

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended November 30, 2020
(Based on Japanese GAAP)**

January 13, 2021

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 TEL 045-945-8800
 General Manager of General Administration Division
 Inquiries: Akifumi Ujita TEL 045-945-8800
 Scheduled date to file Quarterly Securities Report: January 14, 2021
 Scheduled date to commence dividend payments: February 12, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended November 30, 2020 (from June 1, 2020 to November 30, 2020)

(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	%
Six months ended November 30, 2020	31,524	10.0	5,640	46.9	5,772	33.9	4,320	39.5
Six months ended November 30, 2019	28,668	(1.6)	3,840	(0.1)	4,310	0.2	3,097	(13.0)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 30, 2020	96.88	—
Six months ended November 30, 2019	69.46	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2020	125,507	105,323	83.8
As of May 31, 2020	123,601	101,793	82.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended May 31, 2020	—	15.00	—	18.00	33.00
Year ending May 31, 2021	—	15.00			
Year ending May 31, 2021 (Forecast)			—	18.00	33.00

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
Full year	64,800	5.1	7,200	(3.8)	7,400	(8.3)	5,600	(8.1)	125.57

4. Notes

- (1) Changes in significant subsidiaries during the six months ended November 30, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of November 30, 2020	47,410,750 shares	As of May 31, 2020	47,410,750 shares
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Number of treasury shares at the end of the period

As of November 30, 2020	2,813,398 shares	As of May 31, 2020	2,813,037 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended November 30, 2020	44,597,621 shares	Six months ended November 30, 2019	44,598,039 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2020	As of November 30, 2020
Assets		
Current assets		
Cash and deposits	17,427	21,488
Notes and accounts receivable - trade	15,894	12,207
Securities	50	49
Merchandise and finished goods	30,243	31,834
Work in process	2,323	1,487
Raw materials and supplies	2,283	2,137
Costs on construction contracts in progress	268	158
Other	4,228	4,455
Allowance for doubtful accounts	(386)	(401)
Total current assets	72,333	73,418
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,273	32,173
Accumulated depreciation	(20,228)	(20,323)
Buildings and structures, net	12,044	11,850
Machinery, equipment and vehicles	13,568	13,948
Accumulated depreciation	(9,262)	(9,596)
Machinery, equipment and vehicles, net	4,306	4,352
Land	13,606	13,592
Construction in progress	695	853
Other	5,597	5,848
Accumulated depreciation	(3,405)	(3,657)
Other, net	2,192	2,191
Total property, plant and equipment	32,845	32,839
Intangible assets	2,858	3,887
Investments and other assets		
Investment securities	13,129	13,046
Long-term loans receivable	28	22
Deferred tax assets	1,397	1,345
Other	1,069	1,005
Allowance for doubtful accounts	(60)	(58)
Total investments and other assets	15,563	15,362
Total non-current assets	51,268	52,089
Total assets	123,601	125,507

(Millions of yen)

	As of May 31, 2020	As of November 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,006	4,004
Short-term borrowings	3,441	2,954
Income taxes payable	1,048	1,244
Other	5,737	5,017
Total current liabilities	15,233	13,220
Non-current liabilities		
Long-term borrowings	1,267	1,219
Deferred tax liabilities	947	1,294
Retirement benefit liability	2,066	2,016
Provision for retirement benefits for directors (and other officers)	139	44
Provision for share-based remuneration for directors (and other officers)	66	75
Other	2,086	2,313
Total non-current liabilities	6,574	6,963
Total liabilities	21,808	20,183
Net assets		
Shareholders' equity		
Share capital	13,500	13,500
Capital surplus	10,793	10,793
Retained earnings	84,935	88,452
Treasury shares	(4,485)	(4,486)
Total shareholders' equity	104,744	108,259
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,744	4,796
Foreign currency translation adjustment	(7,520)	(7,589)
Remeasurements of defined benefit plans	(367)	(345)
Total accumulated other comprehensive income	(3,143)	(3,137)
Non-controlling interests	193	201
Total net assets	101,793	105,323
Total liabilities and net assets	123,601	125,507

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

	(Millions of yen)	
	Six months ended November 30, 2019	Six months ended November 30, 2020
Net sales	28,668	31,524
Cost of sales	11,612	12,706
Gross profit	17,055	18,817
Selling, general and administrative expenses	13,215	13,177
Operating profit	3,840	5,640
Non-operating income		
Interest income	76	49
Dividend income	214	193
Rental income	115	104
Foreign exchange gains	30	–
Other	164	125
Total non-operating income	601	473
Non-operating expenses		
Interest expenses	86	62
Foreign exchange losses	–	203
Other	45	74
Total non-operating expenses	131	340
Ordinary profit	4,310	5,772
Extraordinary income		
Gain on sales of investment securities	–	108
Gain on sale of businesses	37	–
Settlement received	–	150
Total extraordinary income	37	258
Extraordinary losses		
Loss on valuation of investment securities	–	102
Impairment loss	18	71
Total extraordinary losses	18	173
Profit before income taxes	4,329	5,857
Income taxes	1,213	1,503
Profit	3,115	4,353
Profit attributable to non-controlling interests	17	33
Profit attributable to owners of parent	3,097	4,320

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended November 30, 2019	Six months ended November 30, 2020
Profit	3,115	4,353
Other comprehensive income		
Valuation difference on available-for-sale securities	1,080	52
Foreign currency translation adjustment	(1,881)	(60)
Remeasurements of defined benefit plans, net of tax	16	22
Total other comprehensive income	(783)	14
Comprehensive income	2,331	4,367
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,317	4,326
Comprehensive income attributable to non-controlling interests	13	41

Consolidated statements of cash flows

(Millions of yen)

	Six months ended November 30, 2019	Six months ended November 30, 2020
Cash flows from operating activities		
Profit before income taxes	4,329	5,857
Depreciation	1,106	1,176
Amortization of goodwill	25	25
Increase (decrease) in retirement benefit liability	(23)	(65)
Increase (decrease) in allowance for doubtful accounts	(8)	4
Interest and dividend income	(291)	(243)
Interest expenses	86	62
Foreign exchange losses (gains)	(78)	61
Impairment loss	18	71
Loss (gain) on sales of non-current assets	(14)	(7)
Loss (gain) on sales of investment securities	–	(108)
Loss (gain) on valuation of investment securities	–	102
Settlement received	–	(150)
Loss (gain) on sale of businesses	(37)	–
Decrease (increase) in trade receivables	2,839	3,537
Decrease (increase) in inventories	(2,989)	(538)
Increase (decrease) in trade payables	213	(1,236)
Increase (decrease) in accounts payable - other	(788)	(731)
Other, net	(516)	367
Subtotal	3,870	8,184
Interest and dividends received	300	251
Interest paid	(85)	(59)
Settlement package received	–	150
Income taxes refund	51	39
Income taxes paid	(1,083)	(1,101)
Net cash provided by (used in) operating activities	3,053	7,463
Cash flows from investing activities		
Payments into time deposits	(955)	(1,176)
Proceeds from withdrawal of time deposits	1,509	800
Purchase of property, plant and equipment	(1,352)	(1,130)
Proceeds from sales of property, plant and equipment	67	51
Purchase of intangible assets	(625)	(1,233)
Purchase of investment securities	(100)	(100)
Proceeds from sales of investment securities	–	352
Proceeds from sale of businesses	60	–
Other, net	190	87
Net cash provided by (used in) investing activities	(1,206)	(2,348)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	601	(564)
Proceeds from long-term borrowings	260	–
Repayments of long-term borrowings	(119)	(29)
Purchase of treasury shares	(2)	(1)
Dividends paid	(803)	(804)
Other, net	(159)	(149)
Net cash provided by (used in) financing activities	(222)	(1,549)
Effect of exchange rate change on cash and cash equivalents	(319)	99
Net increase (decrease) in cash and cash equivalents	1,304	3,665
Cash and cash equivalents at beginning of period	12,173	11,934
Cash and cash equivalents at end of period	13,477	15,600