

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended February 28, 2019 (Based on Japanese GAAP)

April 4, 2019

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: April 11, 2019
 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 nine months ended February 28, 2019 (from June 1, 2018 to February 28, 2019)

(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	%
Nine months ended February 28, 2019	36,241	1.1	518	5.2	602	(0.2)	398	9.2
Nine months ended February 28, 2018	35,856	3.2	492	(26.3)	604	(19.1)	364	(31.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended February 28, 2019	33.90		–	
Nine months ended February 28, 2018	31.05		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2019	36,716	18,820	51.3	1,603.18
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	–	11.00	–		
Year ending May 31, 2019 (Forecast)				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
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 nine months ended February 28, 2019
(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 February 28, 2019	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 February 28, 2019	33,274 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)

Nine months ended February 28, 2019	11,739,694 shares	Nine months ended February 28, 2018	11,740,770 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2018	As of February 28, 2019
Assets		
Current assets		
Cash and deposits	5,244,625	4,312,074
Notes and accounts receivable - trade	22,369,028	13,867,353
Merchandise	7,169,573	8,419,190
Other	1,543,912	1,165,142
Allowance for doubtful accounts	(22,081)	(14,098)
Total current assets	36,305,059	27,749,662
Non-current assets		
Property, plant and equipment		
Land	3,896,134	3,927,953
Other, net	2,034,677	2,320,764
Total property, plant and equipment	5,930,811	6,248,718
Intangible assets	65,344	59,597
Investments and other assets		
Other	2,702,015	2,667,983
Allowance for doubtful accounts	(7,292)	(9,897)
Total investments and other assets	2,694,723	2,658,085
Total non-current assets	8,690,879	8,966,402
Total assets	44,995,938	36,716,064
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,137,706	14,540,597
Short-term loans payable	–	882,323
Income taxes payable	298,728	5,286
Other	1,129,979	755,273
Total current liabilities	24,566,413	16,183,481
Non-current liabilities		
Net defined benefit liability	1,465,812	1,471,851
Provision for directors' retirement benefits	120,875	110,850
Other	119,890	129,643
Total non-current liabilities	1,706,578	1,712,344
Total liabilities	26,272,992	17,895,826
Net assets		
Shareholders' equity		
Capital stock	1,491,267	1,491,267
Capital surplus	1,765,221	1,765,180
Retained earnings	14,831,844	14,924,619
Treasury shares	(23,044)	(24,198)
Total shareholders' equity	18,065,288	18,156,868
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	857,119	830,901
Foreign currency translation adjustment	(52,912)	(45,207)
Remeasurements of defined benefit plans	(146,549)	(122,513)
Total accumulated other comprehensive income	657,657	663,180
Non-controlling interests	–	189
Total net assets	18,722,946	18,820,238
Total liabilities and net assets	44,995,938	36,716,064

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended February 28, 2018	Nine months ended February 28, 2019
Net sales	35,856,166	36,241,846
Cost of sales	29,953,233	30,218,286
Gross profit	5,902,932	6,023,560
Selling, general and administrative expenses	5,410,060	5,505,170
Operating profit	492,872	518,389
Non-operating income		
Dividend income	25,481	27,968
House rent income	45,634	47,084
Other	57,017	25,950
Total non-operating income	128,133	101,003
Non-operating expenses		
Interest expenses	9,653	9,248
Foreign exchange losses	5,726	6,197
Other	1,462	1,031
Total non-operating expenses	16,841	16,476
Ordinary profit	604,164	602,916
Extraordinary income		
Gain on sales of investment securities	–	6
Total extraordinary income	–	6
Extraordinary losses		
Loss on disposal of non-current assets	43,954	11,453
Loss on sales of investment securities	3,375	–
Total extraordinary losses	47,330	11,453
Profit before income taxes	556,834	591,469
Income taxes	192,325	193,459
Profit	364,508	398,010
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	364,508	398,010

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended February 28, 2018	Nine months ended February 28, 2019
Profit	364,508	398,010
Other comprehensive income		
Valuation difference on available-for-sale securities	163,208	(26,218)
Foreign currency translation adjustment	4,361	7,704
Remeasurements of defined benefit plans, net of tax	35,096	24,036
Total other comprehensive income	202,666	5,522
Comprehensive income	567,174	403,532
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	567,174	403,532
Comprehensive income attributable to non-controlling interests	—	—