



# **Supplementary Information to Consolidated Financial Results**

**(January 1, 2022 – September 30, 2022)**

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**ISEKI & CO., LTD.**

**November 14, 2022**

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

# Key Points

## <Third Quarter Financial Results>

### Strong sales overseas

**Domestic sales decreased mainly due to the impact of a pullback effect with withdrawal of subsidies, weak rice prices, and soaring material.**

**Domestic:** Production delay due to supply chain disruptions  
 Decreased willingness to buy due to weak rice prices and soaring material prices  
 Pullback effect with withdrawal of government subsidies for business continuity in the previous fiscal year

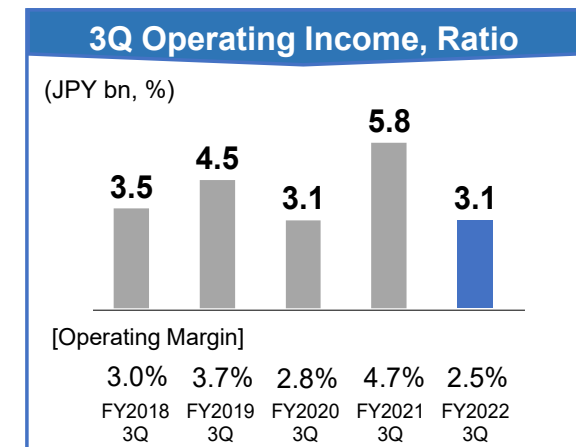
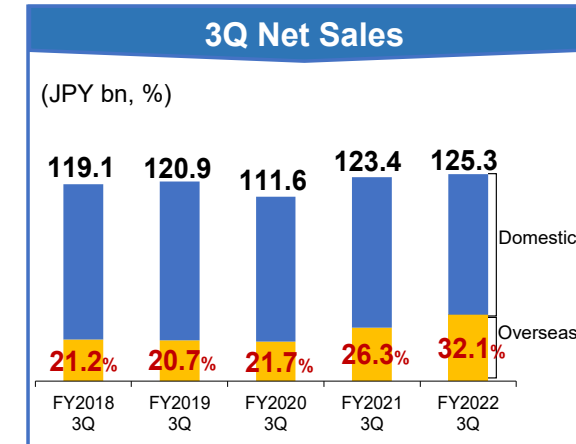
**Overseas:** (North America) Compact tractors market entered an adjustment phase, but our shipments continued to grow to recover the local inventory levels

(Europe) Strong sales, mainly to consumers, as we catered to lifestyle changes  
 Sales to professionals also increased as demand for landscaping recovered  
 Making ISEKI Germany a consolidated subsidiary also contributed to sales growth

**Earnings:** Price revisions implemented in each region were unable to fully cover the impact of soaring raw material prices, putting pressure on earnings.

## <Full-year Forecast>

**Revised in light of current conditions, etc.**



[Legend] ✓ = Market environment      ➤ = Business environment

Market & Business Environments	
<b>✓ Impact of COVID-19</b>	
<Overall>	<ul style="list-style-type: none"> <li>➤ Supply chain disruption (delayed procurement of parts for production, etc.)</li> <li>➤ Soaring raw material prices</li> </ul>
<Domestic>	<ul style="list-style-type: none"> <li>➤ Impact on sales activities, including exhibition cancellations</li> <li>➤ Pullback effect with withdrawal of government subsidies for business continuity</li> </ul>
<Overseas>	<ul style="list-style-type: none"> <li>➤ North America: Compact tractors market entered an adjustment phase, but our shipments continued to grow to recover the local inventory levels</li> <li>➤ Europe: Increased demand due to lifestyle changes, sales to professionals also recovered</li> </ul>
<b>✓ Weak rice prices, soaring material prices</b>	
<Domestic>	<ul style="list-style-type: none"> <li>➤ Decrease in farmers' willingness to buy</li> </ul>
<b>✓ Russia's invasion of Ukraine</b>	
<Overall>	<ul style="list-style-type: none"> <li>➤ Sales: No direct impact as we do not conduct sales activities in this region.</li> <li>➤ Purchasing: Supply chain disruption, concern that raw material prices will soar further</li> </ul>
<b>✓ Yen depreciation</b>	
<Overall>	<ul style="list-style-type: none"> <li>➤ Minor impact on operating income</li> </ul>
<b>✓ Soaring prices of crude oil and other fuels</b>	
<Overall>	<ul style="list-style-type: none"> <li>➤ Increased logistics and operating costs</li> </ul>

# Outline of Consolidated Business Performance



(January 1, 2022 to September 30, 2022)

(JPY bn, %)

		FY2018/12	FY2019/12	FY2020/12	FY2021/12	FY2022/12	YoY Change
		3Q Actual	3Q Actual	3Q Actual	3Q Actual	3Q Actual	
Net Sales		119.1	120.9	111.6	123.4	<b>125.3</b>	1.9
	(Domestic)	93.9	95.9	87.4	90.9	<b>85.0</b>	(5.8)
	(Overseas)	25.2	24.9	24.1	32.4	<b>40.2</b>	7.8
Operating Income		3.5	4.5	3.1	5.8	<b>3.1</b>	(2.6)
	Operating Margin	3.0%	3.7%	2.8%	4.7%	<b>2.5%</b>	(2.2)%
Ordinary Income		2.7	3.2	2.8	6.5	<b>3.8</b>	(2.6)
Profit (Loss) Attributable to Owners of Parent		2.2	2.1	2.4	4.7	<b>3.4</b>	(1.2)
Average Exchange Rate (JPY)	US\$	109.4	109.6	107.8	107.8	<b>124.9</b>	17.1
	Euro	131.5	123.2	120.6	129.6	<b>133.9</b>	4.3

# Domestic Sales

YoY  
JPY5.8 billion  
decrease

**Production delay due to supply chain disruptions and decreased willingness to buy due to weak rice prices and soaring material prices**  
**Maintenance revenues maintained**

(JPY bn)		FY2018/12 3Q Actual	FY2019/12 3Q Actual	FY2020/12 3Q Actual	FY2021/12 3Q Actual	FY2022/12 3Q Actual	YoY Change	
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	21.0	21.3	17.3	18.8	<b>18.1</b>	(0.6)
		Planting Machinery	7.4	8.0	6.4	7.2	<b>6.5</b>	(0.7)
		Harvesting & Processing Machinery	13.7	14.1	11.9	11.7	<b>11.4</b>	(0.2)
		Subtotal	42.2	43.4	35.7	<b>37.8</b>	<b>36.1</b>	(1.7)
	Farming Implements	Farming Implements	16.0	17.1	15.2	17.9	<b>15.2</b>	(2.6)
		Spare Parts	11.3	11.8	11.9	11.8	<b>11.9</b>	0.0
		Repair Fees	4.1	4.3	4.4	4.5	<b>4.4</b>	0.0
		Subtotal	31.5	33.3	31.6	<b>34.3</b>	<b>31.6</b>	(2.6)
	Total		73.7	76.7	67.4	<b>72.1</b>	<b>67.7</b>	(4.3)
	Construction of Facilities		4.9	4.0	5.6	3.6	<b>3.2</b>	(0.4)
Others		15.1	15.2	14.3	15.1	<b>14.0</b>	(1.0)	
Total		93.9	95.9	87.4	<b>90.9</b>	<b>85.0</b>	(5.8)	

## Main factors of YoY changes

- ✓ Sales of agricultural machinery declined due to production delay resulting from supply chain disruptions, decreased willingness to buy caused by weak rice prices and soaring material prices, as well as a pullback effect with withdrawal of government subsidies for business continuity.
- ✓ Farming implements experienced a pullback effect with withdrawal of government subsidies for business continuity.
- ✓ Maintenance revenues, such as spare parts sales and repair fee revenues, maintained the same level year on year.

# Overseas Sales

YoY  
JPY7.8 billion  
increase

**Sales increased mainly in North America and Europe**  
**Sales increased due to ISEKI Germany becoming a consolidated subsidiary (+JPY2.0 billion)**

(JPY bn)	FY2018/12 3Q Actual	FY2019/12 3Q Actual	FY2020/12 3Q Actual	FY2021/12 3Q Actual	FY2022/12 3Q Actual	YoY Change	(FX effect)
North America	8.8	10.1	9.2	11.3	<b>13.1</b>	1.7	1.0
Europe	10.8	9.9	9.2	13.3	<b>19.8</b>	6.5	1.2
Asia	5.3	4.4	5.4	7.3	<b>6.7</b>	(0.6)	0.4
Others	0.2	0.3	0.2	0.3	<b>0.5</b>	0.1	0.0
<b>Total sales</b>	<b>25.2</b>	<b>24.9</b>	<b>24.1</b>	<b>32.4</b>	<b>40.2</b>	<b>7.8</b>	<b>2.6</b>

## Main factors of YoY changes

- ✓ **North America:** Compact tractors market entered an adjustment phase, but our shipments continued to grow to recover the local inventory levels
- ✓ **Europe:** Sales increased due to strong sales, mainly to consumers, as we catered to lifestyle changes, and sales to professionals also increased as demand for landscaping recovered. Sales also rose due to ISEKI Germany becoming a consolidated subsidiary (approx. +JPY2.0 billion)
- ✓ **Asia:** Sales decreased mainly due to lower shipments of semi-finished goods to China despite higher shipments to South Korea



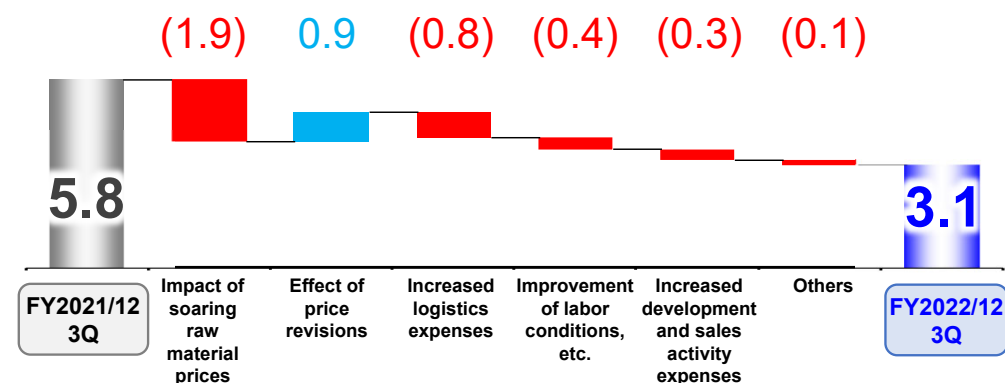
# Operating Income

YoY  
JPY2.6 billion  
decrease

Price revisions implemented in each region were unable to fully cover the impact of soaring raw material prices, putting pressure on earnings

(JPY bn, %)	FY2018/12 3Q Actual	FY2019/12 3Q Actual	FY2020/12 3Q Actual	FY2021/12 3Q Actual	FY2022/12 3Q Actual	YoY Change
Net Sales	119.1	120.9	111.6	123.4	125.3	1.9
Gross Profit	35.3	35.8	33.1	37.2	37.2	0.0
Gross Profit Margin	29.7%	29.6%	29.7%	30.1%	29.7%	(0.4)%
SG&A Expenses	31.7	31.2	29.9	31.3	34.1	2.7
Personnel Expenses	18.7	18.3	17.9	18.5	19.3	0.8
Other Expenses	13.0	12.9	11.9	12.8	14.7	1.8
Operating Income	3.5	4.5	3.1	5.8	3.1	(2.6)
Operating Margin	3.0%	3.7%	2.8%	4.7%	2.5%	(2.2)%

[Breakdown of YoY Change]



[Effect of FOREX Fluctuations (JPY bn)]

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
2.6	(2.2)	(0.3)	0.1

# Ordinary Income & Profit

Ordinary income  
YoY  
JPY2.6 billion  
decrease

Ordinary income decreased by approximately the same amount as operating income due to an increase in foreign exchange gains, despite the absence of one-time non-operating income recorded in the same period of the previous year and an increase in share of loss of entities accounted for using equity method

(JPY bn)	FY2018/12 3Q Actual	FY2019/12 3Q Actual	FY2020/12 3Q Actual	FY2021/12 3Q Actual	FY2022/12 3Q Actual	YoY Change
Operating Income	3.5	4.5	3.1	5.8	<b>3.1</b>	(2.6)
Balance of Financial Income	(0.5)	(0.5)	(0.5)	(0.4)	<b>(0.5)</b>	0.0
Other Non-operating Income	(0.2)	(0.6)	0.1	1.1	<b>1.2</b>	0.0
Ordinary Income	2.7	3.2	2.8	6.5	<b>3.8</b>	(2.6)
Extraordinary Income	0.1	0.1	0.6	0.0	<b>0.8</b>	0.7
Extraordinary Losses	(0.1)	(0.2)	0.0	(0.2)	<b>(0.2)</b>	0.0
Income Before Income Taxes	2.7	3.1	3.4	6.3	<b>4.4</b>	(1.9)
Income Taxes - Deferred	(0.5)	(1.0)	(1.0)	(1.5)	<b>(0.9)</b>	0.6
Profit (Loss) Attributable to Owners of Parent	2.2	2.1	2.4	4.7	<b>3.4</b>	(1.2)

Non-operating Income (YoY Change)	
Foreign exchange gains	0.7
Absence of settlement received	(0.4)
Share of loss of entities accounted for using equity method	(0.3)

Extraordinary Income (YoY Change)	
Impact of making ISEKI Germany a consolidated subsidiary	0.7
(Gain on step acquisitions)	0.5
(Gain on bargain purchase)	0.2

# Balance Sheet

## YoY Change

### [Inventories]

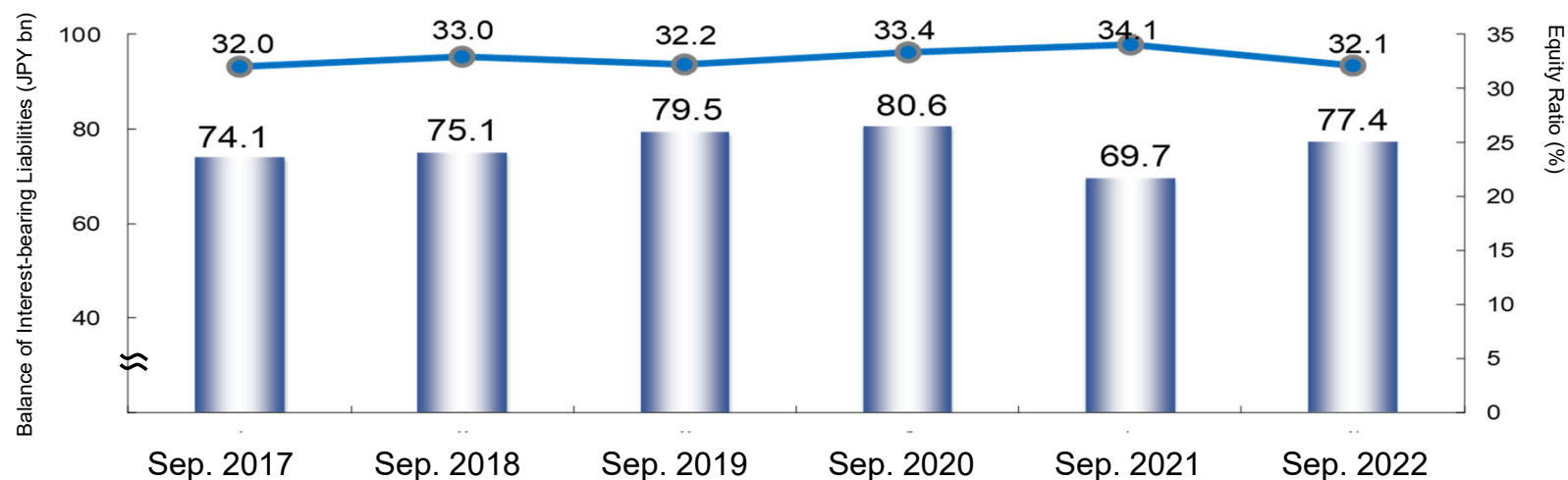
- **Merchandise & Finished Goods:** Increased mainly due to receipt delays caused by shortages of locally sourced parts in North America and the impact of consolidation of ISEKI Germany
- **Work in Progress:** Inventories of work in progress increased due to supply chain disruptions

(JPY bn)	As of Sep. 30, 2021	As of Sep. 30, 2022	YoY Change		As of Sep. 30, 2021	As of Sep. 30, 2022	YoY Change
Cash & Deposits	12.5	<b>15.1</b>	2.6	Accounts Payable - Trade	37.1	<b>42.0</b>	4.9
Accounts Receivable - Trade	31.3	<b>33.1</b>	1.8	Interest-bearing Liabilities	69.7	<b>77.4</b>	7.6
Inventories	48.2	<b>62.0</b>	13.7	(Loans Payable)	62.2	<b>70.0</b>	7.7
(Merchandise & Finished Goods)	39.9	<b>50.4</b>	10.4	Other Liabilities	18.8	<b>20.3</b>	1.5
(Work in Progress)	7.0	<b>10.0</b>	2.9				
Other Current Assets	4.2	<b>4.2</b>	0.0				
<b>Total Current Assets</b>	<b>96.4</b>	<b>114.5</b>	<b>18.1</b>	<b>Total Liabilities</b>	<b>125.6</b>	<b>139.8</b>	<b>14.1</b>
Property, Plant and Equipment	85.0	<b>85.8</b>	0.7	Net Assets	67.7	<b>72.5</b>	4.7
Intangible Assets	2.2	<b>2.4</b>	0.1	(Retained Earnings)	19.2	<b>20.4</b>	1.2
Investments and Other Assets	9.6	<b>9.5</b>	(0.1)				
<b>Total Non-current Assets</b>	<b>97.0</b>	<b>97.8</b>	<b>0.8</b>				
<b>Total Assets</b>	<b>193.4</b>	<b>212.3</b>	<b>18.9</b>	<b>Total Liabilities and Net Assets</b>	<b>193.4</b>	<b>212.3</b>	<b>18.9</b>

# Equity Ratio / Interest-bearing Liabilities

Interest-bearing liabilities, D/E ratio

**Interest-bearing liabilities increased year on year due in part to ISEKI Germany becoming a consolidated subsidiary, but remained at the same level as in previous years**  
**D/E ratio was 1.07**



Loans payable, corporate bonds	67.0	68.8	72.3	72.7	62.2	70.0
Lease obligations	7.0	6.3	7.1	7.9	7.4	7.4
Total	74.1	75.1	79.5	80.6	69.7	77.4

D/E ratio	1.05	1.05	1.14	1.14	1.03	1.07
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Note : D/E Ratio=Interest bearing liabilities (incl. Lease obligations) / Net assets

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

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



## Consolidated Financial Results Forecasts

**Operating income: Increase in raw material prices higher than expected despite price revisions**  
**Ordinary income: Same as the previous forecast mainly due to recording of foreign exchange gains**  
**Profit: Extraordinary income recorded due to ISEKI Germany becoming a consolidated subsidiary**

\*1 Initial forecast announced on Feb. 15, 2022

\*2 Previous forecast announced on Aug. 10, 2022

\*3 Revised forecast announced on Nov. 14, 2022

(JPY bn, %)	FY2018/12 Actual	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Actual	FY2022/12			YoY change	Change from previous forecast	
					Initial forecast* <sup>1</sup>	Previous forecast* <sup>2</sup>	Revised forecast* <sup>3</sup>			
Net Sales	155.9	149.8	149.3	158.1	166.5	166.5	<b>166.5</b>	8.3	—	
(Domestic)	122.8	117.7	115.9	117.3	119.0	112.8	<b>111.4</b>	(5.9)	(1.4)	
(Overseas)	33.1	32.1	33.3	40.7	47.5	53.7	<b>55.1</b>	14.3	1.4	
Operating Income	3.1	2.7	2.0	4.1	4.7	4.7	<b>3.7</b>	(0.4)	(1.0)	
Operating Margin	2.0%	1.8%	1.4%	2.6%	2.8%	2.8%	<b>2.2%</b>	(0.4)%	(0.6)%	
Ordinary Income	2.6	1.1	1.7	4.6	4.6	4.6	<b>4.6</b>	0.0	—	
Profit Attributable to Owners of Parent	1.0	0.7	(5.6)	3.1	3.1	3.1	<b>3.5</b>	0.3	0.4	
Average Exchange Rate (JPY)	US\$	110.2	109.3	107.0	109.0	110.0	128.7	<b>132.2</b>	23.2	3.5
	Euro	130.9	121.6	121.5	129.8	130.0	135.8	<b>137.0</b>	7.2	1.2
Year-end Dividend (JPY)	30	30	0	30	30	30	<b>30</b>	—	—	

# Notes on the Future Forecast

- The objective of this presentation document is to provide information and never intends to induce any action.
- The document was created by ISEKI with currently available information and it involves potential risks and uncertainties. The forecast may not be consistent with actual results depending on fluctuation of the economic situation and market trends.
- In using this information, investors are expected to depend on their own judgment. ISEKI is not liable for any losses incurred by investment decision made utilizing the business forecast or targets given in this document.



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**