

Translation

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Summary of Consolidated Financial Results for the Year Ended May 31, 2022 (Based on Japanese GAAP)

July 13, 2022

Company name: SAKATA SEED CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 1377 URL <https://corporate.sakataseed.co.jp/>
 Representative: President and Representative Director Hiroshi Sakata
 Executive Officer
 Inquiries: Deputy Senior General Manager of General Administration Div. Takenori Hoshi TEL 045-945-8800
 General Manager of Finance Dept.
 Scheduled date of ordinary general meeting of shareholders: August 25, 2022
 Scheduled date to file Securities Report: August 25, 2022
 Scheduled date to commence dividend payments: August 26, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended May 31, 2022 (from June 1, 2021 to May 31, 2022)

(1) Consolidated operating results (% indicates changes from the previous year.)

	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, 2022	73,049	–	11,181	–	12,114	–	12,256	–
Year ended May 31, 2021	69,218	12.2	9,725	30.0	10,078	24.9	7,636	25.3

(Note) From the beginning of the year ended May 31, 2022, “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020) etc. have been adopted. Therefore, the percentage compared to the previous year are not stated. When calculating the figures for the year ended May 31, 2022 in accordance with the same accounting standard **before this adoption**, net sales would be 76,472 million yen (10.5% increase compared to the previous year).

	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, 2022	276.02	–	10.4	8.6	15.3
Year ended May 31, 2021	171.24	–	7.2	7.9	14.1

(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, 2022	147,423	125,466	84.9	2,821.58
As of May 31, 2021	133,077	111,898	83.9	2,503.81

(Note) From the beginning of the year ended May 31, 2022, “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020) etc. have been adopted. Accordingly, the above figures as of May 31, 2022 include the effects of the new standards.

(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 year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended May 31, 2022	10,039	468	(4,581)	21,747
Year ended May 31, 2021	11,362	(5,165)	(4,005)	14,758

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, 2021	–	15.00	–	23.00	38.00	1,696	22.2	1.6
Year ended May 31, 2022	–	18.00	–	27.00	45.00	1,998	16.3	1.7
Year ending May 31, 2023 (Forecast)	–	20.00	–	30.00	50.00		26.1	

3. Forecast of consolidated financial results for the year ending May 31, 2023 (from June 1, 2022 to May 31, 2023)

(% indicates changes from the previous year.)

	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, 2022	37,600	15.0	5,400	(5.1)	5,800	(5.9)	4,000	(3.1)	90.20
Full year	78,000	6.8	11,300	1.1	11,800	(2.6)	8,500	(30.6)	191.67

4. Notes

(1) Changes in significant subsidiaries during the year ended May 31, 2022

(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 of accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: Yes

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, 2022	47,410,750 shares	As of May 31, 2021	47,410,750 shares
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Number of treasury shares at the end of the period

As of May 31, 2022	3,063,072 shares	As of May 31, 2021	2,813,736 shares
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Average number of shares during the period

Year ended May 31, 2022	44,402,832 shares	Year ended May 31, 2021	44,597,405 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2021	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	20,988	28,069
Notes and accounts receivable - trade	16,465	—
Notes and accounts receivable - trade, and contract assets	—	18,181
Merchandise and finished goods	30,642	32,534
Work in process	2,554	4,214
Raw materials and supplies	2,240	868
Costs on construction contracts in progress	51	37
Other	4,387	5,768
Allowance for doubtful accounts	(416)	(444)
Total current assets	76,913	89,229
Non-current assets		
Property, plant and equipment		
Buildings and structures	33,073	34,844
Accumulated depreciation	(21,073)	(22,150)
Buildings and structures, net	12,000	12,694
Machinery, equipment and vehicles	14,842	16,813
Accumulated depreciation	(10,237)	(11,561)
Machinery, equipment and vehicles, net	4,604	5,251
Land	13,697	13,995
Construction in progress	1,647	2,115
Other	6,205	6,972
Accumulated depreciation	(3,917)	(4,523)
Other, net	2,287	2,449
Total property, plant and equipment	34,237	36,506
Intangible assets	4,591	4,405
Investments and other assets		
Investment securities	14,848	14,077
Long-term loans receivable	25	21
Deferred tax assets	1,665	2,101
Other	808	1,093
Allowance for doubtful accounts	(13)	(12)
Total investments and other assets	17,334	17,281
Total non-current assets	56,163	58,193
Total assets	133,077	147,423

(Millions of yen)

	As of May 31, 2021	As of May 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,896	5,208
Short-term borrowings	1,894	937
Income taxes payable	1,447	2,488
Other	6,449	7,471
Total current liabilities	14,688	16,105
Non-current liabilities		
Long-term borrowings	894	553
Deferred tax liabilities	1,256	1,194
Retirement benefit liability	1,819	1,590
Provision for retirement benefits for directors (and other officers)	44	45
Provision for share awards for directors (and other officers)	101	118
Other	2,374	2,348
Total non-current liabilities	6,490	5,850
Total liabilities	21,178	21,956
Net assets		
Shareholders' equity		
Share capital	13,500	13,500
Capital surplus	10,793	10,793
Retained earnings	91,099	101,225
Treasury shares	(4,487)	(5,393)
Total shareholders' equity	110,905	120,125
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,873	5,415
Foreign currency translation adjustment	(4,876)	(109)
Remeasurements of defined benefit plans	(240)	(301)
Total accumulated other comprehensive income	757	5,004
Non-controlling interests	235	336
Total net assets	111,898	125,466
Total liabilities and net assets	133,077	147,423

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

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Net sales	69,218	73,049
Cost of sales	30,662	29,134
Gross profit	38,555	43,914
Selling, general and administrative expenses	28,830	32,733
Operating profit	9,725	11,181
Non-operating income		
Interest income	113	254
Dividend income	286	278
Rental income	226	232
Foreign exchange gains	–	322
Other	203	251
Total non-operating income	830	1,338
Non-operating expenses		
Interest expenses	119	105
Sales discounts	44	52
Share of loss of entities accounted for using equity method	15	73
Foreign exchange losses	164	–
Other	133	174
Total non-operating expenses	477	406
Ordinary profit	10,078	12,114
Extraordinary income		
Gain on sale of investment securities	130	30
Settlement income	150	–
Gain on sale of non-current assets	–	5,102
Total extraordinary income	280	5,133
Extraordinary losses		
Loss on valuation of investment securities	272	74
Settlement payments	–	133
Impairment losses	114	439
Total extraordinary losses	387	647
Profit before income taxes	9,971	16,600
Income taxes - current	2,695	4,360
Income taxes - deferred	(411)	(87)
Total income taxes	2,284	4,272
Profit	7,686	12,327
Profit attributable to non-controlling interests	49	71
Profit attributable to owners of parent	7,636	12,256

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Profit	7,686	12,327
Other comprehensive income		
Valuation difference on available-for-sale securities	1,129	(457)
Foreign currency translation adjustment	2,659	4,676
Remeasurements of defined benefit plans, net of tax	126	(61)
Share of other comprehensive income of entities accounted for using equity method	–	105
Total other comprehensive income	3,915	4,263
Comprehensive income	11,602	16,590
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,537	16,503
Comprehensive income attributable to non-controlling interests	65	86

Consolidated statements of changes in equity

Fiscal year ended May 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,500	10,793	84,935	(4,485)	104,744
Changes during period					
Dividends of surplus			(1,472)		(1,472)
Profit attributable to owners of parent			7,636		7,636
Purchase of treasury shares				(2)	(2)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	6,163	(2)	6,161
Balance at end of period	13,500	10,793	91,099	(4,487)	110,905

	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	4,744	(7,520)	(367)	(3,143)	193	101,793
Changes during period						
Dividends of surplus						(1,472)
Profit attributable to owners of parent						7,636
Purchase of treasury shares						(2)
Net changes in items other than shareholders' equity	1,129	2,644	126	3,900	42	3,943
Total changes during period	1,129	2,644	126	3,900	42	10,104
Balance at end of period	5,873	(4,876)	(240)	757	235	111,898

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,500	10,793	91,099	(4,487)	110,905
Cumulative effects of changes in accounting policies			(304)		(304)
Restated balance	13,500	10,793	90,795	(4,487)	110,601
Changes during period					
Dividends of surplus			(1,825)		(1,825)
Profit attributable to owners of parent			12,256		12,256
Purchase of treasury shares				(910)	(910)
Issuance of treasury shares held by Board Benefit Trust				4	4
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	10,430	(905)	9,524
Balance at end of period	13,500	10,793	101,225	(5,393)	120,125

	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	5,873	(4,876)	(240)	757	235	111,898
Cumulative effects of changes in accounting policies						(304)
Restated balance	5,873	(4,876)	(240)	757	235	111,594
Changes during period						
Dividends of surplus						(1,825)
Profit attributable to owners of parent						12,256
Purchase of treasury shares						(910)
Issuance of treasury shares held by Board Benefit Trust						4
Net changes in items other than shareholders' equity	(457)	4,766	(61)	4,247	100	4,348
Total changes during period	(457)	4,766	(61)	4,247	100	13,872
Balance at end of period	5,415	(109)	(301)	5,004	336	125,466

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Cash flows from operating activities		
Profit before income taxes	9,971	16,600
Depreciation	2,585	3,467
Impairment losses	114	439
Amortization of goodwill	50	64
Increase (decrease) in retirement benefit liability	(328)	(278)
Increase (decrease) in allowance for doubtful accounts	(45)	1
Interest and dividend income	(400)	(532)
Interest expenses	119	105
Foreign exchange losses (gains)	(103)	(350)
Share of loss (profit) of entities accounted for using equity method	15	73
Loss (gain) on sale of non-current assets	(17)	(5,102)
Loss (gain) on sale of investment securities	(130)	(30)
Loss (gain) on valuation of investment securities	272	74
Settlement income	(150)	–
Settlement payments	–	133
Decrease (increase) in trade receivables	(2)	–
Decrease (increase) in trade receivables and contract assets	–	(858)
Decrease (increase) in inventories	696	(176)
Increase (decrease) in trade payables	(464)	(363)
Increase (decrease) in accounts payable - other	283	(7)
Other, net	659	(822)
Subtotal	13,126	12,435
Interest and dividends received	395	546
Interest paid	(120)	(106)
Settlement received	150	–
Settlement paid	–	(133)
Income taxes refund	45	11
Income taxes paid	(2,235)	(2,713)
Net cash provided by (used in) operating activities	11,362	10,039
Cash flows from investing activities		
Payments into time deposits	(1,900)	(3,538)
Proceeds from withdrawal of time deposits	1,589	3,407
Purchase of property, plant and equipment	(2,805)	(3,950)
Proceeds from sale of property, plant and equipment	73	5,227
Proceeds from redemption of securities	50	–
Purchase of intangible assets	(1,884)	(841)
Purchase of investment securities	(677)	(63)
Proceeds from sale of investment securities	462	76
Proceeds from redemption of investment securities	–	100
Other, net	(72)	50
Net cash provided by (used in) investing activities	(5,165)	468

(Millions of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,305)	(1,102)
Proceeds from long-term borrowings	15	352
Repayments of long-term borrowings	(930)	(748)
Purchase of treasury shares	(2)	(910)
Dividends paid	(1,474)	(1,824)
Other, net	(307)	(347)
Net cash provided by (used in) financing activities	(4,005)	(4,581)
Effect of exchange rate change on cash and cash equivalents	632	1,063
Net increase (decrease) in cash and cash equivalents	2,823	6,989
Cash and cash equivalents at beginning of period	11,934	14,758
Cash and cash equivalents at end of period	14,758	21,747