



May 15, 2020

Name of Listed Company: ISEKI & CO., LTD.  Stock Exchange Listings: Tokyo  
Company Code: 6310 (URL <http://www.iseki.co.jp>)  
Representative: Title President Name Shiro Tomiyasu  
Enquiries: Title General Manager of Financial Department Name Yoshikazu Ogusu  
Telephone: +81-3-5604-7671

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Scheduled Date to Commence Dividend Payment: —  
Supplementary Information for Quarterly Financial Results: Yes  
Quarterly Financial Results Briefing: Yes (for institutional investors and analysts)

## **Summary Announcement of Consolidated Financial Results** **for the Three Months Ended March 31, 2020 (Japanese GAAP)**

### **I. Consolidated Financial Results for the Three Months Ended March 31, 2020 (January 1, 2020—March 31, 2020)**

#### **A. Consolidated Results of Operations (Cumulative Total)**

(Rounded down to millions of yen, % indicates changes from the previous corresponding period)

	Three Months Ended March 31, 2020	%	Three Months Ended March 31, 2019	%
Net Sales	31,960	(4.2)	33,353	(9.5)
Operating Income	(1,105)	—	(744)	—
Ordinary Income	(1,281)	—	(1,111)	—
Profit (Loss) Attributable to Owners of Parent	(465)	—	(456)	—
Earnings per Share (yen)				
Basic	(20.58)		(20.19)	
Diluted	—		—	

Note: Comprehensive income

Three months ended March 31, 2020: ¥(1,319) million [—%]

Three months ended March 31, 2019: ¥(374) million [—%]

## B. Consolidated Financial Position

(Rounded down to millions of yen)

	As of March 31, 2020	As of December 31, 2019
Total Assets	205,176	197,511
Net Assets	67,251	69,252
Shareholder's Equity to Total Assets Ratio (%)	31.9	34.2
Net Assets per Share (yen)	2,899.33	2,987.19

Reference: Shareholder's equity

As of March 31, 2020: ¥65,539 million

As of December 31, 2019: ¥67,481 million

## II. Dividends

	Dividend per Share(yen)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY Ended December 31, 2019	—	—	—	30.00	30.00
FY Ending December 31, 2020	—				
FY Ending December 31, 2020 (Forecast)		—	—	—	—

Note: Revision of the most recently announced dividend forecast: Yes

The year-end dividend forecast for the fiscal year ending December 31, 2020 has been undetermined at this moment.

## III. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2020 (January 1, 2020—December 31, 2020)

(Rounded down to millions of yen, % indicates changes from the previous period)

	Net Sales	%	Operating Income	%	Ordinary Income	%	Profit Attributable to Owners of Parent	%	Earnings per Share (yen)
Full Year	—	—	—	—	—	—	—	—	—

Note: Revision of the most recently announced financial results forecast: Yes

Given the difficulty of reasonably calculating the consolidated financial results forecast for the fiscal year ending December 31, 2020, due to the impact that the spread of the novel coronavirus may have on the Company's business activities, the consolidated financial results forecast released on February 14, 2020, has been withdrawn and remains undetermined. Going forward, the Company will announce the financial results forecasts as soon as it is able to calculate them.

### \* Notes

A. Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): No

New: - ( ), Exclusion: - ( )

B. Adoption of special accounting treatment for preparing the quarterly consolidated financial statements: No

C. Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to the revision of accounting standards, etc.: No

2) Any changes other than 1) above: No

3) Changes in accounting estimates: No

4) Restatements: No

D. Total number of shares issued (common stock)

1) Total number of shares issued at the end of the period (including treasury shares):

As of March 31, 2020	22,984,993 shares
As of December 31, 2019	22,984,993 shares

2) Total number of treasury shares at the end of the period:

As of March 31, 2020	379,849 shares
As of December 31, 2019	394,565 shares

3) Average number of shares during the period (cumulative total):

Three months ended March 31, 2020	22,597,166 shares
Three months ended March 31, 2019	22,590,438 shares

\* These quarterly financial results are outside the scope of quarterly review procedures to be performed by certified public accountants or an audit corporation.

\* Explanation on the proper use of financial results forecasts and other notes

The financial results forecasts and other forward-looking statements contained in this report are based on information available to the Company on the date of this report's release and certain preconditions that the Company deems to be reasonable. Actual results, etc. may differ significantly from the forecasts, however, as a result of various factors. For details on the preconditions on the financial results forecasts of the Company and notes on the use of financial results forecasts, please see "1. Qualitative Information on Consolidated Financial Results for the Period under Review" on page 2 of the Appendix.

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## **1. Qualitative Information on Consolidated Financial Results for the Period under Review**

### **(1) Explanation on Results of Operations**

During the three months ended March 31, 2020, the Japanese economy has rapidly deteriorated due to the impact of the spread of the novel coronavirus infection (COVID-19), in addition to a slump in individual consumption following the consumption tax rate increase in October 2019 and weak corporate performance centered on the manufacturing industry. Overseas as well, the overall global economy has also rapidly deteriorated and is in a severe situation, mainly due to expanding lockdowns, including various governments' restraints on business, in response to the spread of the novel coronavirus infection (COVID-19).

Under these circumstances, the ISEKI Group continued its initiatives to strengthen the responsiveness to structural changes in agriculture in Japan, including improvement in customer service, while working to strengthen its sales in its mainstay overseas markets of North America, Europe, China, and ASEAN. The Group's consolidated financial results are summarized as follows.

Net sales for the three months ended March 31, 2020, were ¥31,960 million, a decrease of ¥1,393 million (4.2%) year on year. Domestic sales in Japan were ¥25,072 million, a decrease of ¥326 million (1.3%) year on year, as a result of decreased sales of agricultural machinery, etc. due to voluntary restraints put on sales activities, including the cancelation of exhibitions, owing to the uncertain demand environment following the consumption tax rate increase and the impact of the spread of the novel coronavirus infection (COVID-19), in spite of ongoing steady sales of maintenance fees including spare parts and repairs, and an increase in construction of facilities including the completion of large-scale construction. Overseas sales were ¥6,887 million, a decrease of ¥1,066 million (13.4%) year on year. This was due to decreased shipments of tractors owing to a delay in receiving engines purchased for installation in some products in North America, in which demand had continued to be strong, the effect of currency exchange rates and a decline in sales from shipment adjustment owing to temporary closures of local distributors' shops as a countermeasure to the novel coronavirus infection (COVID-19) in Europe, and decreased shipments of tractors in Indonesia in the ASEAN region, despite increased shipments of semi-finished rice transplanters to China and tractors to South Korea.

In the three months ended March 31, 2020, which is the off-demand season, we recorded loss in all income items from operating income and below. Operating loss was ¥1,105 million (¥744 million in the corresponding period of the previous fiscal year), mainly due to the recording of loss on valuation of parts inventory accompanying the delay in receiving engines purchased for installation, in addition to the decrease in gross profit stemming from revenue decline, despite a reduction in selling, general and administrative expenses. Ordinary loss was ¥1,281 million (¥1,111 million in the corresponding period of the previous fiscal year), despite a reduction in the share of loss of entities using equity method. Loss before income taxes was ¥1,183 million (¥1,161 million of loss before income taxes in the corresponding period of the previous fiscal year), despite the recording of gain on change in equity accompanying a decrease in our investment ratio in an equity method affiliate in China. Loss attributable to owners of parent was ¥465 million (¥456 million of loss attributable to owners of parent in the corresponding period of the previous fiscal year).

Sales by product are as follows.

[Domestic]

Sales of cultivating and mowing machinery (tractors, high-clearance multipurpose vehicles, among others) were ¥5,734 million (a decrease of 14.9% year on year). Sales of planting machinery (rice transplanters and vegetable transplanters) were ¥1,753 million (a decrease of 20.6% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥2,091 million (a decrease of 25.3% year on year). Sales of farming implements, spare parts and repair fees were ¥8,224 million (a decrease of 5.3% year on year). Sales of other agriculture-related business (construction of facilities, among others) were ¥7,269 million (an increase of 46.4% year on year).

[Overseas]

Sales of cultivating and mowing machinery (tractors, among others) were ¥4,889 million (a decrease of 18.3% year on year). Sales of planting machinery (rice transplanters, among others) were ¥1,032 million (an increase of 25.3% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥116 million (a decrease of 12.8% year on year). Sales of farming implements and spare parts were ¥655 million (a decrease of 7.1% year on year). Sales of other agriculture-related business were ¥194 million (a decrease of 37.0% year on year).

### **(2) Explanation on Financial Position**

[Assets]

Total assets at the end of the first quarter ended March 31, 2020, increased by ¥7,664 million from the end of the previous fiscal year to ¥205,176 million. This was mainly due to a decrease of ¥2,409 million in cash and deposits, an increase of ¥5,941 million in notes and accounts receivable – trade, and an increase of ¥5,258 million in inventories.

[Liabilities]

Total liabilities at the end of the first quarter ended March 31, 2020, increased by ¥9,665 million from the end of the previous fiscal year to ¥137,925 million. This was mainly due to an increase of ¥10,725 million in short-term loans payable and long-term loans payable.

[Net assets]

Total net assets at the end of the first quarter ended March 31, 2020, decreased by ¥2,001 million from the end of the previous fiscal year to ¥67,251 million. This was mainly due to ¥465 million of loss attributable to owners of parent, a decrease of ¥751 million in valuation difference on available-for-sale securities, and ¥677 million of dividends of surplus.

### **(3) Explanation on Consolidated Financial Results Forecasts and Other Forecast Information**

With respect to the consolidated business performance forecast, we will continue to steadily carry out the issues to be addressed including “Strengthening responsiveness to drastic changes in the agriculture in Japan” and “Expanding overseas businesses.” However, the spread of the novel coronavirus (COVID-19) has put various restrictions on the Company’s business activities both in Japan and overseas. In terms of sales, concerns have been raised over the decline in sales in Japan and overseas due to voluntary restraints put on sales activities including the cancellation of exhibitions of our domestic sales companies, and the temporary closure of overseas distributors under lockdown and the restrictions on sales activities due to stay-at-home orders. As for production, there is an inherent risk of decreased production as a result of disruptions in the supply chain both in Japan and overseas. Given the difficulty of calculating the future business performance forecast due to the reasons described above, the business performance forecast and the dividend forecast for the fiscal year ending December 31, 2020 (January 1, 2020 through December 31, 2020), released on February 14, 2020, have been temporarily withdrawn and they remain “Undetermined.” Going forward, the Company will monitor the situation surrounding COVID-19 and announce the business performance forecasts as soon as it is able to calculate them.

Furthermore, the Group will follow the policies of national and local governments in Japan and overseas, and prioritize the health and safety of our customers, local people, and our employees. In order to prevent the spread of the infection, we are taking thorough hygiene measures and initiatives including the reduction of staff density at workplaces by allowing working at home, staggered working hours, and separation of workspaces, as well as postponing or cancelling group training, exhibitions, factory tours, etc. hosted by the Company. As a company that supports all the producers that supply our food and agriculture, we will continue business activities while minimizing the impact of the novel coronavirus infection (COVID-19) on business by taking the prevention measures mentioned above, and also continue contributing to society as a full-line manufacturer specializing in agricultural machinery.

## **2. Quarterly Consolidated Financial Statements and Principal Notes**

### **(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	As of December 31, 2019	As of March 31, 2020
<hr/>		
Assets		
Current assets		
Cash and deposits	8,404	5,994
Notes and accounts receivable - trade	19,675	25,617
Merchandise and finished goods	46,426	51,491
Work in process	6,580	6,797
Raw materials and supplies	1,171	1,149
Other	4,952	4,103
Allowance for doubtful accounts	(52)	(60)
Total current assets	87,159	95,092
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	26,050	25,888
Land	50,759	50,863
Other, net	21,535	21,183
Total property, plant and equipment	98,346	97,935
Intangible assets	1,288	1,399
Investments and other assets		
Investment securities	5,303	4,223
Other	5,542	6,691
Allowance for doubtful accounts	(128)	(165)
Total investments and other assets	10,717	10,749
Total non-current assets	110,352	110,083
Total assets	197,511	205,176

As of December 31, 2019 As of March 31, 2020

	As of December 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	22,142	24,017
Electronically recorded obligations - operating	15,610	14,345
Short-term loans payable	28,633	40,247
Current portion of long-term loans payable	10,717	12,467
Income taxes payable	356	124
Provision for bonuses	443	800
Other	11,830	10,096
Total current liabilities	89,735	102,098
Non-current liabilities		
Long-term loans payable	21,525	18,887
Deferred tax liabilities for land revaluation	5,759	5,759
Provision for directors' retirement benefits	140	133
Net defined benefit liability	3,059	3,212
Asset retirement obligations	325	326
Other	7,713	7,506
Total non-current liabilities	38,524	35,826
Total liabilities	128,259	137,925
<b>Net assets</b>		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,452	13,449
Retained earnings	17,025	15,882
Treasury shares	(982)	(945)
Total shareholders' equity	52,840	51,732
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	380	(370)
Deferred gains or losses on hedges	(0)	(1)
Revaluation reserve for land	12,622	12,622
Foreign currency translation adjustment	648	568
Remeasurements of defined benefit plans	989	989
Total accumulated other comprehensive income	14,641	13,807
Subscription rights to shares	75	41
Non-controlling interests	1,694	1,669
Total net assets	69,252	67,251
Total liabilities and net assets	197,511	205,176

**(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**

Quarterly Consolidated Statements of Income  
For the Three Months Ended March 31, 2020

(Millions of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Net sales	33,353	31,960
Cost of sales	23,722	22,936
Gross profit	9,630	9,024
Selling, general and administrative expenses	10,375	10,129
Operating loss	(744)	(1,105)
Non-operating income		
Interest income	61	59
Dividend income	18	16
Other	233	166
Total non-operating income	313	241
Non-operating expenses		
Interest expenses	172	153
Share of loss of entities accounted for using equity method	364	70
Foreign exchange losses	48	92
Other	94	100
Total non-operating expenses	680	417
Ordinary loss	(1,111)	(1,281)
Extraordinary income		
Gain on sales of non-current assets	8	5
Gain on change in equity	—	123
Total extraordinary income	8	129
Extraordinary losses		
Loss on sales and retirement of non-current assets	45	32
Impairment loss	12	—
Total extraordinary losses	57	32
Loss before income taxes	(1,161)	(1,183)
Income taxes - current	152	91
Income taxes - deferred	(847)	(789)
Total income taxes	(694)	(697)
Loss	(466)	(485)
Loss attributable to non-controlling interests	(9)	(20)
Loss attributable to owners of parent	(456)	(465)

Quarterly Consolidated Statements of Comprehensive Income  
For the Three Months Ended March 31, 2020

(Millions of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Loss	(466)	(485)
Other comprehensive income		
Valuation difference on available-for-sale securities	104	(751)
Deferred gains or losses on hedges	0	(1)
Foreign currency translation adjustment	(56)	30
Remeasurements of defined benefit plans, net of tax	3	(0)
Share of other comprehensive income of entities accounted for using equity method	40	(111)
Total other comprehensive income	91	(834)
Comprehensive income	(374)	(1,319)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(364)	(1,298)
Comprehensive income attributable to non-controlling interests	(10)	(21)

**(3) Notes to Quarterly Consolidated Financial Statements**

(Notes to Going Concern Assumption)

Not applicable

(Notes to Material Changes in Shareholders' Equity)

Not applicable