

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended February 28, 2017 (Based on Japanese GAAP)

April 6, 2017

Company name: KANEKO SEEDS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 1376 URL <http://www.kanekoseeds.jp>
 Representative: PRESIDENT MASAHIKO KANEKO
 SENIOR MANAGING DIRECTOR
 Inquiries: HIROKATSU HASE TEL 027-251-1619
 FINANCE DEPARTMENT
 Scheduled date to file Quarterly Securities Report: April 12, 2017
 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, 2017 (from June 1, 2016 to February 28, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended February 28, 2017	34,748	(3.3)	668	(27.9)	746	(26.3)	533	(18.6)
Nine months ended February 29, 2016	35,933	(0.3)	927	(7.6)	1,013	(8.1)	654	(6.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended February 28, 2017	45.42		–	
Nine months ended February 29, 2016	55.78		–	

(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, 2017	34,308	16,578	48.3	1,411.97
As of May 31, 2016	43,186	16,198	37.5	1,379.56

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, 2016	–	11.00	–	16.00	27.00
Year ending May 31, 2017	–	11.00	–		
Year ending May 31, 2017 (Forecast)				14.00	25.00

3. Forecast of consolidated financial results for the year ending May 31, 2017 (from June 1, 2016 to May 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	57,500	(1.0)	1,870	(12.8)	2,000	(12.3)	1,400	(4.5)	119.24

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended February 28, 2017
(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, 2017	11,772,626 shares	As of May 31, 2016	11,772,626 shares
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Number of treasury shares at the end of the period

As of February 28, 2017	31,402 shares	As of May 31, 2016	31,189 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, 2017	11,741,309 shares	Nine months ended February 29, 2016	11,741,997 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2016	As of February 28, 2017
Assets		
Current assets		
Cash and deposits	4,225,368	3,629,207
Notes and accounts receivable - trade	22,162,699	13,486,697
Merchandise	7,254,228	7,505,070
Other	1,343,698	1,355,621
Allowance for doubtful accounts	(76,747)	(47,362)
Total current assets	34,909,248	25,929,234
Non-current assets		
Property, plant and equipment		
Land	4,196,523	4,196,523
Other, net	1,714,512	1,686,340
Total property, plant and equipment	5,911,036	5,882,863
Intangible assets	55,534	47,830
Investments and other assets		
Other	2,323,724	2,467,762
Allowance for doubtful accounts	(12,564)	(18,956)
Total investments and other assets	2,311,159	2,448,806
Total non-current assets	8,277,730	8,379,500
Total assets	43,186,978	34,308,735
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,501,299	13,599,620
Short-term loans payable	935,000	1,415,000
Income taxes payable	367,467	7,147
Other	1,274,069	801,898
Total current liabilities	25,077,836	15,823,666
Non-current liabilities		
Net defined benefit liability	1,658,399	1,666,005
Provision for directors' retirement benefits	127,075	114,800
Other	125,617	126,016
Total non-current liabilities	1,911,091	1,906,822
Total liabilities	26,988,928	17,730,488
Net assets		
Shareholders' equity		
Capital stock	1,491,267	1,491,267
Capital surplus	1,765,221	1,765,221
Retained earnings	12,835,421	13,051,670
Treasury shares	(20,984)	(21,276)
Total shareholders' equity	16,070,925	16,286,882
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	518,337	648,913
Remeasurements of defined benefit plans	(391,212)	(357,549)
Total accumulated other comprehensive income	127,125	291,364
Total net assets	16,198,050	16,578,246
Total liabilities and net assets	43,186,978	34,308,735

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended February 29, 2016	Nine months ended February 28, 2017
Net sales	35,933,270	34,748,841
Cost of sales	30,002,314	29,024,498
Gross profit	5,930,956	5,724,343
Selling, general and administrative expenses	5,003,017	5,055,710
Operating income	927,938	668,633
Non-operating income		
Dividend income	35,405	24,948
Gain on investments in partnership	178	1,541
House rent income	45,705	43,144
Other	23,314	22,140
Total non-operating income	104,603	91,775
Non-operating expenses		
Interest expenses	16,869	13,191
Other	2,197	627
Total non-operating expenses	19,066	13,818
Ordinary income	1,013,476	746,589
Extraordinary income		
Gain on sales of investment securities	909	39,803
Total extraordinary income	909	39,803
Extraordinary losses		
Loss on valuation of investment securities	5,416	-
Loss on disposal of non-current assets	3,533	17
Total extraordinary losses	8,949	17
Profit before income taxes	1,005,436	786,375
Income taxes	350,482	253,110
Profit	654,954	533,265
Profit attributable to owners of parent	654,954	533,265

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended February 29, 2016	Nine months ended February 28, 2017
Profit	654,954	533,265
Other comprehensive income		
Valuation difference on available-for-sale securities	(180,290)	130,576
Remeasurements of defined benefit plans, net of tax	5,472	33,662
Total other comprehensive income	(174,818)	164,239
Comprehensive income	480,135	697,504
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	480,135	697,504