

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended August 31, 2019 (Based on Japanese GAAP)

October 2, 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 HEAD HIROKATSU HASE TEL 027-251-1619
 OF GENERAL ADMINISTRATION
 Scheduled date to file Quarterly Securities Report: October 9, 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 three months ended August 31, 2019 (from June 1, 2019 to August 31, 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	%
Three months ended August 31, 2019	13,490	(0.8)	275	(15.1)	319	(9.7)	217	(8.1)
Three months ended August 31, 2018	13,598	(1.4)	324	(6.1)	353	(4.8)	236	1.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended August 31, 2019	18.52	–
Three months ended August 31, 2018	20.14	–

(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, 2019	40,214	19,613	48.8	1,670.75
As of May 31, 2019	45,526	19,619	43.1	1,671.22

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, 2019	–	11.00	–	17.00	28.00
Year ending May 31, 2020	–	–	–	–	–
Year ending May 31, 2020 (Forecast)	–	11.00	–	17.00	28.00

3. Forecast of consolidated financial results for the year ending May 31, 2020 (from June 1, 2019 to May 31, 2020)

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, 2019	–	–	–	–	–	–	–	–	–
Full year	59,500	1.5	1,800	0.8	1,900	0.0	1,350	5.1	115.00

4. Notes

- (1) Changes in significant subsidiaries during the three months ended August 31, 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 August 31, 2019	11,772,626 shares	As of May 31, 2019	11,772,626 shares
-----------------------	-------------------	--------------------	-------------------

Number of treasury shares at the end of the period

As of August 31, 2019	33,337 shares	As of May 31, 2019	33,327 shares
-----------------------	---------------	--------------------	---------------

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

Three months ended August 31, 2019	11,739,296 shares	Three months ended August 31, 2018	11,740,069 shares
------------------------------------	-------------------	------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2019	As of August 31, 2019
Assets		
Current assets		
Cash and deposits	4,906,928	2,200,521
Notes and accounts receivable - trade	21,731,978	19,206,992
Merchandise	8,203,837	7,292,604
Other	1,501,244	2,229,110
Allowance for doubtful accounts	(22,075)	(19,095)
Total current assets	36,321,912	30,910,134
Non-current assets		
Property, plant and equipment		
Land	3,953,976	4,220,872
Other, net	2,477,664	2,329,742
Total property, plant and equipment	6,431,641	6,550,615
Intangible assets	81,771	79,905
Investments and other assets		
Other	2,699,902	2,682,812
Allowance for doubtful accounts	(8,911)	(9,251)
Total investments and other assets	2,690,990	2,673,561
Total non-current assets	9,204,403	9,304,082
Total assets	45,526,315	40,214,216
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,593,327	14,898,182
Short-term borrowings	–	2,829,933
Income taxes payable	309,674	121,899
Other	1,279,621	1,038,114
Total current liabilities	24,182,623	18,888,130
Non-current liabilities		
Retirement benefit liability	1,401,062	1,397,469
Provision for retirement benefits for directors (and other officers)	113,650	–
Other	209,907	315,042
Total non-current liabilities	1,724,619	1,712,512
Total liabilities	25,907,242	20,600,643
Net assets		
Shareholders' equity		
Share capital	1,491,267	1,491,267
Capital surplus	1,765,224	1,765,224
Retained earnings	15,810,824	15,828,709
Treasury shares	(24,318)	(24,331)
Total shareholders' equity	19,042,997	19,060,869
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	693,164	664,669
Foreign currency translation adjustment	(46,304)	(46,304)
Remeasurements of defined benefit plans	(70,948)	(65,842)
Total accumulated other comprehensive income	575,911	552,522
Non-controlling interests	163	181
Total net assets	19,619,072	19,613,573
Total liabilities and net assets	45,526,315	40,214,216

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, 2018	Three months ended August 31, 2019
Net sales	13,598,342	13,490,439
Cost of sales	11,388,413	11,327,635
Gross profit	2,209,929	2,162,803
Selling, general and administrative expenses	1,885,146	1,887,167
Operating profit	324,783	275,635
Non-operating income		
Dividend income	16,921	18,689
Rental income from buildings	15,716	17,606
Insurance claim income	–	11,761
Other	7,004	5,122
Total non-operating income	39,642	53,179
Non-operating expenses		
Interest expenses	5,269	5,158
Foreign exchange losses	4,890	3,579
Other	486	656
Total non-operating expenses	10,646	9,395
Ordinary profit	353,779	319,419
Extraordinary income		
Gain on sales of non-current assets	–	4,365
Total extraordinary income	–	4,365
Extraordinary losses		
Loss on disposal of non-current assets	4,375	1,550
Total extraordinary losses	4,375	1,550
Profit before income taxes	349,404	322,234
Income taxes	112,911	104,763
Profit	236,493	217,470
Profit attributable to non-controlling interests	–	17
Profit attributable to owners of parent	236,493	217,453

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended August 31, 2018	Three months ended August 31, 2019
Profit	236,493	217,470
Other comprehensive income		
Valuation difference on available-for-sale securities	14,735	(28,495)
Foreign currency translation adjustment	3,288	–
Remeasurements of defined benefit plans, net of tax	8,031	5,106
Total other comprehensive income	26,055	(23,389)
Comprehensive income	262,548	194,081
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	262,548	194,063
Comprehensive income attributable to non-controlling interests	–	17