

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended February 29, 2020 (Based on Japanese GAAP)

April 2, 2020

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: April 9, 2020
 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 29, 2020 (from June 1, 2019 to February 29, 2020)

(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 29, 2020	36,165	(0.2)	390	(24.6)	483	(19.8)	335	(15.6)
Nine months ended February 28, 2019	36,241	1.1	518	5.2	602	(0.2)	398	9.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended February 29, 2020	28.69	–
Nine months ended February 28, 2019	33.90	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2020	38,073	19,521	51.3	1,673.24
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	–	11.00	–		
Year ending May 31, 2020 (Forecast)				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
Full year	58,500	(0.2)	1,500	(16.0)	1,600	(15.7)	1,100	(14.3)	94.29

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended February 29, 2020
(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 29, 2020	11,772,626 shares	As of May 31, 2019	11,772,626 shares
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Number of treasury shares at the end of the period

As of February 29, 2020	105,916 shares	As of May 31, 2019	33,327 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended February 29, 2020	11,708,265 shares	Nine months ended February 28, 2019	11,739,694 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2019	As of February 29, 2020
Assets		
Current assets		
Cash and deposits	4,906,928	3,764,830
Notes and accounts receivable - trade	21,731,978	14,746,115
Merchandise	8,203,837	9,238,726
Other	1,501,244	1,086,782
Allowance for doubtful accounts	(22,075)	(15,048)
Total current assets	36,321,912	28,821,406
Non-current assets		
Property, plant and equipment		
Land	3,953,976	4,210,675
Other, net	2,477,664	2,277,999
Total property, plant and equipment	6,431,641	6,488,674
Intangible assets	81,771	91,838
Investments and other assets		
Other	2,699,902	2,695,016
Allowance for doubtful accounts	(8,911)	(23,701)
Total investments and other assets	2,690,990	2,671,315
Total non-current assets	9,204,403	9,251,828
Total assets	45,526,315	38,073,235
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,593,327	15,102,390
Short-term borrowings	–	899,751
Income taxes payable	309,674	2,834
Other	1,279,621	798,909
Total current liabilities	24,182,623	16,803,887
Non-current liabilities		
Retirement benefit liability	1,401,062	1,420,181
Provision for retirement benefits for directors (and other officers)	113,650	–
Provision for share-based remuneration for directors (and other officers)	–	9,270
Other	209,907	318,459
Total non-current liabilities	1,724,619	1,747,910
Total liabilities	25,907,242	18,551,797
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	15,818,075
Treasury shares	(24,318)	(129,347)
Total shareholders' equity	19,042,997	18,945,218

(Thousands of yen)

	As of May 31, 2019	As of February 29, 2020
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	693,164	671,047
Foreign currency translation adjustment	(46,304)	(39,623)
Remeasurements of defined benefit plans	(70,948)	(55,383)
Total accumulated other comprehensive income	575,911	576,040
Non-controlling interests	163	178
Total net assets	19,619,072	19,521,437
Total liabilities and net assets	45,526,315	38,073,235

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, 2019	Nine months ended February 29, 2020
Net sales	36,241,846	36,165,667
Cost of sales	30,218,286	30,178,412
Gross profit	6,023,560	5,987,254
Selling, general and administrative expenses	5,505,170	5,596,458
Operating profit	518,389	390,796
Non-operating income		
Dividend income	27,968	30,260
Rental income from buildings	47,084	50,822
Other	25,950	30,881
Total non-operating income	101,003	111,964
Non-operating expenses		
Interest expenses	9,248	9,599
Foreign exchange losses	6,197	9,809
Other	1,031	53
Total non-operating expenses	16,476	19,462
Ordinary profit	602,916	483,298
Extraordinary income		
Gain on sales of non-current assets	–	42,412
Gain on sales of investment securities	6	774
Total extraordinary income	6	43,186
Extraordinary losses		
Loss on disposal of non-current assets	11,453	29,895
Total extraordinary losses	11,453	29,895
Profit before income taxes	591,469	496,590
Income taxes	193,459	160,626
Profit	398,010	335,963
Profit attributable to non-controlling interests	–	14
Profit attributable to owners of parent	398,010	335,949

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended February 28, 2019	Nine months ended February 29, 2020
Profit	398,010	335,963
Other comprehensive income		
Valuation difference on available-for-sale securities	(26,218)	(22,117)
Foreign currency translation adjustment	7,704	6,681
Remeasurements of defined benefit plans, net of tax	24,036	15,565
Total other comprehensive income	5,522	128
Comprehensive income	403,532	336,092
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	403,532	336,071
Comprehensive income attributable to non-controlling interests	–	21