

Translation

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Summary of Consolidated Financial Results for the Year Ended May 31, 2023 (Based on Japanese GAAP)

July 11, 2023

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 25, 2023
 Scheduled date to file Securities Report: August 28, 2023
 Scheduled date to commence dividend payments: August 28, 2023
 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, 2023 (from June 1, 2022 to May 31, 2023)

(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, 2023	62,179	2.5	1,785	(2.7)	1,913	0.2	1,426	9.5
Year ended May 31, 2022	60,691	(0.1)	1,835	10.5	1,909	8.1	1,302	(9.3)

	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, 2023	123.63	–	6.2	4.0	2.9
Year ended May 31, 2022	111.83	–	5.9	4.0	3.0

(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, 2023	46,707	23,513	50.3	2,053.62
As of May 31, 2022	48,932	22,645	46.3	1,956.51

(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, 2023	(1,590)	(499)	(579)	2,114
Year ended May 31, 2022	570	(752)	(531)	4,776

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, 2022	–	11.00	–	18.00	29.00	338	25.9	1.5
Year ended May 31, 2023	–	11.00	–	20.00	31.00	358	25.1	1.5
Year ending May 31, 2024 (Forecast)	–	11.00	–	20.00	31.00		24.5	

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

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, 2023	–	–	–	–	–	–	–	–	–
Full year	64,000	2.9	1,850	3.6	2,000	4.5	1,450	1.7	126.64

4. Notes

(1) Changes in significant subsidiaries during the year ended May 31, 2023

(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, 2023	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 May 31, 2023	322,818 shares	As of May 31, 2022	198,197 shares
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Average number of shares during the period

Year ended May 31, 2023	11,536,857 shares	Year ended May 31, 2022	11,647,285 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2022	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	5,109,988	2,448,185
Notes and accounts receivable - trade	21,909,529	21,108,483
Merchandise	9,165,220	10,231,778
Accounts receivable - other	2,025,776	2,182,034
Other	325,594	271,469
Allowance for doubtful accounts	(21,972)	(20,996)
Total current assets	38,514,137	36,220,954
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,369,735	2,429,592
Land	3,993,961	3,999,060
Other, net	255,043	356,347
Total property, plant and equipment	6,618,740	6,785,000
Intangible assets	898,471	720,780
Investments and other assets		
Investment securities	2,368,588	2,360,797
Deferred tax assets	129,825	131,194
Other	409,395	508,468
Allowance for doubtful accounts	(6,559)	(19,321)
Total investments and other assets	2,901,250	2,981,139
Total non-current assets	10,418,461	10,486,921
Total assets	48,932,599	46,707,875

(Thousands of yen)

	As of May 31, 2022	As of May 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	22,602,856	19,448,024
Income taxes payable	250,013	306,191
Other	1,797,473	1,813,531
Total current liabilities	24,650,342	21,567,747
Non-current liabilities		
Retirement benefit liability	1,292,668	1,265,239
Provision for share awards for directors (and other officers)	51,958	65,563
Other	291,847	295,492
Total non-current liabilities	1,636,474	1,626,295
Total liabilities	26,286,817	23,194,042
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	19,721,047
Treasury shares	(276,921)	(477,057)
Total shareholders' equity	21,611,868	22,500,481
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,000,036	956,629
Foreign currency translation adjustment	(13,803)	2,373
Remeasurements of defined benefit plans	47,439	54,087
Total accumulated other comprehensive income	1,033,673	1,013,089
Non-controlling interests	240	262
Total net assets	22,645,781	23,513,832
Total liabilities and net assets	48,932,599	46,707,875

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

(Thousands of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Net sales	60,691,766	62,179,177
Cost of sales	51,203,850	52,671,747
Gross profit	9,487,916	9,507,429
Selling, general and administrative expenses	7,652,290	7,722,032
Operating profit	1,835,625	1,785,397
Non-operating income		
Interest income	3,571	4,419
Dividend income	40,013	49,623
Rental income from buildings	69,119	67,394
Compensation income	16,190	–
Other	25,447	31,822
Total non-operating income	154,343	153,259
Non-operating expenses		
Interest expenses	11,950	12,615
Foreign exchange losses	67,246	9,752
Other	1,769	2,969
Total non-operating expenses	80,966	25,337
Ordinary profit	1,909,002	1,913,319
Extraordinary income		
Gain on sale of non-current assets	500	–
Compensation for forced relocation	151	–
Total extraordinary income	651	–
Extraordinary losses		
Loss on sale of non-current assets	10,108	2,250
Loss on disposal of non-current assets	46,399	11,099
Loss on valuation of investment securities	–	4,131
Impairment losses	5,400	–
Total extraordinary losses	61,908	17,481
Profit before income taxes	1,847,745	1,895,837
Income taxes - current	450,744	453,187
Income taxes - deferred	94,378	16,274
Total income taxes	545,123	469,461
Profit	1,302,622	1,426,376
Profit attributable to non-controlling interests	51	37
Profit attributable to owners of parent	1,302,571	1,426,338

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Profit	1,302,622	1,426,376
Other comprehensive income		
Valuation difference on available-for-sale securities	143,965	(43,407)
Foreign currency translation adjustment	11,133	16,176
Remeasurements of defined benefit plans, net of tax	20,004	6,647
Total other comprehensive income	175,103	(20,583)
Comprehensive income	1,477,726	1,405,792
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,477,659	1,405,745
Comprehensive income attributable to non-controlling interests	66	46

Consolidated statements of changes in equity

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

Fiscal year ended May 31, 2023

(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	18,632,298	(276,921)	21,611,868
Changes during period					
Dividends of surplus			(337,588)		(337,588)
Profit attributable to owners of parent			1,426,338		1,426,338
Purchase of treasury shares				(200,136)	(200,136)
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	1,088,749	(200,136)	888,612
Balance at end of period	1,491,267	1,765,224	19,721,047	(477,057)	22,500,481

	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	1,000,036	(13,803)	47,439	1,033,673	240	22,645,781
Changes during period						
Dividends of surplus				–	–	(337,588)
Profit attributable to owners of parent				–	–	1,426,338
Purchase of treasury shares				–	–	(200,136)
Net changes in items other than shareholders' equity	(43,407)	16,176	6,647	(20,583)	21	(20,562)
Total changes during period	(43,407)	16,176	6,647	(20,583)	21	868,050
Balance at end of period	956,629	2,373	54,087	1,013,089	262	23,513,832

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,847,745	1,895,837
Depreciation	356,884	454,596
Impairment losses	5,400	–
Compensation for forced relocation	(151)	–
Increase (decrease) in allowance for doubtful accounts	(12,625)	11,786
Increase (decrease) in retirement benefit liability	(12,485)	(19,734)
Increase (decrease) in provision for share awards for directors (and other officers)	12,589	13,604
Interest and dividend income	(43,585)	(54,043)
Interest expenses	11,950	12,615
Loss (gain) on valuation of investment securities	–	4,131
Loss (gain) on sale and retirement of property, plant and equipment	56,008	13,350
Decrease (increase) in trade receivables	(95,140)	801,533
Decrease (increase) in inventories	(985,516)	(1,068,042)
Increase (decrease) in trade payables	22,990	(3,320,480)
Increase (decrease) in accrued consumption taxes	(45,697)	73,250
Other, net	(129,262)	(38,355)
Subtotal	989,103	(1,219,951)
Interest and dividends received	43,586	53,876
Interest paid	(11,839)	(12,504)
Proceeds from compensation for forced relocation	151	–
Income taxes paid	(455,342)	(412,026)
Other proceeds	4,875	–
Net cash provided by (used in) operating activities	570,533	(1,590,605)
Cash flows from investing activities		
Purchase of property, plant and equipment	(416,261)	(368,568)
Proceeds from sale of property, plant and equipment	6,031	5,750
Purchase of intangible assets	(305,073)	(33,743)
Purchase of investment securities	(7,673)	(58,596)
Other, net	(29,587)	(44,347)
Net cash provided by (used in) investing activities	(752,564)	(499,505)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,920,000	3,800,000
Repayments of short-term borrowings	(2,920,000)	(3,800,000)
Dividends paid	(339,589)	(337,127)
Purchase of treasury shares	(155,013)	(200,136)
Other, net	(36,792)	(41,924)
Net cash provided by (used in) financing activities	(531,395)	(579,189)
Effect of exchange rate change on cash and cash equivalents	3,911	7,497
Net increase (decrease) in cash and cash equivalents	(709,514)	(2,661,802)
Cash and cash equivalents at beginning of period	5,486,002	4,776,488
Cash and cash equivalents at end of period	4,776,488	2,114,685