

Translation

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Summary of Consolidated Financial Results for the Six Months Ended November 30, 2023 (Based on Japanese GAAP)

January 5, 2024

Company name: KANEKO SEEDS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 1376 URL <https://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, 2024
 Scheduled date to commence dividend payments: February 5, 2024
 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, 2023 (from June 1, 2023 to November 30, 2023)

(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, 2023 | 26,540 | (6.1) | 386 | (27.6) | 464 | (22.4) | 312 | (29.2) |
| Six months ended November 30, 2022 | 28,276 | 9.2 | 534 | 103.9 | 598 | 77.6 | 441 | 124.7 |

| | Earnings per share | Diluted earnings per share |
|------------------------------------|--------------------|----------------------------|
| | Yen | Yen |
| Six months ended November 30, 2023 | 27.32 | — |
| Six months ended November 30, 2022 | 38.18 | — |

(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, 2023 | 41,272 | 23,563 | 57.1 | 2,057.93 |
| As of May 31, 2023 | 46,707 | 23,513 | 50.3 | 2,053.62 |

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, 2023 | — | 11.00 | — | 20.00 | 31.00 |
| Year ending May 31, 2024 | — | 11.00 | | | |
| Year ending May 31, 2024 (Forecast) | | | — | 20.00 | 31.00 |

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 |
| 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 six months ended November 30, 2023
(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: No
- 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, 2023 | 11,772,626 shares | As of May 31, 2023 | 11,772,626 shares |
|-------------------------|-------------------|--------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|----------------|--------------------|----------------|
| As of November 30, 2023 | 322,890 shares | As of May 31, 2023 | 322,818 shares |
|-------------------------|----------------|--------------------|----------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|------------------------------------|-------------------|------------------------------------|-------------------|
| Six months ended November 30, 2023 | 11,449,749 shares | Six months ended November 30, 2022 | 11,574,389 shares |
|------------------------------------|-------------------|------------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of May 31, 2023 | As of November 30, 2023 |
|---|--------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,448,185 | 3,252,502 |
| Notes and accounts receivable - trade | 20,720,127 | 13,661,656 |
| Electronically recorded monetary claims - operating | 388,356 | 709,513 |
| Merchandise | 10,231,778 | 9,547,042 |
| Accounts receivable - other | 2,182,034 | 3,089,212 |
| Other | 271,469 | 372,398 |
| Allowance for doubtful accounts | (20,996) | (13,995) |
| Total current assets | 36,220,954 | 30,618,330 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Land | 3,999,060 | 4,231,587 |
| Other, net | 2,785,940 | 2,873,872 |
| Total property, plant and equipment | 6,785,000 | 7,105,460 |
| Intangible assets | 720,780 | 643,355 |
| Investments and other assets | | |
| Other | 3,000,461 | 2,927,650 |
| Allowance for doubtful accounts | (19,321) | (22,747) |
| Total investments and other assets | 2,981,139 | 2,904,903 |
| Total non-current assets | 10,486,921 | 10,653,718 |
| Total assets | 46,707,875 | 41,272,049 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 19,448,024 | 12,676,608 |
| Short-term borrowings | – | 1,390,000 |
| Income taxes payable | 306,191 | 175,995 |
| Other | 1,813,531 | 1,853,909 |
| Total current liabilities | 21,567,747 | 16,096,514 |
| Non-current liabilities | | |
| Retirement benefit liability | 1,265,239 | 1,253,751 |
| Provision for share awards for directors (and other officers) | 65,563 | 76,963 |
| Other | 295,492 | 281,736 |
| Total non-current liabilities | 1,626,295 | 1,612,451 |
| Total liabilities | 23,194,042 | 17,708,965 |

(Thousands of yen)

| | As of May 31, 2023 | As of November 30, 2023 |
|---|--------------------|-------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,491,267 | 1,491,267 |
| Capital surplus | 1,765,224 | 1,765,224 |
| Retained earnings | 19,721,047 | 19,803,533 |
| Treasury shares | (477,057) | (477,161) |
| Total shareholders' equity | 22,500,481 | 22,582,863 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 956,629 | 886,787 |
| Foreign currency translation adjustment | 2,373 | 33,863 |
| Remeasurements of defined benefit plans | 54,087 | 59,278 |
| Total accumulated other comprehensive income | 1,013,089 | 979,929 |
| Non-controlling interests | 262 | 289 |
| Total net assets | 23,513,832 | 23,563,083 |
| Total liabilities and net assets | 46,707,875 | 41,272,049 |

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, 2022 | Six months ended November 30, 2023 |
|--|---------------------------------------|---------------------------------------|
| Net sales | 28,276,711 | 26,540,495 |
| Cost of sales | 24,025,191 | 22,291,782 |
| Gross profit | 4,251,519 | 4,248,712 |
| Selling, general and administrative expenses | 3,717,485 | 3,862,129 |
| Operating profit | 534,034 | 386,583 |
| Non-operating income | | |
| Dividend income | 32,842 | 40,992 |
| Rental income from buildings | 34,430 | 36,352 |
| Other | 9,457 | 11,218 |
| Total non-operating income | 76,731 | 88,563 |
| Non-operating expenses | | |
| Interest expenses | 6,589 | 8,176 |
| Foreign exchange losses | 4,670 | 542 |
| Other | 508 | 1,536 |
| Total non-operating expenses | 11,768 | 10,255 |
| Ordinary profit | 598,997 | 464,890 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 148 | – |
| Total extraordinary income | 148 | – |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 4,147 | 625 |
| Total extraordinary losses | 4,147 | 625 |
| Profit before income taxes | 594,997 | 464,265 |
| Income taxes | 153,091 | 151,423 |
| Profit | 441,905 | 312,841 |
| Profit attributable to non-controlling interests | 29 | 27 |
| Profit attributable to owners of parent | 441,875 | 312,814 |

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Six months ended November 30, 2022 | Six months ended November 30, 2023 |
|--|---------------------------------------|---------------------------------------|
| Profit | 441,905 | 312,841 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (11,756) | (69,841) |
| Foreign currency translation adjustment | 17,793 | 31,490 |
| Remeasurements of defined benefit plans, net of tax | 3,950 | 5,190 |
| Total other comprehensive income | 9,987 | (33,159) |
| Comprehensive income | 451,893 | 279,682 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 451,850 | 279,632 |
| Comprehensive income attributable to non-controlling interests | 42 | 49 |

Consolidated statements of cash flows

(Thousands of yen)

| | Six months ended November 30, 2022 | Six months ended November 30, 2023 |
|---|---------------------------------------|---------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 594,997 | 464,265 |
| Depreciation | 221,972 | 238,230 |
| Decrease (increase) in trade receivables | 6,220,453 | 6,767,326 |
| Decrease (increase) in inventories | (690,722) | 684,111 |
| Increase (decrease) in trade payables | (8,439,969) | (7,787,315) |
| Other, net | (102,303) | (106,075) |
| Subtotal | (2,195,572) | 260,543 |
| Income taxes paid | (136,524) | (212,457) |
| Other, net | 25,489 | 32,533 |
| Net cash provided by (used in) operating activities | (2,306,607) | 80,619 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (124,069) | (390,970) |
| Purchase of intangible assets | (16,491) | (28,148) |
| Purchase of investment securities | (55,654) | (7,711) |
| Other, net | (26,494) | (1,760) |
| Net cash provided by (used in) investing activities | (222,709) | (428,591) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 1,490,000 | 1,390,000 |
| Dividends paid | (207,978) | (229,709) |
| Purchase of treasury shares | (125) | (103) |
| Other, net | (18,397) | (20,423) |
| Net cash provided by (used in) financing activities | 1,263,499 | 1,139,763 |
| Effect of exchange rate change on cash and cash equivalents | 8,246 | 12,525 |
| Net increase (decrease) in cash and cash equivalents | (1,257,571) | 804,316 |
| Cash and cash equivalents at beginning of period | 4,776,488 | 2,114,685 |
| Cash and cash equivalents at end of period | 3,518,917 | 2,919,002 |