

Translation

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Summary of Consolidated Financial Results for the Year Ended May 31, 2020 (Based on Japanese GAAP)

July 13, 2020

Company name: SAKATA SEED CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 1377 URL <http://www.sakataseed.co.jp/>
 Representative: President and Representative Director Hiroshi Sakata
 Director, Senior Executive Officer, Akifumi Ujita
 General Manager of General Administration Division TEL 045-945-8800
 Inquiries: TEL 045-945-8800
 Scheduled date of ordinary general meeting of shareholders: August 25, 2020
 Scheduled date to file Securities Report: August 25, 2020
 Scheduled date to commence dividend payments: August 26, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended May 31, 2020 (from June 1, 2019 to May 31, 2020)

(1) Consolidated operating results

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	%
Year ended May 31, 2020	61,667	(1.7)	7,482	(3.1)	8,070	(3.1)	6,094	(11.1)
Year ended May 31, 2019	62,746	0.5	7,717	2.2	8,331	5.7	6,856	18.9

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended May 31, 2020	136.65	–	6.0	6.6	12.1
Year ended May 31, 2019	152.69	–	6.8	6.8	12.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2020	123,601	101,793	82.2	2,278.16
As of May 31, 2019	122,425	100,883	82.3	2,258.00

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended May 31, 2020	3,435	(1,322)	(1,757)	11,934
Year ended May 31, 2019	5,532	(3,289)	(3,183)	12,173

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended May 31, 2019	–	15.00	–	18.00	33.00	1,479	21.6	1.5
Year ended May 31, 2020	–	15.00	–	18.00	33.00	1,473	24.1	1.5
Year ending May 31, 2021 (Forecast)	–	15.00	–	18.00	33.00		33.4	

3. Forecast of consolidated financial results for the year ending May 31, 2021 (from June 1, 2020 to May 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending November 30, 2020	28,200	(1.6)	2,900	(24.5)	3,100	(28.1)	2,000	(35.4)	44.85
Full year	61,700	0.1	6,000	(19.8)	6,200	(23.2)	4,400	(27.8)	98.66

4. Notes

(1) Changes in significant subsidiaries during the year ended May 31, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of May 31, 2020	47,410,750 shares	As of May 31, 2019	48,410,750 shares
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Number of treasury shares at the end of the period

As of May 31, 2020	2,813,037 shares	As of May 31, 2019	3,812,493 shares
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Average number of shares during the period

Year ended May 31, 2020	44,597,900 shares	Year ended May 31, 2019	44,905,128 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2019	As of May 31, 2020
Assets		
Current assets		
Cash and deposits	19,611	17,427
Notes and accounts receivable - trade	16,141	15,894
Securities	-	50
Merchandise and finished goods	27,455	30,243
Work in process	2,726	2,323
Raw materials and supplies	2,358	2,283
Costs on construction contracts in progress	320	268
Other	3,610	4,228
Allowance for doubtful accounts	(288)	(386)
Total current assets	<u>71,936</u>	<u>72,333</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,734	32,273
Accumulated depreciation	<u>(19,775)</u>	<u>(20,228)</u>
Buildings and structures, net	<u>11,958</u>	<u>12,044</u>
Machinery, equipment and vehicles	13,482	13,568
Accumulated depreciation	<u>(9,487)</u>	<u>(9,262)</u>
Machinery, equipment and vehicles, net	<u>3,994</u>	<u>4,306</u>
Land	14,031	13,606
Construction in progress	1,819	695
Other	3,889	5,597
Accumulated depreciation	<u>(2,877)</u>	<u>(3,405)</u>
Other, net	<u>1,011</u>	<u>2,192</u>
Total property, plant and equipment	<u>32,815</u>	<u>32,845</u>
Intangible assets	2,203	2,858
Investments and other assets		
Investment securities	13,141	13,129
Long-term loans receivable	33	28
Deferred tax assets	1,281	1,397
Other	1,077	1,069
Allowance for doubtful accounts	<u>(64)</u>	<u>(60)</u>
Total investments and other assets	<u>15,469</u>	<u>15,563</u>
Total non-current assets	<u>50,488</u>	<u>51,268</u>
Total assets	<u>122,425</u>	<u>123,601</u>

(Millions of yen)

As of May 31, 2019

As of May 31, 2020

	As of May 31, 2019	As of May 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,708	5,006
Short-term borrowings	3,168	3,441
Income taxes payable	1,095	1,048
Other	5,942	5,737
Total current liabilities	14,913	15,233
Non-current liabilities		
Long-term borrowings	1,975	1,267
Deferred tax liabilities	1,214	947
Retirement benefit liability	2,123	2,066
Provision for retirement benefits for directors (and other officers)	138	139
Provision for share-based remuneration for directors (and other officers)	27	66
Other	1,149	2,086
Total non-current liabilities	6,628	6,574
Total liabilities	21,542	21,808
Net assets		
Shareholders' equity		
Share capital	13,500	13,500
Capital surplus	10,900	10,793
Retained earnings	81,755	84,935
Treasury shares	(6,077)	(4,485)
Total shareholders' equity	100,078	104,744
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,791	4,744
Foreign currency translation adjustment	(3,931)	(7,520)
Remeasurements of defined benefit plans	(235)	(367)
Total accumulated other comprehensive income	624	(3,143)
Non-controlling interests	180	193
Total net assets	100,883	101,793
Total liabilities and net assets	122,425	123,601

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended May 31, 2019	Fiscal year ended May 31, 2020
Net sales	62,746	61,667
Cost of sales	27,320	27,314
Gross profit	35,426	34,353
Selling, general and administrative expenses	27,708	26,871
Operating profit	7,717	7,482
Non-operating income		
Interest income	164	194
Dividend income	277	323
Rental income	214	221
Foreign exchange gains	21	—
Other	224	229
Total non-operating income	902	968
Non-operating expenses		
Interest expenses	119	210
Sales discounts	18	28
Foreign exchange losses	—	16
Other	151	124
Total non-operating expenses	288	380
Ordinary profit	8,331	8,070
Extraordinary income		
Gain on sales of non-current assets	838	—
Compensation income	—	126
Gain on sales of investment securities	267	46
Gain on sale of businesses	316	37
Total extraordinary income	1,422	210
Extraordinary losses		
Impairment loss	345	226
Total extraordinary losses	345	226
Profit before income taxes	9,408	8,054
Income taxes - current	2,463	2,282
Income taxes - deferred	59	(351)
Total income taxes	2,523	1,931
Profit	6,884	6,123
Profit attributable to non-controlling interests	28	28
Profit attributable to owners of parent	6,856	6,094

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended May 31, 2019	Fiscal year ended May 31, 2020
Profit	6,884	6,123
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,578)	(47)
Foreign currency translation adjustment	(998)	(3,568)
Remeasurements of defined benefit plans, net of tax	(10)	(131)
Total other comprehensive income	(2,587)	(3,746)
Comprehensive income	4,297	2,376
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,274	2,352
Comprehensive income attributable to non-controlling interests	22	23

Consolidated statements of changes in equity

Fiscal year ended May 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,500	10,794	76,474	(4,489)	96,278
Changes during period					
Dividends of surplus			(1,575)		(1,575)
Profit attributable to owners of parent			6,856		6,856
Purchase of treasury shares				(1,587)	(1,587)
Disposal of treasury shares		106		0	106
Net changes in items other than shareholders' equity					
Total changes during period	–	106	5,280	(1,587)	3,799
Balance at end of period	13,500	10,900	81,755	(6,077)	100,078

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,370	(2,938)	(225)	3,206	169	99,654
Changes during period						
Dividends of surplus						(1,575)
Profit attributable to owners of parent						6,856
Purchase of treasury shares						(1,587)
Disposal of treasury shares						106
Net changes in items other than shareholders' equity	(1,578)	(992)	(10)	(2,581)	10	(2,570)
Total changes during period	(1,578)	(992)	(10)	(2,581)	10	1,228
Balance at end of period	4,791	(3,931)	(235)	624	180	100,883

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,500	10,900	81,755	(6,077)	100,078
Cumulative effects of changes in accounting policies			46		46
Restated balance	13,500	10,900	81,801	(6,077)	100,124
Changes during period					
Dividends of surplus			(1,473)		(1,473)
Profit attributable to owners of parent			6,094		6,094
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(106)	(1,487)	1,594	-
Issuance of treasury shares held by Board Benefit Trust				1	1
Net changes in items other than shareholders' equity					
Total changes during period	-	(106)	3,133	1,592	4,619
Balance at end of period	13,500	10,793	84,935	(4,485)	104,744

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,791	(3,931)	(235)	624	180	100,883
Cumulative effects of changes in accounting policies						46
Restated balance	4,791	(3,931)	(235)	624	180	100,929
Changes during period						
Dividends of surplus						(1,473)
Profit attributable to owners of parent						6,094
Purchase of treasury shares						(2)
Disposal of treasury shares						-
Issuance of treasury shares held by Board Benefit Trust						1
Net changes in items other than shareholders' equity	(47)	(3,589)	(131)	(3,768)	12	(3,755)
Total changes during period	(47)	(3,589)	(131)	(3,768)	12	864
Balance at end of period	4,744	(7,520)	(367)	(3,143)	193	101,793

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended May 31, 2019	Fiscal year ended May 31, 2020
Cash flows from operating activities		
Profit before income taxes	9,408	8,054
Depreciation	1,947	2,299
Increase (decrease) in retirement benefit liability	(206)	13
Amortization of goodwill	29	50
Increase (decrease) in allowance for doubtful accounts	35	103
Interest and dividend income	(442)	(517)
Interest expenses	119	210
Foreign exchange losses (gains)	123	(47)
Compensation income	–	(126)
Loss (gain) on sale of businesses	(316)	(37)
Impairment loss	345	226
Loss (gain) on sales of non-current assets	(856)	(1)
Loss (gain) on sales of investment securities	(267)	(46)
Loss (gain) on valuation of investment securities	0	–
Decrease (increase) in trade receivables	(1,353)	(548)
Decrease (increase) in inventories	(2,225)	(3,775)
Increase (decrease) in trade payables	433	747
Increase (decrease) in accounts payable - other	(213)	(15)
Increase (decrease) in long-term accounts payable - other	349	–
Other, net	(6)	(1,505)
Subtotal	6,905	5,083
Interest and dividends received	445	515
Interest paid	(119)	(210)
Proceeds from compensation	–	126
Income taxes refund	109	51
Income taxes paid	(1,808)	(2,131)
Net cash provided by (used in) operating activities	5,532	3,435
Cash flows from investing activities		
Payments into time deposits	(2,078)	(1,731)
Proceeds from withdrawal of time deposits	2,541	3,556
Purchase of property, plant and equipment	(4,949)	(2,218)
Proceeds from sales of property, plant and equipment	1,517	146
Purchase of intangible assets	(1,180)	(1,103)
Proceeds from redemption of securities	50	–
Purchase of investment securities	(0)	(206)
Proceeds from sales of investment securities	551	230
Proceeds from sale of businesses	316	60
Other, net	(55)	(56)
Net cash provided by (used in) investing activities	(3,289)	(1,322)

(Millions of yen)

	Fiscal year ended May 31, 2019	Fiscal year ended May 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(683)	(208)
Proceeds from long-term borrowings	1,420	405
Repayments of long-term borrowings	(432)	(355)
Purchase of treasury shares	(1,481)	(2)
Dividends paid	(1,568)	(1,470)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(350)	–
Other, net	(88)	(124)
Net cash provided by (used in) financing activities	(3,183)	(1,757)
Effect of exchange rate change on cash and cash equivalents	(191)	(593)
Net increase (decrease) in cash and cash equivalents	(1,131)	(238)
Cash and cash equivalents at beginning of period	13,304	12,173
Cash and cash equivalents at end of period	12,173	11,934