

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended February 28, 2018 (Based on Japanese GAAP)

April 5, 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: April 12, 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 nine months ended February 28, 2018 (from June 1, 2017 to February 28, 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	%
Nine months ended February 28, 2018	35,856	3.2	492	(26.3)	604	(19.1)	364	(31.6)
Nine months ended February 28, 2017	34,748	(3.3)	668	(27.9)	746	(26.3)	533	(18.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended February 28, 2018	31.05		–	
Nine months ended February 28, 2017	45.42		–	

(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, 2018	35,593	17,946	50.4	1,528.64
As of May 31, 2017	43,369	17,686	40.8	1,506.34

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, 2017	–	11.00	–	15.00	26.00
Year ending May 31, 2018	–	11.00	–		
Year ending May 31, 2018 (Forecast)				15.00	26.00

3. Forecast of consolidated financial results for the year ending May 31, 2018 (from June 1, 2017 to May 31, 2018)

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	59,500	2.9	1,900	(5.7)	2,000	(5.5)	1,350	(9.4)	114.99

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended February 28, 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 February 28, 2018	11,772,626 shares	As of May 31, 2017	11,772,626 shares
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Number of treasury shares at the end of the period

As of February 28, 2018	32,334 shares	As of May 31, 2017	31,555 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, 2018	11,740,770 shares	Nine months ended February 28, 2017	11,741,309 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of May 31, 2017	As of February 28, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	4,702,589	4,177,313
Notes and accounts receivable - trade	22,200,662	13,552,996
Merchandise	6,774,347	7,826,266
Other	1,500,654	1,452,362
Allowance for doubtful accounts	(21,792)	(14,077)
Total current assets	35,156,461	26,994,860
Non-current assets		
Property, plant and equipment		
Land	4,196,523	4,196,523
Other, net	1,680,338	1,946,201
Total property, plant and equipment	5,876,862	6,142,725
Intangible assets	44,955	44,975
Investments and other assets		
Other	2,303,425	2,423,346
Allowance for doubtful accounts	(12,619)	(12,595)
Total investments and other assets	2,290,806	2,410,750
Total non-current assets	8,212,624	8,598,452
Total assets	43,369,085	35,593,313
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	22,201,137	14,072,660
Short-term loans payable	–	980,000
Income taxes payable	397,090	6,297
Other	1,208,135	720,689
Total current liabilities	23,806,363	15,779,647
Non-current liabilities		
Net defined benefit liability	1,640,457	1,639,364
Provision for directors' retirement benefits	117,750	118,600
Other	118,495	109,012
Total non-current liabilities	1,876,702	1,866,976
Total liabilities	25,683,066	17,646,623
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,491,267	1,491,267
Capital surplus	1,765,221	1,765,221
Retained earnings	14,158,524	14,217,770
Treasury shares	(21,497)	(22,740)
Total shareholders' equity	17,393,515	17,451,518
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	639,772	802,981
Foreign currency translation adjustment	(32,621)	(28,260)
Remeasurements of defined benefit plans	(314,646)	(279,550)
Total accumulated other comprehensive income	292,504	495,170
Total net assets	17,686,019	17,946,689
Total liabilities and net assets	43,369,085	35,593,313

**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, 2017	Nine months ended February 28, 2018
Net sales	34,748,841	35,856,166
Cost of sales	29,024,498	29,953,233
Gross profit	5,724,343	5,902,932
Selling, general and administrative expenses	5,055,710	5,410,060
Operating profit	668,633	492,872
Non-operating income		
Dividend income	24,948	25,481
House rent income	43,144	45,634
Insurance income	–	41,123
Other	23,682	15,894
Total non-operating income	91,775	128,133
Non-operating expenses		
Interest expenses	13,191	9,653
Foreign exchange losses	627	5,726
Other	–	1,462
Total non-operating expenses	13,818	16,841
Ordinary profit	746,589	604,164
Extraordinary income		
Gain on sales of investment securities	39,803	–
Total extraordinary income	39,803	–
Extraordinary losses		
Loss on disposal of non-current assets	17	43,954
Loss on sales of investment securities	–	3,375
Total extraordinary losses	17	47,330
Profit before income taxes	786,375	556,834
Income taxes	253,110	192,325
Profit	533,265	364,508
Profit attributable to owners of parent	533,265	364,508

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

(Thousands of yen)

	Nine months ended February 28, 2017	Nine months ended February 28, 2018
Profit	533,265	364,508
Other comprehensive income		
Valuation difference on available-for-sale securities	130,576	163,208
Foreign currency translation adjustment	–	4,361
Remeasurements of defined benefit plans, net of tax	33,662	35,096
Total other comprehensive income	164,239	202,666
Comprehensive income	697,504	567,174
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	697,504	567,174