

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended November 30, 2022 (Based on Japanese GAAP)

January 5, 2023

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 13, 2023  
 Scheduled date to commence dividend payments: February 6, 2023  
 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, 2022 (from June 1, 2022 to November 30, 2022)

(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, 2022	28,276	9.2	534	103.9	598	77.6	441	124.7
Six months ended November 30, 2021	25,905	(1.1)	261	6.2	337	12.4	196	(12.0)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 30, 2022	38.18	—
Six months ended November 30, 2021	16.85	—

(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, 2022	43,635	22,888	52.5	1,977.45
As of May 31, 2022	48,932	22,645	46.3	1,956.51

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended May 31, 2022	—	11.00	—	18.00	29.00
Year ending May 31, 2023	—	11.00			
Year ending May 31, 2023 (Forecast)			—	18.00	29.00

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
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 six months ended November 30, 2022  
(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, 2022	11,772,626 shares	As of May 31, 2022	11,772,626 shares
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Number of treasury shares at the end of the period

As of November 30, 2022	198,277 shares	As of May 31, 2022	198,197 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, 2022	11,574,389 shares	Six months ended November 30, 2021	11,668,452 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of May 31, 2022	As of November 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	5,109,988	3,852,417
Notes and accounts receivable - trade	21,909,529	15,786,941
Merchandise	9,165,220	9,761,162
Accounts receivable - other	2,025,776	3,186,344
Other	325,594	601,018
Allowance for doubtful accounts	(21,972)	(15,983)
Total current assets	38,514,137	33,171,900
Non-current assets		
Property, plant and equipment		
Land	3,993,961	4,004,572
Other, net	2,624,778	2,624,655
Total property, plant and equipment	6,618,740	6,629,227
Intangible assets	898,471	808,235
Investments and other assets		
Other	2,907,809	3,045,276
Allowance for doubtful accounts	(6,559)	(18,982)
Total investments and other assets	2,901,250	3,026,293
Total non-current assets	10,418,461	10,463,756
Total assets	48,932,599	43,635,656
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	22,602,856	15,474,103
Short-term borrowings	–	1,490,000
Income taxes payable	250,013	214,729
Other	1,797,473	1,936,963
Total current liabilities	24,650,342	19,115,797
Non-current liabilities		
Retirement benefit liability	1,292,668	1,302,719
Provision for share awards for directors (and other officers)	51,958	61,558
Other	291,847	267,570
Total non-current liabilities	1,636,474	1,631,848
Total liabilities	26,286,817	20,747,645

(Thousands of yen)

	As of May 31, 2022	As of November 30, 2022
Net assets		
Shareholders' equity		
Share capital	1,491,267	1,491,267
Capital surplus	1,765,224	1,765,224
Retained earnings	18,632,298	18,864,635
Treasury shares	(276,921)	(277,047)
Total shareholders' equity	21,611,868	21,844,079
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,000,036	988,279
Foreign currency translation adjustment	(13,803)	3,990
Remeasurements of defined benefit plans	47,439	51,390
Total accumulated other comprehensive income	1,033,673	1,043,660
Non-controlling interests	240	270
Total net assets	22,645,781	22,888,010
Total liabilities and net assets	48,932,599	43,635,656

**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, 2021	Six months ended November 30, 2022
Net sales	25,905,682	28,276,711
Cost of sales	21,804,279	24,025,191
Gross profit	4,101,402	4,251,519
Selling, general and administrative expenses	3,839,474	3,717,485
Operating profit	261,928	534,034
Non-operating income		
Dividend income	24,621	32,842
Rental income from buildings	35,650	34,430
Other	28,378	9,457
Total non-operating income	88,650	76,731
Non-operating expenses		
Interest expenses	6,480	6,589
Foreign exchange losses	6,426	4,670
Other	406	508
Total non-operating expenses	13,312	11,768
Ordinary profit	337,265	598,997
Extraordinary income		
Gain on sale of non-current assets	–	148
Total extraordinary income	–	148
Extraordinary losses		
Loss on disposal of non-current assets	40,748	4,147
Impairment losses	5,400	–
Total extraordinary losses	46,148	4,147
Profit before income taxes	291,117	594,997
Income taxes	94,443	153,091
Profit	196,673	441,905
Profit attributable to non-controlling interests	37	29
Profit attributable to owners of parent	196,635	441,875

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Profit	196,673	441,905
Other comprehensive income		
Valuation difference on available-for-sale securities	59,194	(11,756)
Foreign currency translation adjustment	(11,133)	17,793
Remeasurements of defined benefit plans, net of tax	12,777	3,950
Total other comprehensive income	60,837	9,987
Comprehensive income	257,510	451,893
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	257,479	451,850
Comprehensive income attributable to non-controlling interests	31	42

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Cash flows from operating activities		
Profit before income taxes	291,117	594,997
Depreciation	124,123	221,972
Impairment losses	5,400	–
Decrease (increase) in trade receivables	8,531,071	6,220,453
Decrease (increase) in inventories	642,834	(690,722)
Increase (decrease) in trade payables	(11,967,605)	(8,439,969)
Other, net	401,774	(102,303)
Subtotal	(1,971,284)	(2,195,572)
Income taxes paid	(187,825)	(136,524)
Other, net	17,294	25,489
Net cash provided by (used in) operating activities	(2,141,815)	(2,306,607)
Cash flows from investing activities		
Purchase of property, plant and equipment	(225,208)	(124,069)
Purchase of intangible assets	(255,983)	(16,491)
Purchase of investment securities	–	(55,654)
Other, net	(19,371)	(26,494)
Net cash provided by (used in) investing activities	(500,563)	(222,709)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,490,000	1,490,000
Dividends paid	(210,282)	(207,978)
Purchase of treasury shares	(416)	(125)
Other, net	(16,270)	(18,397)
Net cash provided by (used in) financing activities	1,263,029	1,263,499
Effect of exchange rate change on cash and cash equivalents	(3,911)	8,246
Net increase (decrease) in cash and cash equivalents	(1,383,261)	(1,257,571)
Cash and cash equivalents at beginning of period	5,486,002	4,776,488
Cash and cash equivalents at end of period	4,102,741	3,518,917