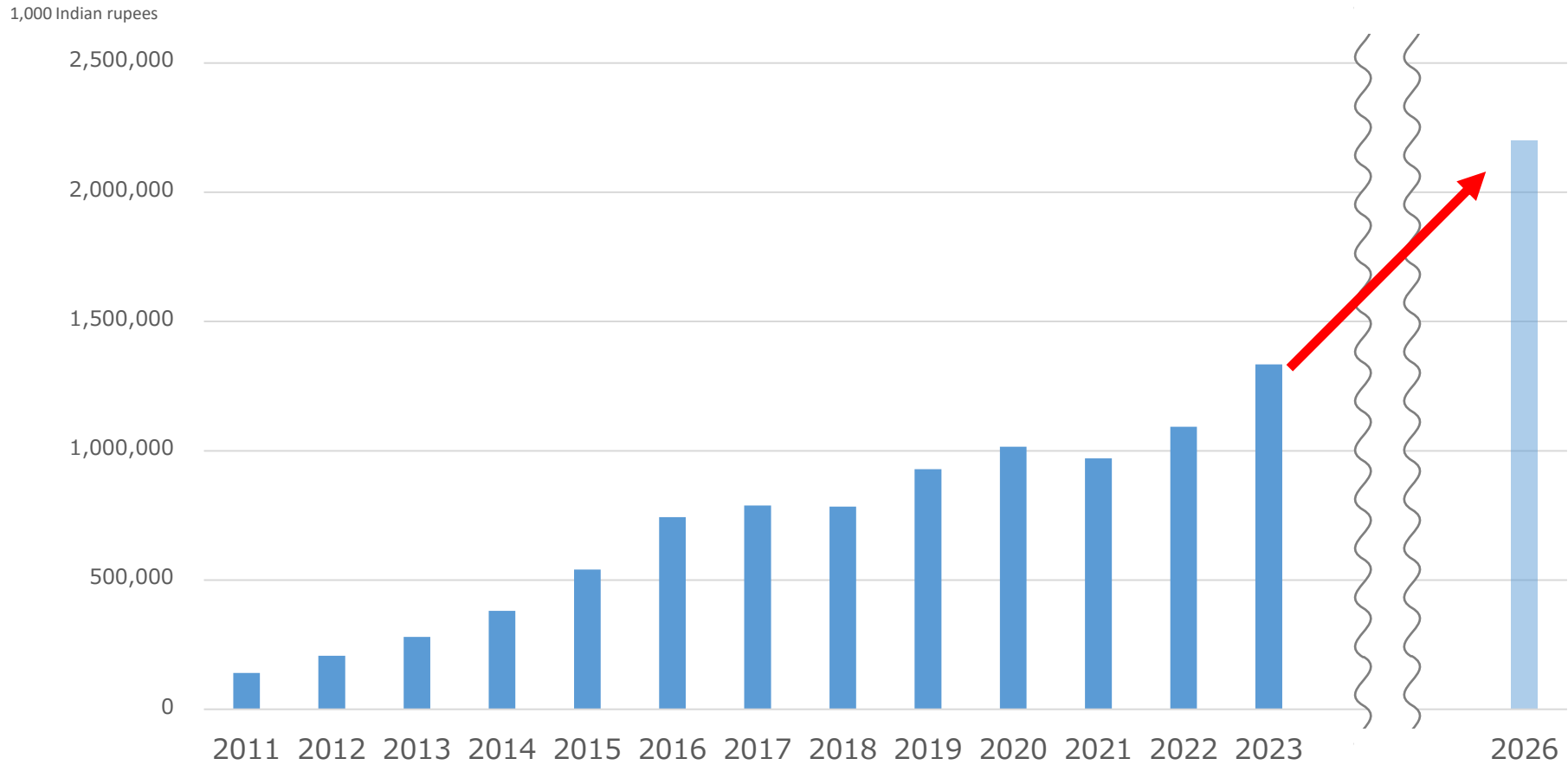


In 2023, Sakata Seed India renewed its website on the occasion of its 15th anniversary.
<https://sakata.co.in/>

Cultivating teamwork together with pursuing efficiency

Market prospects in India: Toward further increase of sales

Sales Development of Sakata Seed India



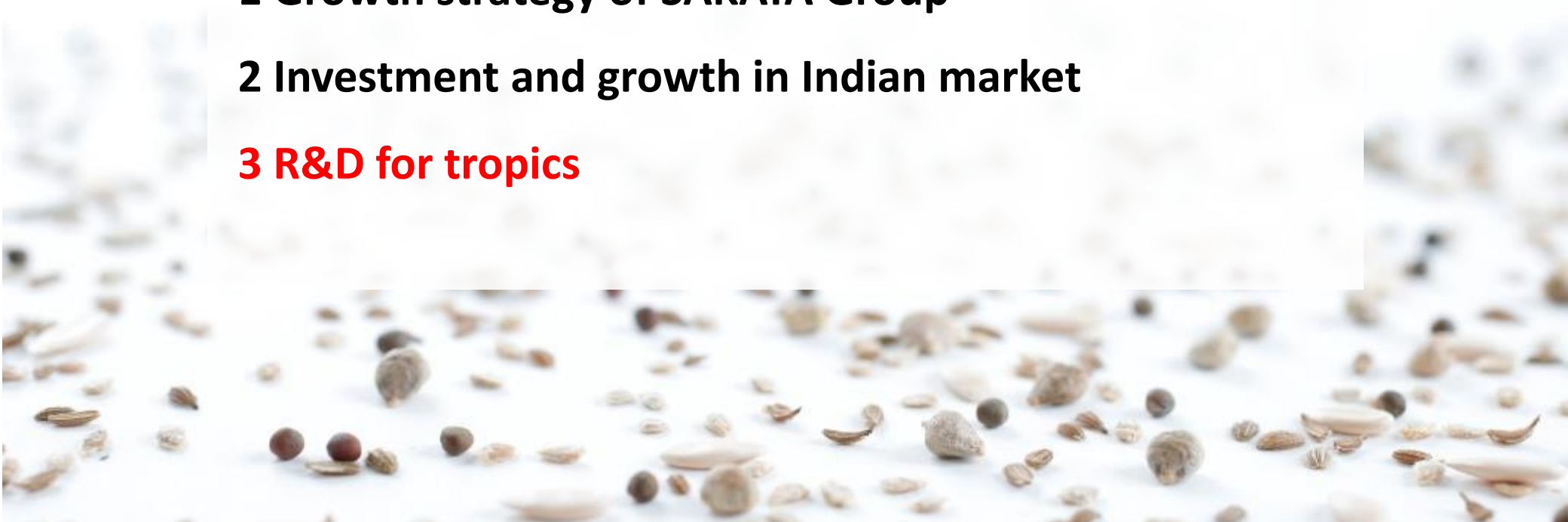
Sales goal (2026) 2.2 billion rupees

Growth in Indian Market and R&D for Tropics

1 Growth strategy of SAKATA Group

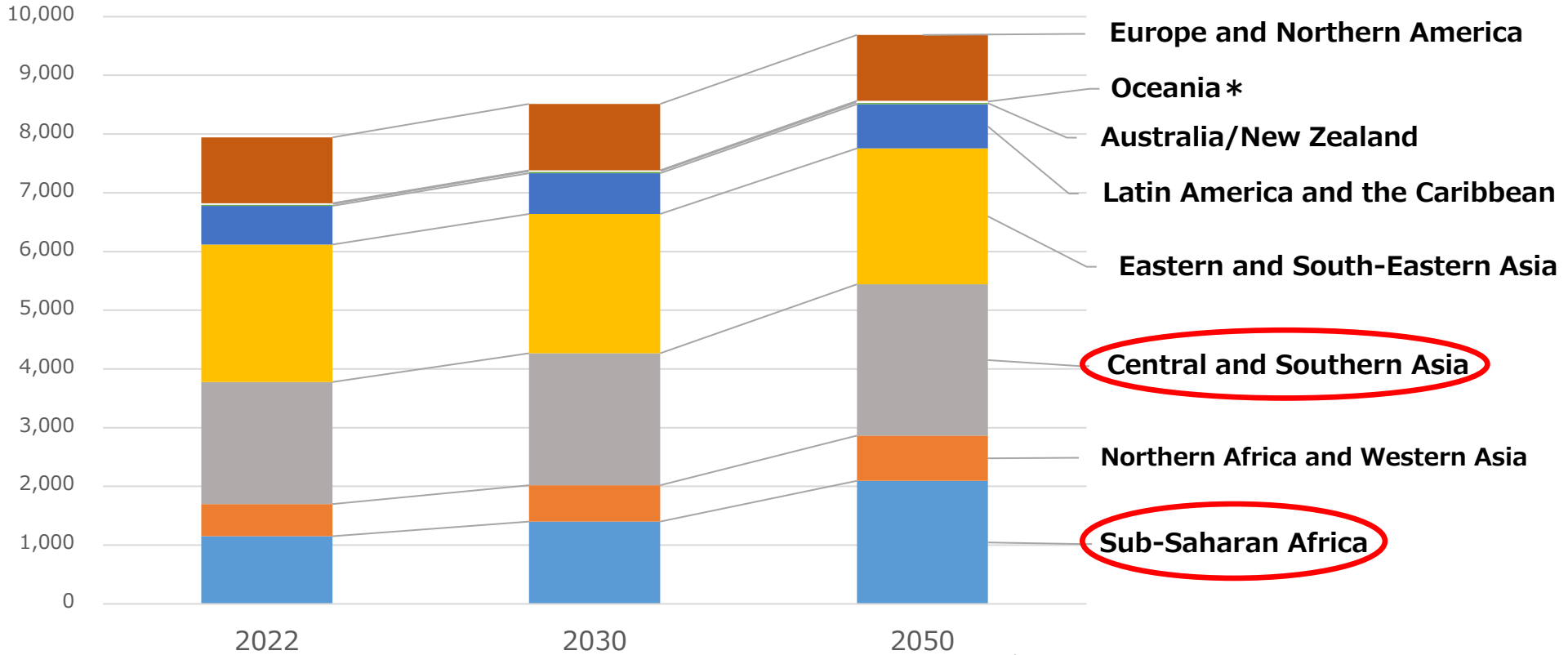
2 Investment and growth in Indian market

3 R&D for tropics



Potential of tropics: Increasing population

Population (millions of people)



*Excludes Australia and New Zealand

United Nations Department of Economic and Social Affairs
World Population Prospects 2022

By 2050, the tropics will be home to half of the world's population and will be a giant seed market

Characteristics and themes of tropics

Regional characteristics

Climate and environment

- Severe natural environment except for highlands
→ **High temperatures, dry, heavy rain, high humidity**
- High level of biodiversity
→ **Many types of diseases and pests**
- Barren land
→ Outflow due to high temperatures and rain

Cultivation

- **Mainly open field cultivation**
→ **Unable to control growing environment**

Technology and human resources

- Agricultural technology and cultivation methods are underdeveloped

- **Hardy and robust varieties**
- **Disease and pests resistant varieties**
- **Low fertilizer demand varieties**
- **Easy growing varieties**

Varieties that have a wide range of adaptability and can be harvested even in harsh cultivation environments

Difficult to meet demand through breeding or introducing varieties

SAKATA's strengths in R&D

Extensive genetic resources that can be used in the tropics

- Many years of breeding in the harsh Japanese climate
- Genetic resources from Brazil and other South American countries are also useful

Utilize existing bases in the tropics (India, Thailand, and Brazil)

- Enhanced trial cultivated land in each country
- Easy prototyping of varieties developed in other regions

Breeding by teams Global cooperation in R&D

- Thorough team system rather than individual breeding
- Promotion of breeding programs between bases

Use genetic resources and global networks to actively take on challenges

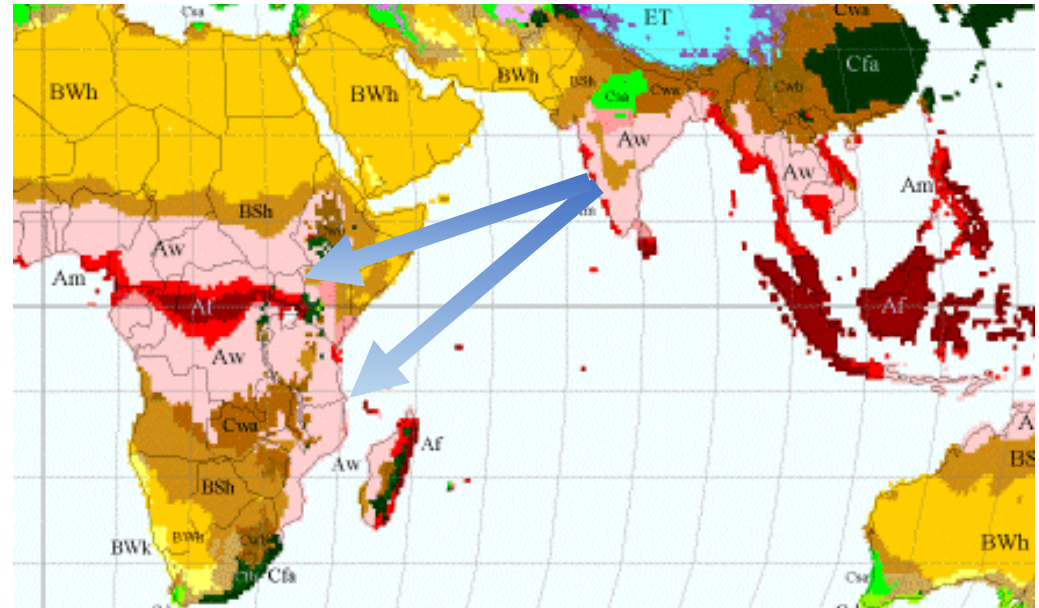
Prospects in Africa

India as a foothold

- India and Sub-Saharan Africa are in the same climate classification
- Almost entirely open field cultivation
- Structure of farming villages is similar

Competitive advantages in developing the African market

- Shared food culture, high possibility of using the same varieties
- Results in sales of varieties bred in Thailand and Brazil



Kottek, M., J. Grieser, C. Beck, B. Rudolf, and F. Rubel, 2006: World Map of Köppen – Geiger Climate Classification updated. Meteorol. Z., 15, 259-263.

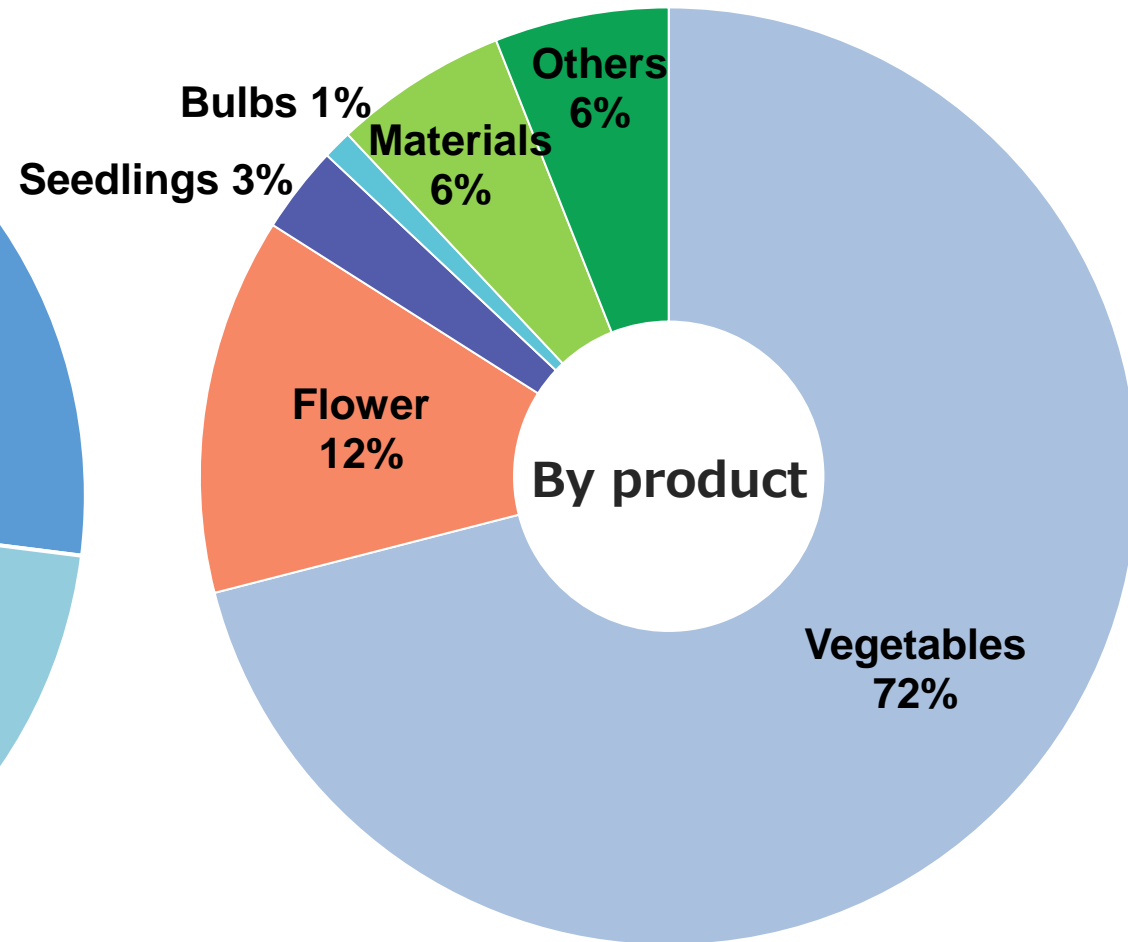
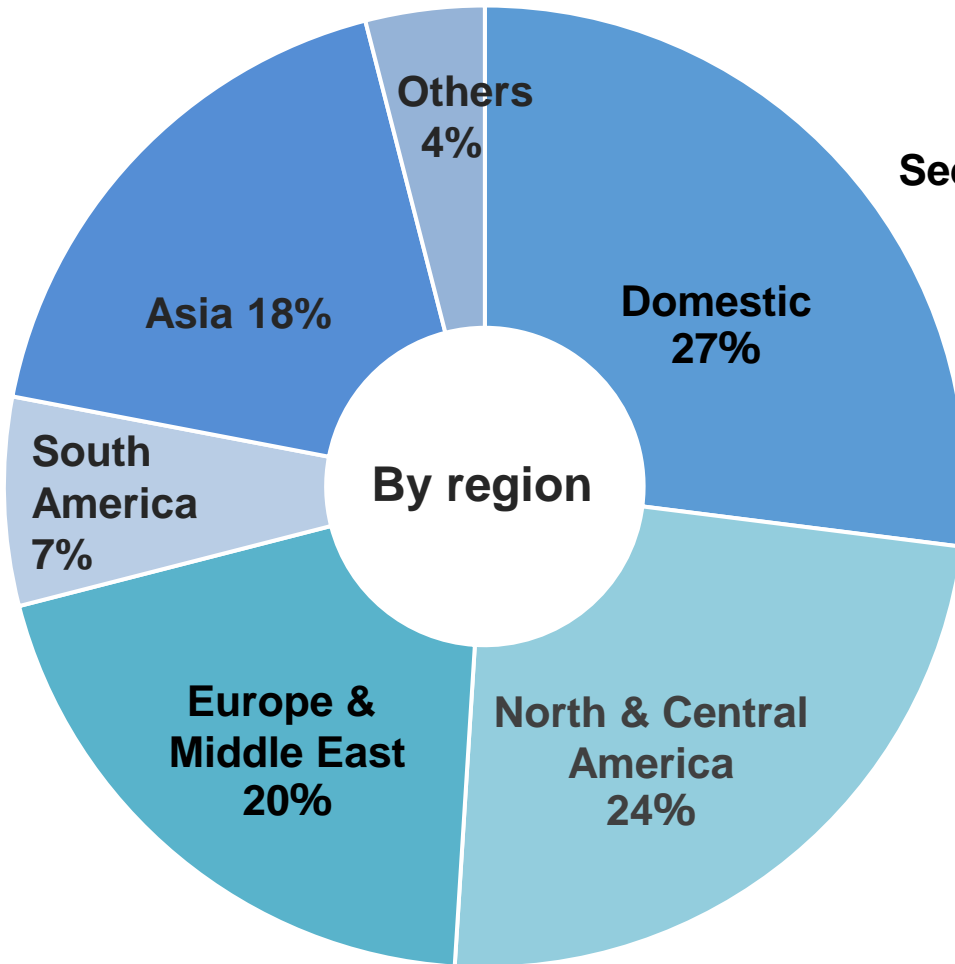
Quickly respond to future growth of African market by expanding Indian varieties



Vegetables nourish the body and flowers nourish the soul
**We aim for sustainable development of the environment,
society,
and agriculture and horticulture**

IV Appendix

Results for period ended May 2023: Breakdown of external sales (1)



Results for period ended May 2023: Breakdown of external sales (2)

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

Unit: 100 million yen

	Vegetables	Flow ers	Seedlings	Bulbs	Materials	Others	Total
North & Central America	16.0	1.0	0.0	—	0.3	-0.1	17.2
Europe & Middle East	6.8	-0.1	—	—	—	1.5	8.2
South America	5.1	0.4	—	—	—	-0.2	5.3
Asia	9.1	0.4	-0.0	-0.0	-0.0	-1.7	7.7
Other regions	3.4	-0.0	—	—	—	0.4	3.8
Overseas subtotal	40.4	1.5	-0.0	—	0.3	-0.1	42.2
Domestic subtotal	-2.4	-1.2	-1.1	-0.1	1.3	3.3	-0.1
Total	38.1	0.4	-1.1	-0.1	1.6	3.2	42.1

Results for period ended May 2023:

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\$)	22,491	2,248	11.1%	33,446	-795	-2.3%	33,788	-3,528	-9.5%	47,287	3,698	8.5%	137,011	1,623	1.2%
Europe & Middle East (1,000EUR)	26,032	-1,886	-6.8%	24,522	-818	-3.2%	23,885	-92	-0.4%	33,382	1,747	5.5%	107,821	-1,049	-1.0%
South America (1,000BRL)	44,156	1,542	3.6%	49,376	8,159	19.8%	39,463	-4,810	-10.9%	57,594	11,420	24.7%	190,589	16,311	9.4%
Asia (Million Yen)	3,006	142	5.0%	5,700	1,597	38.9%	2,420	-93	-3.7%	3,107	-879	-22.0%	14,233	768	5.7%
Korea included in Asia (Million WON)	6,697	-662	-9.0%	6,557	192	3.0%	4,258	-295	-6.5%	9,827	1,378	16.3%	27,339	612	2.3%
India included in Asia (Million INR)	340	38	12.5%	479	105	28.0%	180	-7	-3.9%	164	53	48.2%	1,162	189	19.4%
Others(Africa, Oceania) (Million Yen)	635	117	22.6%	838	176	26.5%	776	87	12.7%	787	1	0.1%	3,036	381	14.4%

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.

IR Information

<https://corporate.sakataseed.co.jp/en/ir/>



News Release

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