



November 12, 2020

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Date of Submission of Quarterly Report: November 12, 2020  
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 Nine Months Ended September 30, 2020 (Japanese GAAP)**

### **I. Consolidated Financial Results for the Nine Months Ended September 30, 2020 (January 1, 2020—September 30, 2020)**

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

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

	Nine Months Ended September 30, 2020	%	Nine Months Ended September 30, 2019	%
Net Sales	111,601	(7.7)	120,975	1.5
Operating Income	3,162	(30.1)	4,525	26.0
Ordinary Income	2,839	(12.9)	3,259	17.8
Profit Attributable to Owners of Parent	2,418	13.4	2,132	(3.9)
Earnings per Share (yen)				
Basic	107.01		94.42	
Diluted	106.91		94.28	

Note: Comprehensive income

Nine months ended September 30, 2020: ¥1,944 million [10.4 %]

Nine months ended September 30, 2019: ¥1,761 million [46.1%]

## B. Consolidated Financial Position

(Rounded down to millions of yen)

	As of September 30, 2020	As of December 31, 2019
Total Assets	206,191	197,511
Net Assets	70,516	69,252
Shareholder's Equity to Total Assets Ratio (%)	33.4	34.2
Net Assets per Share (yen)	3,041.95	2,987.19

Reference: Shareholder's equity

As of September 30, 2020: ¥68,768 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: No

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	144,500	(3.6)	1,100	(59.9)	200	(82.0)	200	(72.3)	8.85

Note: Revision of the most recently announced financial results forecast: No

### \* 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 September 30, 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 September 30, 2020	378,114 shares
As of December 31, 2019	394,565 shares

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

Nine months ended September 30, 2020	22,603,019 shares
Nine months ended September 30, 2019	22,590,555 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 nine months ended September 30, 2020, the Japanese economy, amid the continuing impact of the spread of the novel coronavirus infection (COVID-19), saw signs of recovery, as stay-at-home orders were lifted and economic activities resumed. Overseas as well, while economic activities gradually resumed and moderate signs of recovery became evident, uncertainty for the future prevailed.

Under these circumstances, the ISEKI Group continued its initiatives to strengthen the responsiveness to structural changes in agriculture in Japan, including launch of new products and 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 nine months ended September 30, 2020 were ¥111,601 million, a decrease of ¥9,373 million (7.7%) year on year. Domestic sales in Japan were ¥87,402 million, a decrease of ¥8,576 million (8.9%) year on year, as a result of decreased sales of agricultural machinery, etc. due to voluntary restraints put on sales activities, such as cancelation of exhibitions, in conjunction with the impact of the spread of COVID-19, as well as the uncertain demand environment following the consumption tax rate increase, 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 ¥24,198 million, a decrease of ¥797 million (3.2%) year on year. This was due, in North America, to the delays in the receipt of engines purchased for installation in some products despite the growing demand for tractors by consumers staying at home; in Europe, to shipment adjustments owing to temporary closures of local distributors' shops as a countermeasure to COVID-19 as well as the effect of currency exchange rates, and in the ASEAN region to the decreased shipments of tractors to Indonesia, despite increased shipments of semi-finished transplanter to China and tractors and combine harvesters to South Korea.

Operating income was ¥3,162 million, a decrease of ¥1,363 million (30.1%) year on 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 income was ¥2,839 million, a decrease of ¥420 million (12.9%) year on year, due to reductions in foreign exchange losses and share of loss of entities accounted for using equity method. Income before income taxes was ¥3,420 million, an increase of ¥274 million (8.7%) year on year, primarily owing to the recording of a gain on change in equity accompanying a decrease in our investment ratio in an equity method affiliate in China. Profit attributable to owners of parent was ¥2,418 million, an increase of ¥285 million (13.4%) year on year.

Sales by product are as follows.

[Domestic]

Sales of cultivating and mowing machinery (tractors, high-clearance multipurpose vehicles, among others) were ¥17,346 million (a decrease of 18.6% year on year). Sales of planting machinery (rice transplanter and vegetable transplanter) were ¥6,435 million (a decrease of 19.6% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥11,977 million (a decrease 15.1% year on year). Sales of farming implements, spare parts and repair fees were ¥31,660 million (a decrease 5.1% year on year). Sales of other agriculture-related business (construction of facilities, among others) were ¥19,982 million (an increase of 4.1% year on year).

[Overseas]

Sales of cultivating and mowing machinery (tractors, among others) were ¥17,371 million (a decrease of 9.5% year on year). Sales of planting machinery (rice transplanter, among others) were ¥1,457 million (an increase of 41.9% year on year). Sales of harvesting and processing machinery (combine harvesters, among others) were ¥2,250 million (an increase of 45.6% year on year). Sales of farming implements and spare parts were ¥2,142 million (a decrease 3.0% year on year). Sales of other agriculture-related business were ¥977 million (a decrease of 4.3% year on year).

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

[Assets]

Total assets at the end of the third quarter ended September 30, 2020 increased by ¥8,679 million from the end of the previous fiscal year to ¥206,191 million. This was mainly due to an increase of ¥13,593 million in notes and accounts receivable - trade, a decrease of ¥702 million in inventories, a decrease of ¥668 million in other under current assets, a decrease of ¥570 million in investment securities, and a decrease of ¥616 million in other under investments and other assets.

[Liabilities]

Total liabilities at the end of the third quarter ended September 30, 2020 increased by ¥7,415 million from the end of the previous fiscal year to ¥135,674 million. This was mainly due to an increase of ¥11,882 million in short-term loans payable and long-term loans payable and a decrease of ¥1,944 million in notes and accounts payable - trade and electronically recorded obligations - operating.

[Net assets]

Total net assets at the end of the third quarter ended September 30, 2020 increased by ¥1,263 million from the end of the previous fiscal year to ¥70,516 million. This was mainly due to ¥2,418 million of profit attributable to owners

of parent, ¥677 million of dividends of surplus, and a decrease of ¥365 million in the valuation difference on available-for-sale securities.

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

Although the impact of COVID-19 on the consolidated financial results of the Company is slowly diminishing in the third quarter ended September 30, 2020, Japan and other countries around the world are seeing the emergence of another round of infections and their economic impact continues to be uncertain. Accordingly, the Company has decided that the full-year consolidated financial results forecast for the fiscal year ending December 31, 2020, which was announced on August 6, 2020, shall remain unchanged.

The financial results forecast presented above was calculated based on the information available at this time and may change due to various factors. Furthermore, the dividend forecast shall continue to be undetermined.

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

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

(Millions of yen)

	As of December 31, 2019	As of September 30, 2020
<hr/>		
Assets		
Current assets		
Cash and deposits	8,404	7,542
Notes and accounts receivable - trade	19,675	33,269
Merchandise and finished goods	46,426	45,688
Work in process	6,580	6,590
Raw materials and supplies	1,171	1,198
Other	4,952	4,284
Allowance for doubtful accounts	(52)	(83)
Total current assets	<hr/> 87,159	<hr/> 98,490
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	26,050	25,476
Land	50,759	50,851
Other, net	21,535	20,352
Total property, plant and equipment	<hr/> 98,346	<hr/> 96,680
Intangible assets	1,288	1,512
Investments and other assets		
Investment securities	5,303	4,733
Other	5,542	4,925
Allowance for doubtful accounts	(128)	(150)
Total investments and other assets	<hr/> 10,717	<hr/> 9,507
Total non-current assets	<hr/> 110,352	<hr/> 107,700
Total assets	<hr/> 197,511	<hr/> 206,191

(Millions of yen)

	As of December 31, 2019	As of September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	22,142	20,919
Electronically recorded obligations - operating	15,610	14,888
Short-term loans payable	28,633	42,105
Current portion of long-term loans payable	10,717	11,641
Income taxes payable	356	381
Provision for bonuses	443	811
Other	11,830	9,421
Total current liabilities	<u>89,735</u>	<u>100,170</u>
Non-current liabilities		
Long-term loans payable	21,525	19,012
Deferred tax liabilities for land revaluation	5,759	5,759
Provision for directors' retirement benefits	140	138
Net defined benefit liability	3,059	3,122
Asset retirement obligations	325	328
Other	7,713	7,142
Total non-current liabilities	<u>38,524</u>	<u>35,504</u>
Total liabilities	<u>128,259</u>	<u>135,674</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	23,344	23,344
Capital surplus	13,452	13,449
Retained earnings	17,025	18,766
Treasury shares	(982)	(940)
Total shareholders' equity	<u>52,840</u>	<u>54,620</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	380	15
Deferred gains or losses on hedges	(0)	6
Revaluation reserve for land	12,622	12,622
Foreign currency translation adjustment	648	515
Remeasurements of defined benefit plans	989	989
Total accumulated other comprehensive income	<u>14,641</u>	<u>14,148</u>
Subscription rights to shares	75	37
Non-controlling interests	1,694	1,709
Total net assets	<u>69,252</u>	<u>70,516</u>
Total liabilities and net assets	<u>197,511</u>	<u>206,191</u>



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

Quarterly Consolidated Statements of Income  
For the Nine Months Ended September 30, 2020

(Millions of yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Net sales	120,975	111,601
Cost of sales	85,154	78,494
Gross profit	35,820	33,107
Selling, general and administrative expenses	31,295	29,944
Operating income	4,525	3,162
Non-operating income		
Interest income	146	133
Dividend income	139	98
Other	588	540
Total non-operating income	874	772
Non-operating expenses		
Interest expenses	548	476
Foreign exchange losses	234	41
Share of loss of entities accounted for using equity method	988	256
Other	370	321
Total non-operating expenses	2,140	1,095
Ordinary income	3,259	2,839
Extraordinary income		
Gain on sales of non-current assets	21	22
Gain on sales of investment securities	104	—
Gain on change in equity	—	650
Total extraordinary income	126	673
Extraordinary losses		
Loss on sales and retirement of non-current assets	157	90
Impairment loss	79	1
Loss on valuation of investment securities	1	—
Other	0	—
Total extraordinary losses	238	91
Income before income taxes	3,146	3,420
Income taxes - current	1,542	744
Income taxes - deferred	(567)	236
Total income taxes	975	981
Profit	2,171	2,439
Profit attributable to non-controlling interests	38	20
Profit attributable to owners of parent	2,132	2,418

Quarterly Consolidated Statements of Comprehensive Income  
For the Nine Months Ended September 30, 2020

(Millions of yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Profit	2,171	2,439
Other comprehensive income		
Valuation difference on available-for-sale securities	(171)	(365)
Deferred gains or losses on hedges	(0)	6
Foreign currency translation adjustment	(139)	(22)
Remeasurements of defined benefit plans, net of tax	13	(0)
Share of other comprehensive income of entities accounted for using equity method	(111)	(112)
Total other comprehensive income	(409)	(494)
Comprehensive income	1,761	1,944
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,725	1,926
Comprehensive income attributable to non-controlling interests	36	18

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

(Notes to Going Concern Assumption)

Not applicable

(Notes to Material Changes in Shareholders' Equity)

Not applicable