

Translation

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Summary of Consolidated Financial Results for the Six Months Ended November 30, 2022 (Based on Japanese GAAP)

January 13, 2023

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 to file Quarterly Securities Report: January 16, 2023
 Scheduled date to commence dividend payments: February 10, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended November 30, 2022 (from June 1, 2022 to November 30, 2022)

(1) Consolidated operating results (cumulative) (% indicates changes from the previous corresponding period.)

	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, 2022	37,994	16.2	5,550	(2.4)	6,507	5.6	4,278	3.6
Six months ended November 30, 2021	32,704	–	5,688	–	6,163	–	4,129	–

(Note) From the beginning of the previous year ending 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 corresponding periods for the six months ended November 30, 2021 are not stated.

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended November 30, 2022	96.47		–	
Six months ended November 30, 2021	92.89		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of November 30, 2022	158,464		135,135		85.0	
As of May 31, 2022	147,423		125,466		84.9	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended May 31, 2022	–	18.00	–	27.00	45.00
Year ending May 31, 2023	–	20.00	–	–	–
Year ending May 31, 2023 (Forecast)	–	–	–	30.00	50.00

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 corresponding period.)

	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	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 six months ended November 30, 2022
(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: Yes
- 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, 2022	47,410,750 shares	As of May 31, 2022	47,410,750 shares
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Number of treasury shares at the end of the period

As of November 30, 2022	3,060,412 shares	As of May 31, 2022	3,063,072 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, 2022	44,350,392 shares	Six months ended November 30, 2021	44,457,535 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	28,069	31,554
Notes and accounts receivable - trade, and contract assets	18,181	15,390
Merchandise and finished goods	32,534	36,931
Work in process	4,214	3,499
Raw materials and supplies	868	947
Costs on construction contracts in progress	37	59
Other	5,768	7,019
Allowance for doubtful accounts	(444)	(473)
Total current assets	89,229	94,928
Non-current assets		
Property, plant and equipment		
Buildings and structures	34,844	36,016
Accumulated depreciation	(22,150)	(22,772)
Buildings and structures, net	12,694	13,243
Machinery, equipment and vehicles	16,813	18,136
Accumulated depreciation	(11,561)	(12,657)
Machinery, equipment and vehicles, net	5,251	5,479
Land	13,995	14,118
Construction in progress	2,115	3,634
Other	6,972	9,364
Accumulated depreciation	(4,523)	(5,632)
Other, net	2,449	3,732
Total property, plant and equipment	36,506	40,208
Intangible assets	4,405	4,236
Investments and other assets		
Investment securities	14,077	15,473
Long-term loans receivable	21	18
Deferred tax assets	2,101	2,315
Other	1,093	1,297
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	17,281	19,091
Total non-current assets	58,193	63,536
Total assets	147,423	158,464

(Millions of yen)

As of May 31, 2022

As of November 30, 2022

	As of May 31, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,208	5,848
Short-term borrowings	937	735
Income taxes payable	2,488	1,919
Other	7,471	7,357
Total current liabilities	16,105	15,861
Non-current liabilities		
Long-term borrowings	553	611
Deferred tax liabilities	1,194	1,758
Retirement benefit liability	1,590	1,667
Provision for retirement benefits for directors (and other officers)	45	47
Provision for share awards for directors (and other officers)	118	134
Other	2,348	3,248
Total non-current liabilities	5,850	7,467
Total liabilities	21,956	23,328
Net assets		
Shareholders' equity		
Share capital	13,500	13,500
Capital surplus	10,793	10,793
Retained earnings	101,225	104,155
Treasury shares	(5,393)	(5,383)
Total shareholders' equity	120,125	123,065
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,415	6,271
Foreign currency translation adjustment	(109)	5,695
Remeasurements of defined benefit plans	(301)	(282)
Total accumulated other comprehensive income	5,004	11,684
Non-controlling interests	336	385
Total net assets	125,466	135,135
Total liabilities and net assets	147,423	158,464

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, 2021	Six months ended November 30, 2022
Net sales	32,704	37,994
Cost of sales	12,278	15,020
Gross profit	20,425	22,974
Selling, general and administrative expenses	14,737	17,423
Operating profit	5,688	5,550
Non-operating income		
Interest income	57	260
Dividend income	194	225
Rental income	141	81
Foreign exchange gains	119	523
Other	131	254
Total non-operating income	644	1,344
Non-operating expenses		
Interest expenses	44	44
Losses on net monetary position	–	180
Other	124	162
Total non-operating expenses	169	387
Ordinary profit	6,163	6,507
Extraordinary income		
Gain on sale of investment securities	28	–
Total extraordinary income	28	–
Extraordinary losses		
Impairment losses	8	8
Settlement package	126	–
Total extraordinary losses	135	8
Profit before income taxes	6,057	6,499
Income taxes	1,883	2,159
Profit	4,173	4,340
Profit attributable to non-controlling interests	44	61
Profit attributable to owners of parent	4,129	4,278

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Profit	4,173	4,340
Other comprehensive income		
Valuation difference on available-for-sale securities	188	855
Foreign currency translation adjustment	(150)	5,780
Remeasurements of defined benefit plans, net of tax	19	18
Share of other comprehensive income of entities accounted for using equity method	44	34
Total other comprehensive income	101	6,689
Comprehensive income	4,275	11,030
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,228	10,958
Comprehensive income attributable to non- controlling interests	46	71

Consolidated statements of cash flows

(Millions of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Cash flows from operating activities		
Profit before income taxes	6,057	6,499
Depreciation	1,615	1,995
Impairment losses	8	8
Amortization of goodwill	28	35
Increase (decrease) in retirement benefit liability	(64)	45
Increase (decrease) in allowance for doubtful accounts	(12)	(4)
Interest and dividend income	(252)	(486)
Interest expenses	44	44
Foreign exchange losses (gains)	59	99
Losses on net monetary position	–	180
Share of loss (profit) of entities accounted for using equity method	31	50
Loss (gain) on sales of non-current assets	(13)	(22)
Loss (gain) on sale of investment securities	(28)	–
Settlement package	126	–
Decrease (increase) in trade receivables	3,286	3,773
Decrease (increase) in inventories	(390)	(1,342)
Increase (decrease) in trade payables	(1,587)	(158)
Increase (decrease) in accounts payable - other	(661)	(842)
Other, net	550	(254)
Subtotal	8,798	9,623
Interest and dividends received	260	481
Interest paid	(44)	(46)
Income taxes refund	10	78
Income taxes paid	(1,377)	(3,168)
Net cash provided by (used in) operating activities	7,646	6,969
Cash flows from investing activities		
Payments into time deposits	(2,430)	(2,246)
Proceeds from withdrawal of time deposits	1,739	387
Purchase of property, plant and equipment	(1,620)	(2,756)
Proceeds from sale of property, plant and equipment	77	339
Purchase of intangible assets	(529)	(288)
Purchase of investment securities	(63)	(266)
Proceeds from sale of investment securities	66	–
Other, net	(19)	(120)
Net cash provided by (used in) investing activities	(2,780)	(4,950)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(422)	(145)
Proceeds from long-term borrowings	233	–
Repayments of long-term borrowings	(232)	(57)
Purchase of treasury shares	(909)	(1)
Dividends paid	(1,041)	(1,198)
Other, net	(161)	(393)
Net cash provided by (used in) financing activities	(2,533)	(1,796)
Effect of exchange rate change on cash and cash equivalents	(168)	1,275
Net increase (decrease) in cash and cash equivalents	2,164	1,498
Cash and cash equivalents at beginning of period	14,758	21,747
Cash and cash equivalents at end of period	16,922	23,246