


October 24, 2023

Sakata acquires Isla, a Brazilian seed company

Covering all areas of seed sales business in Brazil

On October 19, 2023 in Brazil time, Sakata Seed Corporation (Headquarters: Yokohama City, Kanagawa Prefecture, Japan; President: Hiroshi Sakata; hereinafter, “Sakata”) entered into an agreement through its South American wholly-owned subsidiary Sakata Seed Sudamerica LTDA. (Headquarters: Bragança Paulista, Sao Paulo, Brazil; hereinafter, “SDA”) to acquire all shares of Isla Sementes LTDA. (Headquarters: Porto Alegre, Rio Grande do Sul, Brazil; hereinafter, “Isla”) and Isla’s holding company, Administração E Participações Spalding LTDA. (hereinafter, “Spalding”). Sakata will acquire the shares and make the companies into subsidiaries by December, 2023. The acquisition amount will be 63.5 million Brazilian real (approximately 1.88 billion yen).

Sakata sells flower and vegetable seeds through SDA to medium to large scale growers in Brazil. Isla produces and sells flower and vegetable seeds to home gardeners and smallholder farmers in Brazil. Both companies have large shares in Brazil in their respective markets.

Sakata estimates the domestic gardening and smallholder farmer market in Brazil to be around 3 billion yen, and with a population of over 200 million people and future economic growth, Sakata expect this market to continue to grow. Through this acquisition, the two companies, which have little overlap in sales network, sales area, customer base, and product portfolio, aim to stimulate new customers and demand by leveraging their respective sales networks.

Sakata's strength is that it has a wealth of F₁ varieties that are suitable for planned production by medium to large scale growers. Isla's product lineup focuses on a diverse group of varieties that are attractive to home gardeners and smallholder farmers. In addition, Isla sells seeds for microgreens (young vegetables that are harvested after a cultivation period of about 2 to 4 weeks) and organic seeds (which do not use pesticides, chemical fertilizers, genetic modification, or seed sterilization after harvesting). Demand for these seeds is expected to increase in the future, and Isla has strong product capabilities. In the future, Sakata is considering leveraging Sakata's sales network to sell Isla's products in countries around the world.

With the addition of Isla to the group, Sakata expects that the mutual use of sales networks will create synergies and further increase sales for both companies. The combined sales increase from this synergistic effect is expected to be approximately 15 million Brazilian real (approximately 450 million yen) for both companies in five years. We also expect that by leveraging the strengths of each other's supply chains, we

will be able to make effective use of seed production facilities, warehouses, and research facilities, and reduce seed production costs. The Isla brand will continue to exist even after the acquisition by Sakata.

Brazil is positioned as one of the important bases in Sakata's global business strategy, and Sakata plans to strengthen its business in the country and further develop its business in South America.

■ Overview of companies to be acquired

Name: Isla Sementes LTDA.

Address: Porto Alegre, Rio Grande do Sul, Brazil

Business activities: Producing and selling flower and vegetable seeds

Capital: 4 million Brazilian real

Date of establishment: June 1, 1955

Net sales: 56.19 million Brazilian real (period ended December 31, 2022)

Number of employees: Approx. 150

Name: Administração E Participações Spalding LTDA.

Address: Porto Alegre, Rio Grande do Sul, Brazil

Business activities: Holding company

Capital: 1.2 million Brazilian real

Date of establishment: August 8, 1990

Sakata Seed Sudamerica LTDA.

A wholly-owned subsidiary of Sakata Seed Corporation. Established in 1994 by acquiring shares of Agroflora (Reflorestamento and Agropecuária S.A. established in 1968). Production and sales of flower and vegetable seeds; development of vegetable varieties. Number of employees is approximately 330.

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