



Supplementary Information to Consolidated Financial Results

(January 1, 2022 – March 31, 2022)

ISEKI & CO., LTD.

May 13, 2022

1. Outline of Financial Results for the First Quarter
Fiscal Year Ending December 31, 2022
2. Performance Forecast for the Fiscal Year Ending
December 31, 2022



Solution Provider
for Agriculture & Landscape

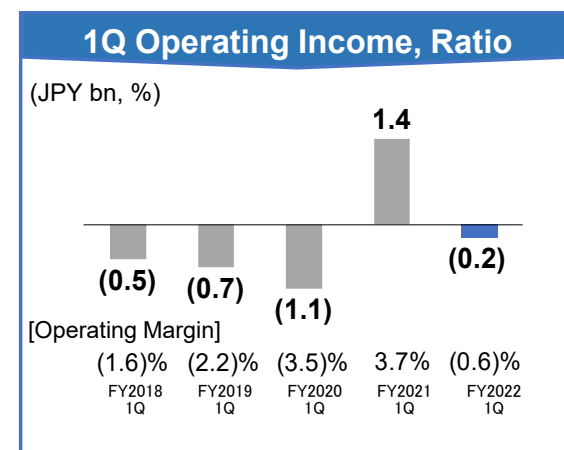
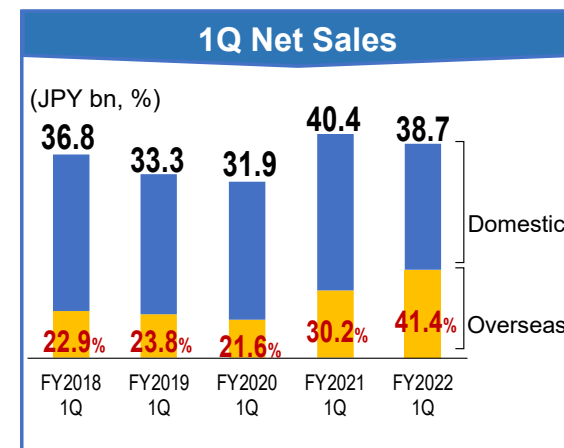
1. Outline of Financial Results for the First Quarter Fiscal Year Ending December 31, 2022

Key Points

<First Quarter Financial Results>

Strong sales overseas, but domestic sales decreased due to the impact of a pullback effect with withdrawal of subsidies and falling rice prices.

- Domestic:** Pullback effect with withdrawal of government subsidies for business continuity, etc., which had stimulated demand in the same period of the previous year.
Decrease in purchasing power due to falling rice prices
- Overseas:** Sales increase in all regions
Strong sales in North America and Europe due to lifestyle changes
- Earnings:** Decrease in gross profit due to lower sales
Soaring raw material prices put pressure on earnings
Maintained profitability below ordinary income, despite the usual deficit in the first quarter due to a period of low demand.



<Full-year Forecast>

No revision to the initial forecast

Market & Business Environments in the First Quarter



[Legend] ✓ = Market environment ➤ = Business environment

Market & Business Environments

✓ Continued spread of COVID-19

<Overall>	<ul style="list-style-type: none"> ➤ Supply chain disruption (shortage of containers for marine transportation, delayed procurement of parts for production) ➤ Soaring raw material prices
<Domestic>	<ul style="list-style-type: none"> ➤ Impact on sales activities, including exhibition cancellations ➤ Pullback effect with withdrawal of government subsidies for business continuity, which had stimulated demand in the same period of the previous year.
<Overseas>	<ul style="list-style-type: none"> ➤ Increased demand due to lifestyle changes in North America and Europe

✓ Falling domestic rice prices (March 2020: ¥14,740/60kg ⇒ March 2021: ¥12,777/60kg)*1

<Domestic>	<ul style="list-style-type: none"> ➤ Decrease in farmers' willingness to buy
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✓ Russia's invasion of Ukraine

<Overall>	<ul style="list-style-type: none"> ➤ Sales: No direct impact as we do not conduct sales activities in this region. ➤ Purchasing: Supply chain disruption, concern that raw material prices will soar further
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✓ Yen depreciation

<Overall>	<ul style="list-style-type: none"> ➤ Minor impact on operating income
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*1 Relative trading price (average of all grades) Source: Monthly Report on Rice, Ministry of Agriculture, Forestry and Fisheries

Outline of Consolidated Business Performance



(January 1, 2022 to March 31, 2022)

(JPY bn, %)

	FY2018/12 1Q Actual	FY2019/12 1Q Actual	FY2020/12 1Q Actual	FY2021/12 1Q Actual	FY2022/12 1Q Actual	YoY Change
Net Sales	36.8	33.3	31.9	40.4	38.7	(1.7)
(Domestic)	28.4	25.3	25.0	28.2	22.7	(5.5)
(Overseas)	8.4	7.9	6.8	12.2	16.0	3.8
Operating Income	(0.5)	(0.7)	(1.1)	1.4	(0.2)	(1.7)
Operating Margin	(1.6)%	(2.2)%	(3.5)%	3.7%	(0.6)%	(4.3)%
Ordinary Income	(0.9)	(1.1)	(1.2)	2.1	0.0	(2.0)
Profit (Loss) Attributable to Owners of Parent	(0.3)	(0.4)	(0.4)	1.9	0.2	(1.6)
Average Exchange Rate (JPY)	US\$ 110.1	110.5	109.6	104.4	114.8	10.4
	Euro 134.3	126.3	120.8	126.8	130.1	3.3

Domestic Sales

YoY
JPY5.5 billion
decrease

Pullback effect with withdrawal of government subsidies for business continuity, etc., which had stimulated demand, and decreased willingness to buy due to falling rice prices
Maintenance revenues maintained

(JPY bn)		FY2018/12	FY2019/12	FY2020/12	FY2021/12	FY2022/12	YoY Change	
		1Q Actual	1Q Actual	1Q Actual	1Q Actual	1Q Actual		
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	7.2	6.7	5.7	6.6	5.8	(0.7)
		Planting Machinery	2.1	2.2	1.7	2.5	1.6	(0.8)
		Harvesting & Processing Machinery	2.8	2.7	2.0	2.4	2.0	(0.3)
		Subtotal	12.2	11.7	9.5	11.6	9.6	(1.9)
		Farming Implements	4.8	4.8	4.1	5.9	4.0	(1.9)
		Spare Parts	2.6	2.7	2.9	3.0	2.9	(0.0)
		Repair Fees	0.9	1.0	1.1	1.1	1.1	(0.0)
		Subtotal	8.5	8.6	8.2	10.2	8.1	(2.0)
	Total		20.7	20.4	17.8	21.8	17.7	(4.0)
	Construction of Facilities		2.7	0.5	2.6	1.4	0.7	(0.7)
Others		4.8	4.4	4.6	5.0	4.2	(0.7)	
Total		28.4	25.3	25.0	28.2	22.7	(5.5)	

Main factors of YoY changes

- ✓ Sales of agricultural machinery and farming implements declined due to decreased willingness to buy caused by falling rice prices, in addition to a pullback effect with withdrawal of government subsidies for business continuity, etc., which had stimulated demand.
- ✓ Although revenues from machinery and farming implements declined, maintenance revenues, such as spare parts sales and repair fee revenues, maintained the same level year on year.

Overseas Sales

YoY
JPY3.8 billion

Sales increased in all regions due to sales promotion that meets market needs

(JPY bn)	FY2018/12 1Q Actual	FY2019/12 1Q Actual	FY2020/12 1Q Actual	FY2021/12 1Q Actual	FY2022/12 1Q Actual	YoY Change
North America	2.6	2.8	2.3	3.9	4.6	0.6
Europe	2.8	2.9	2.4	5.9	7.8	1.9
Asia	2.7	2.0	2.0	2.2	3.5	1.2
Others	0.0	0.0	0.0	0.0	0.1	0.0
Total Sales	8.4	7.9	6.8	12.2	16.0	3.8

Main factors of YoY changes

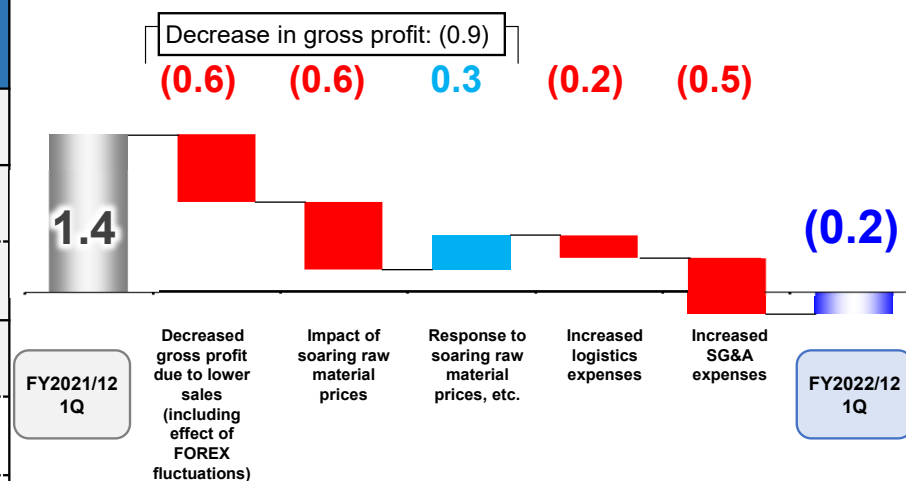
- ✓ **North America:** Sales increased due to active sales promotion by AGCO against the backdrop of a favorable compact tractor market accompanying lifestyle changes
- ✓ **Europe:** Sales increased due to strong sales, mainly to consumers accompanying lifestyle changes, as well as increased sales to professionals in line with a recovery in demand for landscaping.
- ✓ **Asia:** Sales increased due to concentration of shipments in the first half of the year due to Stage 5 emission standards in South Korea

Operating Income

YoY
JPY1.7 billion
decrease

Decrease in gross profit due to lower sales and the impact of higher raw material prices
Increase in SG&A expenses due to deterioration of distribution cost ratio, etc.

[Breakdown of YoY Change]



[Effect of FOREX Fluctuations (JPY bn)]

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
0.5	(0.6)	(0.0)	(0.1)

(JPY bn, %)	FY2018/12 1Q Actual	FY2019/12 1Q Actual	FY2020/12 1Q Actual	FY2021/12 1Q Actual	FY2022/12 1Q Actual	YoY Change
Net Sales	36.8	33.3	31.9	40.4	38.7	(1.7)
Gross Profit	9.9	9.6	9.0	11.7	10.8	(0.9)
Gross Profit Margin	27.0%	28.9%	28.2%	29.1%	27.9%	(1.2)%
SG&A Expenses	10.5	10.3	10.1	10.3	11.0	0.7
Personnel Expenses	6.2	6.1	6.0	6.0	6.4	0.3
Other Expenses	4.3	4.2	4.0	4.2	4.6	0.3
Operating Income	(0.5)	(0.7)	(1.1)	1.4	(0.2)	(1.7)
Operating Margin	(1.6)%	(2.2)%	(3.5)%	3.7%	(0.6)%	(4.3)%

Ordinary Income & Profit

Ordinary income
YoY
JPY2.0 billion
decrease

Maintained profitability in ordinary income despite the absence of one-time non-operating income recorded in the same period of the previous year

(JPY bn)	FY2018/12 1Q Actual	FY2019/12 1Q Actual	FY2020/12 1Q Actual	FY2021/12 1Q Actual	FY2022/12 1Q Actual	YoY Change
Operating Income	(0.5)	(0.7)	(1.1)	1.4	(0.2)	(1.7)
Balance of Financial Income	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	0.0
Other Non-operating Income	(0.1)	(0.1)	0.0	0.8	0.4	(0.3)
Ordinary Income	(0.9)	(1.1)	(1.2)	2.1	0.0	(2.0)
Extraordinary Income	0.0	0.0	0.1	0.0	0.0	(0.0)
Extraordinary Losses	0.0	0.0	0.0	0.0	0.0	0.0
Income Before Income Taxes	(0.9)	(1.1)	(1.1)	2.0	0.0	(2.0)
Income Taxes - Deferred	0.5	0.7	0.7	(0.1)	0.2	0.4
Profit (Loss) Attributable to Owners of Parent	(0.3)	(0.4)	(0.4)	1.9	0.2	(1.6)

Non-operating Income (YoY Change)

Absence of settlement received, etc.	(0.4)
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Balance Sheet

YoY Change

Inventories of work in progress increased due to supply chain disruptions, despite progress in reducing inventories of finished goods
Interest-bearing liabilities continue to contract

(JPY bn)	As of Mar. 31, 2021	As of Mar. 31, 2022	YoY Change		As of Mar. 31, 2021	As of Mar. 31, 2022	YoY Change
Cash & Deposits	9.0	10.4	1.3	Accounts Payable - Trade	40.1	41.4	1.3
Accounts Receivable - Trade	28.9	30.1	1.1	Interest-bearing Liabilities	71.2	67.9	(3.3)
Inventories	53.4	54.6	1.2	(Loans Payable)	63.2	60.8	(2.4)
(Merchandise & Finished Goods)	45.8	45.1	(0.7)	Other Liabilities	17.6	20.0	2.4
(Work in Progress)	6.4	8.2	1.8				
Other Current Assets	4.5	3.5	(1.0)				
(Short-term Loans Receivable)	1.6	0.0	(1.6)				
Total Current Assets	96.1	98.7	2.6	Total Liabilities	129.0	129.4	0.4
Property, Plant and Equipment	85.8	84.6	(1.1)	Net Assets	64.8	66.2	1.3
Intangible Assets	2.0	2.3	0.2	(Retained Earnings)	16.4	17.3	0.8
Investments and other Assets	9.8	9.8	(0.0)				
Total Non-current Assets	97.8	96.8	(0.9)				
Total Assets	193.9	195.6	1.7	Total Liabilities and Net Assets	193.9	195.6	1.7

2. Performance Forecast for the Fiscal Year Ending December 31, 2022

- ✓ Although the impact of COVID-19 remains both in Japan and overseas, we assume that the Omicron variant will be under control by the end of the first half of the year, and that social and economic activities will be on a gradual recovery trend (same as initial forecast)
- ✓ Soaring raw material prices, continued supply chain disruptions, Russia's invasion of Ukraine, and yen depreciation



**No revision to earnings forecast,
despite lingering uncertainty about the future**

Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2022



Consolidated
Financial Results
Forecasts

No revision to initial forecast

YoY sales increase, increase in operating income, year-end dividend of 30 yen

(JPY bn, %)	FY2018/12 Actual	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Actual	FY2022/12 Forecast*	YoY Change	
Net Sales	155.9	149.8	149.3	158.1	166.5	8.3	
(Domestic)	122.8	117.7	115.9	117.3	119.0	1.6	
(Overseas)	33.1	32.1	33.3	40.7	47.5	6.7	
Operating Income	3.1	2.7	2.0	4.1	4.7	0.5	
Operating Margin	2.0%	1.8%	1.4%	2.6%	2.8%	0.2%	
Ordinary Income	2.6	1.1	1.7	4.6	4.6	(0.0)	
Profit Attributable to Owners of Parent	1.0	0.7	(5.6)	3.1	3.1	(0.0)	
Average Exchange Rate (JPY)	US\$	110.2	109.3	107.0	109.0	110.0	1.0
	Euro	130.9	121.6	121.5	129.8	130.0	0.2
Year-end Dividend (JPY)	30	30	0	30	30	0	

* FY2022/12 Forecast: announced on Feb. 15, 2022

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未来の
ために、
いま選ぼう。

ISEKI Group joins the nationwide action called “COOL CHOICE” run by the Ministry of the Environment Government of Japan, which promotes to make “smart choices” for the global warming. As a proposal of “smart choices”, we develop and deliver environmental-friendly products like “eco products”.

食から日本を考える。

**NIPPON
FOOD
SHIFT**