

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended August 31, 2018 (Based on Japanese GAAP)

October 2, 2018

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 HIROKATSU HASE TEL 027-251-1619  
 FINANCE DEPARTMENT  
 Scheduled date to file Quarterly Securities Report: October 9, 2018  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended August 31, 2018 (from June 1, 2018 to August 31, 2018)

#### (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	%
Three months ended August 31, 2018	13,598	(1.4)	324	(6.1)	353	(4.8)	236	1.4
Three months ended August 31, 2017	13,794	4.2	345	14.0	371	13.9	233	3.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended August 31, 2018	20.14		–	
Three months ended August 31, 2017	19.87		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2018	39,535	18,809	47.6	1,602.15
As of May 31, 2018	44,995	18,722	41.6	1,594.79

### 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, 2018	–	11.00	–	15.00	26.00
Year ending May 31, 2019	–	–	–	–	–
Year ending May 31, 2019 (Forecast)	–	11.00	–	15.00	26.00

### 3. Forecast of consolidated financial results for the year ending May 31, 2019 (from June 1, 2018 to May 31, 2019)

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, 2018	–	–	–	–	–	–	–	–	–
Full year	60,000	1.5	1,900	8.7	2,000	5.7	1,400	43.1	119.25

4. Notes

- (1) Changes in significant subsidiaries during the three months ended August 31, 2018  
(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 August 31, 2018	11,772,626 shares	As of May 31, 2018	11,772,626 shares
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Number of treasury shares at the end of the period

As of August 31, 2018	32,601 shares	As of May 31, 2018	32,522 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended August 31, 2018	11,740,069 shares	Three months ended August 31, 2017	11,741,071 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of May 31, 2018	As of August 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	5,244,625	4,589,026
Notes and accounts receivable - trade	22,369,028	17,290,189
Merchandise	7,169,573	6,808,027
Other	1,543,912	2,148,858
Allowance for doubtful accounts	(22,081)	(17,070)
Total current assets	36,305,059	30,819,032
Non-current assets		
Property, plant and equipment		
Land	3,896,134	3,927,953
Other, net	2,034,677	2,021,214
Total property, plant and equipment	5,930,811	5,949,167
Intangible assets	65,344	61,028
Investments and other assets		
Other	2,702,015	2,713,121
Allowance for doubtful accounts	(7,292)	(7,135)
Total investments and other assets	2,694,723	2,705,986
Total non-current assets	8,690,879	8,716,182
Total assets	44,995,938	39,535,214
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	23,137,706	14,888,083
Short-term loans payable	–	2,960,000
Income taxes payable	298,728	130,466
Other	1,129,979	1,059,656
Total current liabilities	24,566,413	19,038,206
Non-current liabilities		
Net defined benefit liability	1,465,812	1,464,584
Provision for directors' retirement benefits	120,875	105,400
Other	119,890	117,757
Total non-current liabilities	1,706,578	1,687,742
Total liabilities	26,272,992	20,725,948
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,491,267	1,491,267
Capital surplus	1,765,221	1,765,221
Retained earnings	14,831,844	14,892,236
Treasury shares	(23,044)	(23,171)
Total shareholders' equity	18,065,288	18,125,552
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	857,119	871,855
Foreign currency translation adjustment	(52,912)	(49,623)
Remeasurements of defined benefit plans	(146,549)	(138,518)
Total accumulated other comprehensive income	657,657	683,713
Total net assets	18,722,946	18,809,266
Total liabilities and net assets	44,995,938	39,535,214

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Three months ended August 31, 2017	Three months ended August 31, 2018
Net sales	13,794,905	13,598,342
Cost of sales	11,608,454	11,388,413
Gross profit	2,186,451	2,209,929
Selling, general and administrative expenses	1,840,460	1,885,146
Operating profit	345,991	324,783
Non-operating income		
Dividend income	15,623	16,921
House rent income	15,591	15,716
Other	5,787	7,004
Total non-operating income	37,002	39,642
Non-operating expenses		
Interest expenses	5,709	5,269
Foreign exchange losses	4,668	4,890
Other	1,075	486
Total non-operating expenses	11,453	10,646
Ordinary profit	371,540	353,779
Extraordinary losses		
Loss on disposal of non-current assets	21,670	4,375
Loss on sales of investment securities	3,375	–
Total extraordinary losses	25,046	4,375
Profit before income taxes	346,494	349,404
Income taxes	113,183	112,911
Profit	233,310	236,493
Profit attributable to owners of parent	233,310	236,493

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

(Thousands of yen)

	Three months ended August 31, 2017	Three months ended August 31, 2018
Profit	233,310	236,493
Other comprehensive income		
Valuation difference on available-for-sale securities	17,264	14,735
Foreign currency translation adjustment	(2,069)	3,288
Remeasurements of defined benefit plans, net of tax	11,574	8,031
Total other comprehensive income	26,769	26,055
Comprehensive income	260,080	262,548
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	260,080	262,548