

Translation

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

July 12, 2022

Company name: KANEKO SEEDS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 1376 URL <http://www.kanekoseeds.jp>
 Representative: PRESIDENT MASAHIKO KANEKO
 SENIOR MANAGING DIRECTOR HEAD
 Inquiries: HIROKATSU HASE TEL 027-251-1619
 OF GENERAL ADMINISTRATION
 Scheduled date of ordinary general meeting of shareholders: August 26, 2022
 Scheduled date to file Securities Report: August 29, 2022
 Scheduled date to commence dividend payments: August 29, 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

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	%
Year ended May 31, 2022	60,691	(0.1)	1,835	10.5	1,909	8.1	1,302	(9.3)
Year ended May 31, 2021	60,779	4.5	1,661	11.7	1,765	9.4	1,436	27.9

	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	111.83	–	5.9	4.0	3.0
Year ended May 31, 2021	123.09	–	6.8	3.7	2.7

(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	48,932	22,645	46.3	1,956.51
As of May 31, 2021	47,452	21,696	45.7	1,859.82

(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 period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended May 31, 2022	570	(752)	(531)	4,776
Year ended May 31, 2021	2,294	(838)	(384)	5,486

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	–	11.00	–	18.00	29.00	340	23.6	1.6
Year ended May 31, 2022	–	11.00	–	18.00	29.00	338	25.9	1.5
Year ending May 31, 2023 (Forecast)	–	11.00	–	18.00	29.00		26.9	

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

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
Six months ending November 30, 2022	–	–	–	–	–	–	–	–	–
Full year	61,500	1.3	1,850	0.8	1,950	2.1	1,250	(4.0)	108.00

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 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

(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	11,772,626 shares	As of May 31, 2021	11,772,626 shares
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Number of treasury shares at the end of the period

As of May 31, 2022	198,197 shares	As of May 31, 2021	106,548 shares
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Average number of shares during the period

Year ended May 31, 2022	11,647,285 shares	Year ended May 31, 2021	11,666,385 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2021	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	5,819,502	5,109,988
Notes and accounts receivable - trade	21,887,080	21,909,529
Merchandise	8,150,033	9,165,220
Accounts receivable - other	1,445,365	2,025,776
Other	163,560	325,594
Allowance for doubtful accounts	(21,979)	(21,972)
Total current assets	37,443,562	38,514,137
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,193,242	2,369,735
Land	4,009,290	3,993,961
Other, net	235,076	255,043
Total property, plant and equipment	6,437,610	6,618,740
Intangible assets	733,683	898,471
Investments and other assets		
Investment securities	2,153,610	2,368,588
Deferred tax assets	281,375	129,825
Other	421,366	409,395
Allowance for doubtful accounts	(19,177)	(6,559)
Total investments and other assets	2,837,175	2,901,250
Total non-current assets	10,008,469	10,418,461
Total assets	47,452,032	48,932,599

(Thousands of yen)

	As of May 31, 2021	As of May 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,522,053	22,602,856
Income taxes payable	250,761	250,013
Other	1,325,948	1,797,473
Total current liabilities	24,098,762	24,650,342
Non-current liabilities		
Retirement benefit liability	1,330,235	1,292,668
Provision for share awards for directors (and other officers)	39,368	51,958
Other	286,711	291,847
Total non-current liabilities	1,656,315	1,636,474
Total liabilities	25,755,078	26,286,817
Net assets		
Shareholders' equity		
Share capital	1,491,267	1,491,267
Capital surplus	1,765,224	1,765,224
Retained earnings	17,711,991	18,632,298
Treasury shares	(130,303)	(276,921)
Total shareholders' equity	20,838,179	21,611,868
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	856,070	1,000,036
Foreign currency translation adjustment	(24,937)	(13,803)
Remeasurements of defined benefit plans	27,435	47,439
Total accumulated other comprehensive income	858,569	1,033,673
Non-controlling interests	205	240
Total net assets	21,696,954	22,645,781
Total liabilities and net assets	47,452,032	48,932,599

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

(Thousands of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Net sales	60,779,093	60,691,766
Cost of sales	51,352,635	51,203,850
Gross profit	9,426,457	9,487,916
Selling, general and administrative expenses	7,765,058	7,652,290
Operating profit	1,661,398	1,835,625
Non-operating income		
Interest income	3,607	3,571
Dividend income	37,062	40,013
Rental income from buildings	67,956	69,119
Compensation income	6,190	16,190
Other	35,100	25,447
Total non-operating income	149,917	154,343
Non-operating expenses		
Interest expenses	12,178	11,950
Foreign exchange losses	32,699	67,246
Other	758	1,769
Total non-operating expenses	45,636	80,966
Ordinary profit	1,765,679	1,909,002
Extraordinary income		
Gain on sale of non-current assets	35,992	500
Gain on sale of investment securities	3,044	–
Compensation for forced relocation	166,682	151
Total extraordinary income	205,719	651
Extraordinary losses		
Loss on sale of non-current assets	–	10,108
Loss on disposal of non-current assets	41,235	46,399
Impairment losses	57,447	5,400
Total extraordinary losses	98,682	61,908
Profit before income taxes	1,872,716	1,847,745
Income taxes - current	470,209	450,744
Income taxes - deferred	(33,602)	94,378
Total income taxes	436,606	545,123
Profit	1,436,109	1,302,622
Profit attributable to non-controlling interests	43	51
Profit attributable to owners of parent	1,436,066	1,302,571

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Profit	1,436,109	1,302,622
Other comprehensive income		
Valuation difference on available-for-sale securities	116,266	143,965
Foreign currency translation adjustment	16,913	11,133
Remeasurements of defined benefit plans, net of tax	55,623	20,004
Total other comprehensive income	188,803	175,103
Comprehensive income	1,624,913	1,477,726
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,624,861	1,477,659
Comprehensive income attributable to non-controlling interests	51	66

Consolidated statements of changes in equity

Fiscal year ended May 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,491,267	1,765,224	16,604,614	(129,522)	19,731,583
Cumulative effects of changes in accounting policies			–		–
Restated balance	1,491,267	1,765,224	16,604,614	(129,522)	19,731,583
Changes during period					
Dividends of surplus			(328,689)		(328,689)
Profit attributable to owners of parent			1,436,066		1,436,066
Purchase of treasury shares				(781)	(781)
Disposal of treasury shares				–	–
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	1,107,376	(781)	1,106,595
Balance at end of period	1,491,267	1,765,224	17,711,991	(130,303)	20,838,179

	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	739,804	(41,850)	(28,188)	669,765	177	20,401,526
Cumulative effects of changes in accounting policies				–	–	–
Restated balance	739,804	(41,850)	(28,188)	669,765	177	20,401,526
Changes during period						
Dividends of surplus				–	–	(328,689)
Profit attributable to owners of parent				–	–	1,436,066
Purchase of treasury shares				–	–	(781)
Disposal of treasury shares				–	–	–
Net changes in items other than shareholders' equity	116,266	16,913	55,623	188,803	27	188,831
Total changes during period	116,266	16,913	55,623	188,803	27	1,295,427
Balance at end of period	856,070	(24,937)	27,435	858,569	205	21,696,954

Fiscal year ended May 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,491,267	1,765,224	17,711,991	(130,303)	20,838,179
Cumulative effects of changes in accounting policies			(41,851)		(41,851)
Restated balance	1,491,267	1,765,224	17,670,140	(130,303)	20,796,327
Changes during period					
Dividends of surplus			(340,412)		(340,412)
Profit attributable to owners of parent			1,302,571		1,302,571
Purchase of treasury shares				(155,013)	(155,013)
Disposal of treasury shares				8,395	8,395
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	962,158	(146,617)	815,540
Balance at end of period	1,491,267	1,765,224	18,632,298	(276,921)	21,611,868

	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	856,070	(24,937)	27,435	858,569	205	21,696,954
Cumulative effects of changes in accounting policies				-	-	(41,851)
Restated balance	856,070	(24,937)	27,435	858,569	205	21,655,102
Changes during period						
Dividends of surplus				-	-	(340,412)
Profit attributable to owners of parent				-	-	1,302,571
Purchase of treasury shares				-	-	(155,013)
Disposal of treasury shares				-	-	8,395
Net changes in items other than shareholders' equity	143,965	11,133	20,004	175,103	35	175,139
Total changes during period	143,965	11,133	20,004	175,103	35	990,679
Balance at end of period	1,000,036	(13,803)	47,439	1,033,673	240	22,645,781

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,872,716	1,847,745
Depreciation	244,895	356,884
Impairment losses	57,447	5,400
Compensation for forced relocation	(166,682)	(151)
Increase (decrease) in allowance for doubtful accounts	(4,992)	(12,625)
Increase (decrease) in retirement benefit liability	6,099	(12,485)
Increase (decrease) in provision for share awards for directors (and other officers)	23,175	12,589
Interest and dividend income	(40,669)	(43,585)
Interest expenses	12,178	11,950
Loss (gain) on sale of investment securities	(3,044)	–
Loss (gain) on sale and retirement of property, plant and equipment	5,243	56,008
Decrease (increase) in trade receivables	854,494	(95,140)
Decrease (increase) in inventories	327,893	(985,516)
Increase (decrease) in trade payables	(516,179)	22,990
Increase (decrease) in accrued consumption taxes	(133,941)	(45,697)
Other, net	23,780	(129,262)
Subtotal	2,562,414	989,103
Interest and dividends received	40,671	43,586
Interest paid	(11,869)	(11,839)
Proceeds from compensation for forced relocation	166,682	151
Income taxes paid	(464,748)	(455,342)
Other proceeds	1,500	4,875
Net cash provided by (used in) operating activities	2,294,651	570,533
Cash flows from investing activities		
Purchase of property, plant and equipment	(401,120)	(416,261)
Proceeds from sale of property, plant and equipment	191,365	6,031
Purchase of intangible assets	(627,197)	(305,073)
Purchase of investment securities	(7,318)	(7,673)
Proceeds from sale of investment securities	5,500	–
Other, net	(224)	(29,587)
Net cash provided by (used in) investing activities	(838,995)	(752,564)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,860,000	2,920,000
Repayments of short-term borrowings	(2,860,000)	(2,920,000)
Dividends paid	(328,512)	(339,589)
Purchase of treasury shares	(781)	(155,013)
Other, net	(55,469)	(36,792)
Net cash provided by (used in) financing activities	(384,763)	(531,395)
Effect of exchange rate change on cash and cash equivalents	4,081	3,911
Net increase (decrease) in cash and cash equivalents	1,074,973	(709,514)
Cash and cash equivalents at beginning of period	4,411,028	5,486,002
Cash and cash equivalents at end of period	5,486,002	4,776,488