

Translation

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Summary of Consolidated Financial Results for the Six Months Ended November 30, 2021 (Based on Japanese GAAP)

January 5, 2022

Company name: KANEKO SEEDS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 1376 URL <http://www.kanekoseeds.jp>
 Representative: PRESIDENT MASAHIKO KANEKO
 Inquiries: SENIOR MANAGING DIRECTOR HEAD HIROKATSU HASE TEL 027-251-1619
 OF GENERAL ADMINISTRATION
 Scheduled date to file Quarterly Securities Report: January 12, 2022
 Scheduled date to commence dividend payments: February 7, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended November 30, 2021 (from June 1, 2021 to November 30, 2021)

(1) Consolidated operating results (cumulative)

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	%
Six months ended November 30, 2021	25,905	(1.1)	261	6.2	337	12.4	196	(12.0)
Six months ended November 30, 2020	26,181	4.3	246	61.6	300	39.1	223	45.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended November 30, 2021	16.85		-	
Six months ended November 30, 2020	19.16		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2021	38,635	21,709	56.2	1,859.99
As of May 31, 2021	47,452	21,696	45.7	1,859.82

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, 2021	-	11.00	-	18.00	29.00
Year ending May 31, 2022	-	11.00	-	-	-
Year ending May 31, 2022 (Forecast)	-	-	-	18.00	29.00

3. Forecast of consolidated financial results for the year ending May 31, 2022 (from June 1, 2021 to May 31, 2022)

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
Full year	61,000	0.4	1,600	(3.7)	1,700	(3.7)	1,100	(23.4)	94.29

4. Notes

- (1) Changes in significant subsidiaries during the six months ended November 30, 2021
(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, 2021	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 November 30, 2021	101,023 shares	As of May 31, 2021	106,548 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, 2021	11,668,452 shares	Six months ended November 30, 2020	11,666,522 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2021	As of November 30, 2021
Assets		
Current assets		
Cash and deposits	5,819,502	4,436,241
Notes and accounts receivable - trade	21,887,080	13,385,701
Merchandise	8,150,033	7,445,792
Other	1,608,926	2,988,164
Allowance for doubtful accounts	(21,979)	(12,991)
Total current assets	37,443,562	28,242,907
Non-current assets		
Property, plant and equipment		
Land	4,009,290	4,003,890
Other, net	2,428,319	2,517,662
Total property, plant and equipment	6,437,610	6,521,552
Intangible assets	733,683	975,697
Investments and other assets		
Other	2,856,353	2,915,023
Allowance for doubtful accounts	(19,177)	(19,419)
Total investments and other assets	2,837,175	2,895,603
Total non-current assets	10,008,469	10,392,853
Total assets	47,452,032	38,635,761
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,522,053	11,885,606
Short-term borrowings	–	1,490,000
Income taxes payable	250,761	113,200
Other	1,325,948	1,819,394
Total current liabilities	24,098,762	15,308,202
Non-current liabilities		
Retirement benefit liability	1,330,235	1,324,291
Provision for share awards for directors (and other officers)	39,368	41,104
Other	286,711	252,864
Total non-current liabilities	1,656,315	1,618,260
Total liabilities	25,755,078	16,926,462

(Thousands of yen)

	As of May 31, 2021	As of November 30, 2021
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	17,655,483
Treasury shares	(130,303)	(122,324)
Total shareholders' equity	20,838,179	20,789,649
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	856,070	915,265
Foreign currency translation adjustment	(24,937)	(36,070)
Remeasurements of defined benefit plans	27,435	40,212
Total accumulated other comprehensive income	858,569	919,406
Non-controlling interests	205	242
Total net assets	21,696,954	21,709,299
Total liabilities and net assets	47,452,032	38,635,761

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended November 30, 2020	Six months ended November 30, 2021
Net sales	26,181,667	25,905,682
Cost of sales	22,122,830	21,804,279
Gross profit	4,058,837	4,101,402
Selling, general and administrative expenses	3,812,134	3,839,474
Operating profit	246,702	261,928
Non-operating income		
Dividend income	21,154	24,621
Rental income from buildings	32,879	35,650
Other	10,227	28,378
Total non-operating income	64,261	88,650
Non-operating expenses		
Interest expenses	6,627	6,480
Foreign exchange losses	3,856	6,426
Other	297	406
Total non-operating expenses	10,781	13,312
Ordinary profit	300,182	337,265
Extraordinary income		
Gain on sale of non-current assets	224	–
Compensation for forced relocation	23,094	–
Total extraordinary income	23,319	–
Extraordinary losses		
Loss on disposal of non-current assets	88	40,748
Impairment losses	–	5,400
Total extraordinary losses	88	46,148
Profit before income taxes	323,413	291,117
Income taxes	99,826	94,443
Profit	223,587	196,673
Profit attributable to non-controlling interests	36	37
Profit attributable to owners of parent	223,550	196,635

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended November 30, 2020	Six months ended November 30, 2021
Profit	223,587	196,673
Other comprehensive income		
Valuation difference on available-for-sale securities	199,535	59,194
Foreign currency translation adjustment	6,040	(11,133)
Remeasurements of defined benefit plans, net of tax	9,854	12,777
Total other comprehensive income	215,430	60,837
Comprehensive income	439,017	257,510
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	438,975	257,479
Comprehensive income attributable to non-controlling interests	41	31

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended November 30, 2020	Six months ended November 30, 2021
Cash flows from operating activities		
Profit before income taxes	323,413	291,117
Depreciation	118,546	124,123
Compensation for forced relocation	(23,094)	–
Impairment losses	–	5,400
Decrease (increase) in trade receivables	8,975,657	8,531,071
Decrease (increase) in inventories	1,442,134	642,834
Increase (decrease) in trade payables	(11,568,339)	(11,967,605)
Other, net	(372,634)	401,774
Subtotal	(1,104,316)	(1,971,284)
Income taxes paid	(164,395)	(187,825)
Other, net	23,236	17,294
Net cash provided by (used in) operating activities	(1,245,474)	(2,141,815)
Cash flows from investing activities		
Purchase of property, plant and equipment	(214,802)	(225,208)
Proceeds from sale of property, plant and equipment	224	–
Purchase of intangible assets	(296,606)	(255,983)
Other, net	(1,832)	(19,371)
Net cash provided by (used in) investing activities	(513,016)	(500,563)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,490,000	1,490,000
Dividends paid	(199,140)	(210,282)
Purchase of treasury shares	(238)	(416)
Other, net	(27,043)	(16,270)
Net cash provided by (used in) financing activities	1,263,576	1,263,029
Effect of exchange rate change on cash and cash equivalents	1,457	(3,911)
Net increase (decrease) in cash and cash equivalents	(493,456)	(1,383,261)
Cash and cash equivalents at beginning of period	4,411,028	5,486,002
Cash and cash equivalents at end of period	3,917,572	4,102,741