

Translation

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Summary of Consolidated Financial Results for the Six Months Ended November 30, 2023 (Based on Japanese GAAP)

January 12, 2024

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
 Senior Executive Officer
 Inquiries: 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 15, 2024
 Scheduled date to commence dividend payments: February 9, 2024
 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, 2023 (from June 1, 2023 to November 30, 2023)

(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, 2023	40,872	7.6	5,292	(4.6)	5,698	(12.4)	3,226	(24.6)
Six months ended November 30, 2022	37,994	16.2	5,550	(2.4)	6,507	5.6	4,278	3.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended November 30, 2023	72.75		-	
Six months ended November 30, 2022	96.47		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2023	174,741	147,888	84.4
As of May 31, 2023	160,715	138,080	85.7

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, 2023	-	20.00	-	35.00	55.00
Year ending May 31, 2024	-	25.00	-	-	-
Year ending May 31, 2024 (Forecast)	-	-	-	30.00	55.00

(Note) Revision of the latest forecast of cash dividends: No

3. Forecast of consolidated financial results for the year ending May 31, 2024 (from June 1, 2023 to May 31, 2024)

(% 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	84,000	8.7	11,000	0.7	11,000	(10.6)	8,000	(15.7)	180.38

(Note) Revision of the latest forecast of consolidated financial results: No

4. Notes

- (1) Changes in significant subsidiaries during the six months ended November 30, 2023
(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, 2023	47,410,750 shares	As of May 31, 2023	47,410,750 shares
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Number of treasury shares at the end of the period

As of November 30, 2023	3,061,414 shares	As of May 31, 2023	3,061,185 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, 2023	44,349,449 shares	Six months ended November 30, 2022	44,350,392 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2023	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	28,942	31,916
Notes and accounts receivable - trade, and contract assets	18,352	17,009
Merchandise and finished goods	36,345	43,052
Work in process	4,604	2,829
Raw materials and supplies	977	1,060
Costs on construction contracts in progress	166	90
Other	7,136	8,355
Allowance for doubtful accounts	(388)	(425)
Total current assets	96,137	103,890
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,083	39,404
Accumulated depreciation	(22,679)	(23,547)
Buildings and structures, net	14,403	15,856
Machinery, equipment and vehicles	18,762	20,424
Accumulated depreciation	(12,775)	(13,939)
Machinery, equipment and vehicles, net	5,986	6,485
Land	13,949	14,225
Construction in progress	2,647	3,012
Other	8,759	9,961
Accumulated depreciation	(5,377)	(6,023)
Other, net	3,382	3,938
Total property, plant and equipment	40,369	43,517
Intangible assets	4,028	4,653
Investments and other assets		
Investment securities	16,261	18,403
Long-term loans receivable	22	27
Deferred tax assets	2,615	2,619
Other	1,292	1,641
Allowance for doubtful accounts	(12)	(11)
Total investments and other assets	20,179	22,679
Total non-current assets	64,577	70,850
Total assets	160,715	174,741

(Millions of yen)

As of May 31, 2023

As of November 30, 2023

	As of May 31, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,336	4,812
Short-term borrowings	929	2,539
Income taxes payable	1,155	1,863
Other	8,012	8,442
Total current liabilities	15,434	17,658
Non-current liabilities		
Long-term borrowings	536	632
Deferred tax liabilities	2,092	3,069
Retirement benefit liability	1,607	2,067
Provision for retirement benefits for directors (and other officers)	47	48
Provision for share awards for directors (and other officers)	151	168
Other	2,765	3,208
Total non-current liabilities	7,200	9,194
Total liabilities	22,634	26,853
Net assets		
Shareholders' equity		
Share capital	13,500	13,500
Capital surplus	10,793	10,793
Retained earnings	108,467	110,139
Treasury shares	(5,386)	(5,387)
Total shareholders' equity	127,373	129,045
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,240	8,669
Foreign currency translation adjustment	3,387	10,031
Remeasurements of defined benefit plans	(322)	(294)
Total accumulated other comprehensive income	10,305	18,406
Non-controlling interests	401	436
Total net assets	138,080	147,888
Total liabilities and net assets	160,715	174,741

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, 2022	Six months ended November 30, 2023
Net sales	37,994	40,872
Cost of sales	15,020	15,977
Gross profit	22,974	24,895
Selling, general and administrative expenses	17,423	19,603
Operating profit	5,550	5,292
Non-operating income		
Interest income	260	443
Dividend income	225	287
Rental income	81	85
Foreign exchange gains	523	305
Other	254	257
Total non-operating income	1,344	1,379
Non-operating expenses		
Interest expenses	44	115
Share of loss of entities accounted for using equity method	50	583
Loss on net monetary position	180	129
Other	111	145
Total non-operating expenses	387	973
Ordinary profit	6,507	5,698
Extraordinary losses		
Loss on valuation of investment securities	–	225
Impairment losses	8	3
Total extraordinary losses	8	228
Profit before income taxes	6,499	5,470
Income taxes	2,159	2,188
Profit	4,340	3,281
Profit attributable to non-controlling interests	61	55
Profit attributable to owners of parent	4,278	3,226

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Profit	4,340	3,281
Other comprehensive income		
Valuation difference on available-for-sale securities	855	1,429
Foreign currency translation adjustment	5,780	6,651
Remeasurements of defined benefit plans, net of tax	18	28
Share of other comprehensive income of entities accounted for using equity method	34	1
Total other comprehensive income	6,689	8,110
Comprehensive income	11,030	11,392
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,958	11,327
Comprehensive income attributable to non- controlling interests	71	64

Consolidated statements of cash flows

(Millions of yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Cash flows from operating activities		
Profit before income taxes	6,499	5,470
Depreciation	1,995	2,148
Impairment losses	8	3
Amortization of goodwill	35	35
Increase (decrease) in retirement benefit liability	45	(145)
Increase (decrease) in allowance for doubtful accounts	(4)	0
Interest and dividend income	(486)	(731)
Interest expenses	44	115
Foreign exchange losses (gains)	99	(11)
Loss on net monetary position	180	129
Share of loss (profit) of entities accounted for using equity method	50	583
Loss (gain) on sale of non-current assets	(22)	(21)
Loss (gain) on valuation of investment securities	–	225
Decrease (increase) in trade receivables and contract assets	3,773	2,688
Decrease (increase) in inventories	(1,342)	(2,169)
Increase (decrease) in trade payables	(158)	(1,461)
Increase (decrease) in accounts payable - other	(842)	(1,196)
Other, net	(254)	1,568
Subtotal	9,623	7,231
Interest and dividends received	481	736
Interest paid	(46)	(112)
Income taxes refund	78	38
Income taxes paid	(3,168)	(1,449)
Net cash provided by (used in) operating activities	6,969	6,443
Cash flows from investing activities		
Payments into time deposits	(2,246)	(1,119)
Proceeds from withdrawal of time deposits	387	1,712
Purchase of property, plant and equipment	(2,756)	(2,496)
Proceeds from sale of property, plant and equipment	339	76
Purchase of intangible assets	(288)	(792)
Purchase of investment securities	(266)	(875)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(595)
Other, net	(120)	(62)
Net cash provided by (used in) investing activities	(4,950)	(4,153)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(145)	1,597
Repayments of long-term borrowings	(57)	(47)
Repayments of lease liabilities	(372)	(378)
Dividends paid	(1,198)	(1,552)
Other, net	(21)	(33)
Net cash provided by (used in) financing activities	(1,796)	(413)
Effect of exchange rate change on cash and cash equivalents	1,275	1,089
Net increase (decrease) in cash and cash equivalents	1,498	2,966
Cash and cash equivalents at beginning of period	21,747	20,334
Cash and cash equivalents at end of period	23,246	23,300