

Translation

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Summary of Consolidated Financial Results for the Year Ended May 31, 2021 (Based on Japanese GAAP)

July 13, 2021

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 27, 2021
 Scheduled date to file Securities Report: August 30, 2021
 Scheduled date to commence dividend payments: August 30, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended May 31, 2021 (from June 1, 2020 to May 31, 2021)

(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, 2021	60,779	4.5	1,661	11.7	1,765	9.4	1,436	27.9
Year ended May 31, 2020	58,179	(0.7)	1,487	(16.7)	1,613	(15.0)	1,122	(12.6)

	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, 2021	123.09	–	6.8	3.7	2.7
Year ended May 31, 2020	95.95	–	5.6	3.5	2.6

(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, 2021	47,452	21,696	45.7	1,859.82
As of May 31, 2020	46,792	20,401	43.6	1,748.70

(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, 2021	2,294	(838)	(384)	5,486
Year ended May 31, 2020	589	(264)	(488)	4,411

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, 2020	–	11.00	–	17.00	28.00	328	29.2	1.6
Year ended May 31, 2021	–	11.00	–	18.00	29.00	340	23.6	1.6
Year ending May 31, 2022 (Forecast)	–	11.00	–	18.00	29.00		30.8	

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
Six months ending November 30, 2021	–	–	–	–	–	–	–	–	–
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 year ended May 31, 2021

(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: No

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, 2021	11,772,626 shares	As of May 31, 2020	11,772,626 shares
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Number of treasury shares at the end of the period

As of May 31, 2021	106,548 shares	As of May 31, 2020	106,041 shares
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Average number of shares during the period

Year ended May 31, 2021	11,666,385 shares	Year ended May 31, 2020	11,698,661 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2020	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	4,744,528	5,819,502
Notes and accounts receivable - trade	22,835,109	21,887,080
Merchandise	8,464,509	8,150,033
Other	1,463,318	1,608,926
Allowance for doubtful accounts	(23,063)	(21,979)
Total current assets	37,484,403	37,443,562
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,011,810	2,193,242
Land	4,210,675	4,009,290
Other, net	266,289	235,076
Total property, plant and equipment	6,488,776	6,437,610
Intangible assets	96,119	733,683
Investments and other assets		
Investment securities	1,981,177	2,153,610
Deferred tax assets	323,309	281,375
Other	441,919	421,366
Allowance for doubtful accounts	(23,087)	(19,177)
Total investments and other assets	2,723,319	2,837,175
Total non-current assets	9,308,215	10,008,469
Total assets	46,792,619	47,452,032

(Thousands of yen)

	As of May 31, 2020	As of May 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,903,100	22,522,053
Income taxes payable	234,102	250,761
Other	1,511,088	1,325,948
Total current liabilities	24,648,291	24,098,762
Non-current liabilities		
Retirement benefit liability	1,403,591	1,330,235
Provision for share awards for directors (and other officers)	16,192	39,368
Other	323,016	286,711
Total non-current liabilities	1,742,801	1,656,315
Total liabilities	26,391,092	25,755,078
Net assets		
Shareholders' equity		
Share capital	1,491,267	1,491,267
Capital surplus	1,765,224	1,765,224
Retained earnings	16,604,614	17,711,991
Treasury shares	(129,522)	(130,303)
Total shareholders' equity	19,731,583	20,838,179
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	739,804	856,070
Foreign currency translation adjustment	(41,850)	(24,937)
Remeasurements of defined benefit plans	(28,188)	27,435
Total accumulated other comprehensive income	669,765	858,569
Non-controlling interests	177	205
Total net assets	20,401,526	21,696,954
Total liabilities and net assets	46,792,619	47,452,032

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

(Thousands of yen)

	Fiscal year ended May 31, 2020	Fiscal year ended May 31, 2021
Net sales	58,179,890	60,779,093
Cost of sales	49,047,518	51,352,635
Gross profit	9,132,372	9,426,457
Selling, general and administrative expenses	7,644,901	7,765,058
Operating profit	1,487,470	1,661,398
Non-operating income		
Interest income	3,626	3,607
Dividend income	34,198	37,062
Rental income from buildings	67,269	67,956
Other	38,210	41,291
Total non-operating income	143,304	149,917
Non-operating expenses		
Interest expenses	12,777	12,178
Foreign exchange losses	4,638	32,699
Other	61	758
Total non-operating expenses	17,477	45,636
Ordinary profit	1,613,297	1,765,679
Extraordinary income		
Gain on sale of non-current assets	42,411	35,992
Gain on sale of investment securities	774	3,044
Compensation for forced relocation	–	166,682
Total extraordinary income	43,185	205,719
Extraordinary losses		
Loss on disposal of non-current assets	31,762	41,235
Impairment losses	–	57,447
Total extraordinary losses	31,762	98,682
Profit before income taxes	1,624,721	1,872,716
Income taxes - current	492,236	470,209
Income taxes - deferred	9,982	(33,602)
Total income taxes	502,218	436,606
Profit	1,122,502	1,436,109
Profit attributable to non-controlling interests	13	43
Profit attributable to owners of parent	1,122,488	1,436,066

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended May 31, 2020	Fiscal year ended May 31, 2021
Profit	1,122,502	1,436,109
Other comprehensive income		
Valuation difference on available-for-sale securities	46,639	116,266
Foreign currency translation adjustment	4,454	16,913
Remeasurements of defined benefit plans, net of tax	42,760	55,623
Total other comprehensive income	93,853	188,803
Comprehensive income	1,216,356	1,624,913
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,216,337	1,624,861
Comprehensive income attributable to non-controlling interests	18	51

Consolidated statements of changes in equity

Fiscal year ended May 31, 2020

(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	15,810,824	(24,318)	19,042,997
Changes during period					
Dividends of surplus			(328,698)		(328,698)
Profit attributable to owners of parent			1,122,488		1,122,488
Purchase of treasury shares				(105,203)	(105,203)
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	793,790	(105,203)	688,586
Balance at end of period	1,491,267	1,765,224	16,604,614	(129,522)	19,731,583

	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	693,164	(46,304)	(70,948)	575,911	163	19,619,072
Changes during period						
Dividends of surplus				–	–	(328,698)
Profit attributable to owners of parent				–	–	1,122,488
Purchase of treasury shares				–	–	(105,203)
Net changes in items other than shareholders' equity	46,639	4,454	42,760	93,853	13	93,867
Total changes during period	46,639	4,454	42,760	93,853	13	782,454
Balance at end of period	739,804	(41,850)	(28,188)	669,765	177	20,401,526

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
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)
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
Changes during period						
Dividends of surplus				–	–	(328,689)
Profit attributable to owners of parent				–	–	1,436,066
Purchase of treasury shares				–	–	(781)
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

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended May 31, 2020	Fiscal year ended May 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,624,721	1,872,716
Depreciation	239,162	244,895
Impairment losses	–	57,447
Compensation for forced relocation	–	(166,682)
Increase (decrease) in allowance for doubtful accounts	15,162	(4,992)
Increase (decrease) in retirement benefit liability	63,703	6,099
Increase (decrease) in provision for share awards for directors (and other officers)	16,192	23,175
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(113,650)	–
Interest and dividend income	(37,824)	(40,669)
Interest expenses	12,777	12,178
Loss (gain) on sale of investment securities	(774)	(3,044)
Loss (gain) on sale and retirement of property, plant and equipment	(10,649)	5,243
Decrease (increase) in trade receivables	(1,095,542)	854,494
Decrease (increase) in inventories	(267,124)	327,893
Increase (decrease) in trade payables	361,391	(516,179)
Increase (decrease) in accrued consumption taxes	197,905	(133,941)
Other, net	100,359	23,780
Subtotal	1,105,813	2,562,414
Interest and dividends received	37,824	40,671
Interest paid	(12,670)	(11,869)
Proceeds from compensation for forced relocation	–	166,682
Income taxes paid	(553,237)	(464,748)
Other proceeds	11,761	1,500
Net cash provided by (used in) operating activities	589,490	2,294,651
Cash flows from investing activities		
Purchase of property, plant and equipment	(366,921)	(401,120)
Proceeds from sale of property, plant and equipment	137,894	191,365
Purchase of intangible assets	(19,400)	(627,197)
Purchase of investment securities	(11,499)	(7,318)
Proceeds from sale of investment securities	1,060	5,500
Other, net	(6,087)	(224)
Net cash provided by (used in) investing activities	(264,954)	(838,995)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,960,000	2,860,000
Repayments of short-term borrowings	(2,960,000)	(2,860,000)
Dividends paid	(328,053)	(328,512)
Purchase of treasury shares	(105,203)	(781)
Other, net	(55,436)	(55,469)
Net cash provided by (used in) financing activities	(488,692)	(384,763)
Effect of exchange rate change on cash and cash equivalents	1,756	4,081
Net increase (decrease) in cash and cash equivalents	(162,400)	1,074,973
Cash and cash equivalents at beginning of period	4,573,428	4,411,028
Cash and cash equivalents at end of period	4,411,028	5,486,002