

Supplementary Information to Consolidated Financial Results

(January 1, 2023 – March 31, 2023)

ISEKI & CO., LTD.

May 15, 2023

1. Outline of Financial Results for the First Quarter
Fiscal Year Ending December 31, 2023
2. Performance Forecast for the Fiscal Year Ending
December 31, 2023



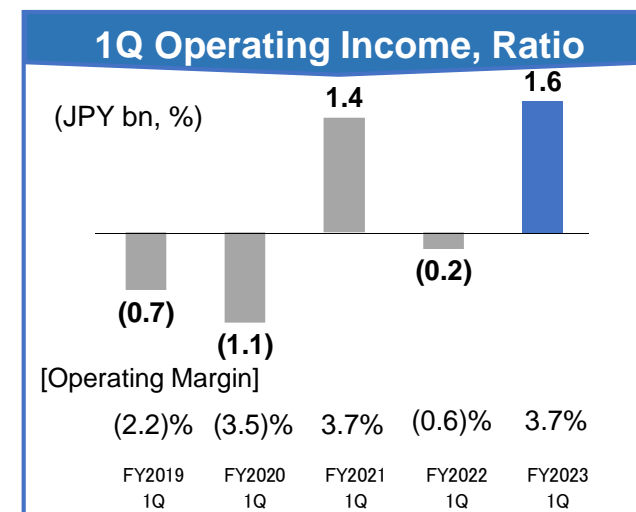
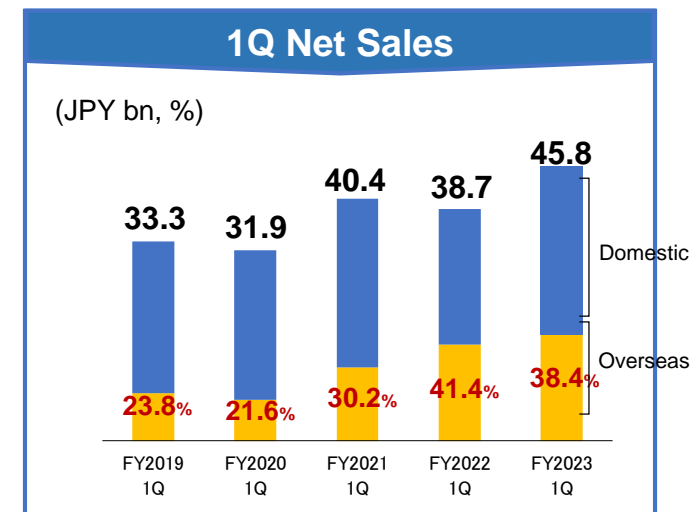
Solution Provider
for Agriculture & Landscape

1. Outline of Financial Results for the First Quarter Fiscal Year Ending December 31, 2023

<First Quarter Financial Results>

Increase in sales and earnings

- Domestic:** Sales increased by capturing the last-minute demand before the price revisions in April
- Overseas:** Sales increased as a whole due to an increase in Europe, despite a slowdown in North America and Asia
- Earnings:** Earnings increased due to higher gross profit from increased sales, as well as the effect of price revisions



<Full-year Forecast>

No revision to the initial forecast

Outline of Consolidated Business Performance

(January 1, 2023 to March 31, 2023)

(JPY bn, %)

		FY2019/12	FY2020/12	FY2021/12	FY2022/12	FY2023/12	YoY
		1Q Actual	1Q Actual	1Q Actual	1Q Actual	1Q Actual	Change
Net Sales		33.3	31.9	40.4	38.7	45.8	7.0
	(Domestic)	25.3	25.0	28.2	22.7	28.2	5.5
	(Overseas)	7.9	6.8	12.2	16.0	17.6	1.5
Operating Income		(0.7)	(1.1)	1.4	(0.2)	1.6	1.9
	Operating Margin	(2.2)%	(3.5)%	3.7%	(0.6)%	3.7%	4.3%
Ordinary Income		(1.1)	(1.2)	2.1	0.0	1.3	1.2
Profit (Loss) Attributable to Owners of Parent		(0.4)	(0.4)	1.9	0.2	0.7	0.4
Average Exchange Rate (JPY)	US\$	110.5	109.6	104.4	114.8	132.3	17.5
	Euro	126.3	120.8	126.8	130.1	141.9	11.8

YoY
JPY5.5 billion
increase

Sales increased by capturing the last-minute demand before the price revisions in April

(JPY bn)		FY2019/12 1Q Actual	FY2020/12 1Q Actual	FY2021/12 1Q Actual	FY2022/12 1Q Actual	FY2023/12 1Q Actual	YoY Change	
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	6.7	5.7	6.6	5.8	7.0	1.2
		Planting Machinery	2.2	1.7	2.5	1.6	2.1	0.4
		Harvesting & Processing Machinery	2.7	2.0	2.4	2.0	3.9	1.8
		Subtotal	11.7	9.5	11.6	9.6	13.1	3.4
		Farming Implements	4.8	4.1	5.9	4.0	4.7	0.6
		Spare Parts	2.7	2.9	3.0	2.9	3.3	0.3
		Repair Fees	1.0	1.1	1.1	1.1	1.1	0.0
		Subtotal	8.6	8.2	10.2	8.1	9.2	1.1
	Total		20.4	17.8	21.8	17.7	22.3	4.5
	Construction of Facilities		0.5	2.6	1.4	0.7	1.2	0.5
Others		4.4	4.6	5.0	4.2	4.6	0.3	
Total		25.3	25.0	28.2	22.7	28.2	5.5	

Main factors of YoY changes

- ✓ Sales of agricultural machinery and farming implements increased by capturing the last-minute demand (by holding exhibitions under “coexist with COVID-19” trend, etc.)
- ✓ Maintenance revenues (spare parts sales and repair fee revenues) also grew, which are a pillar in reform of revenue and cost structure

YoY
JPY1.5 billion
increase

Sales increased as a whole due to an increase in Europe, despite a slowdown in North America and Asia

(JPY bn)	FY2019/12 1Q Actual	FY2020/12 1Q Actual	FY2021/12 1Q Actual	FY2022/12 1Q Actual	FY2023/12 1Q Actual	YoY Change
North America	2.8	2.3	3.9	4.6	3.8	(0.7)
Europe	2.9	2.4	5.9	7.8	11.0	3.2
Asia	2.0	2.0	2.2	3.5	2.1	(1.3)
Others	0.0	0.0	0.0	0.1	0.5	0.4
Total sales	7.9	6.8	12.2	16.0	17.6	1.5

Main factors of YoY changes

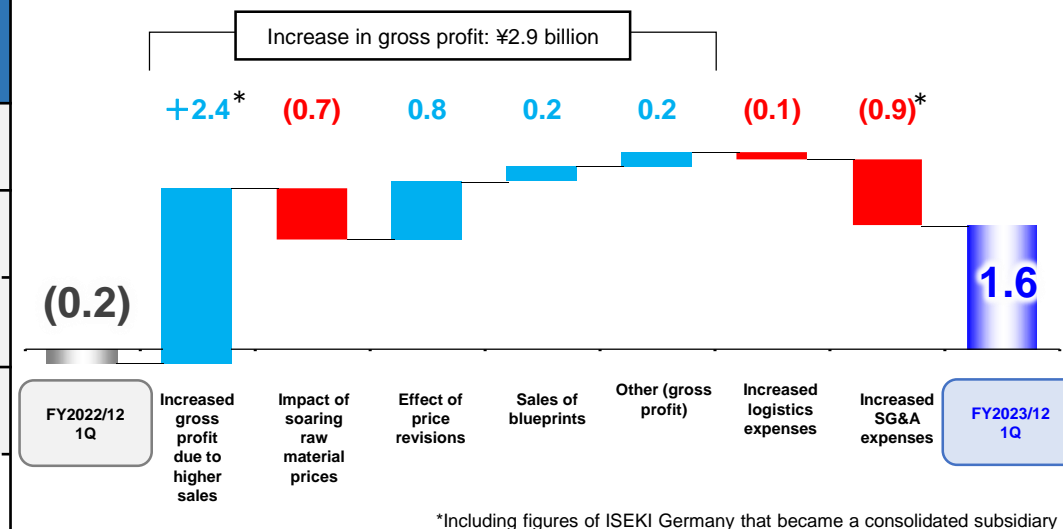
- ✓ **North America:** Adjustment phase continued in compact tractors market, which led to decreased sales
- ✓ **Europe:** Sales increased due to increased shipments that addressed vigorous demand from retailers before the planting season, as well as ISEKI Germany becoming a consolidated subsidiary in the second half of the previous fiscal year
- ✓ **Asia:** Absence of frontloaded shipments associated with Stage 5 emission standards in South Korea in the year earlier

YoY
JPY1.9 billion
increase

Income increased due to higher gross profit from increased sales, as well as the effect of price revisions

(JPY bn, %)	FY2019/12 1Q Actual	FY2020/12 1Q Actual	FY2021/12 1Q Actual	FY2022/12 1Q Actual	FY2023/12 1Q Actual	YoY Change
Net Sales	33.3	31.9	40.4	38.7	45.8	7.0
Gross Profit	9.6	9.0	11.7	10.8	13.7	2.9
Gross Profit Margin	28.9%	28.2%	29.1%	27.9%	30.0%	2.1%
SG&A Expenses	10.3	10.1	10.3	11.0	12.0	1.0
Personnel Expenses	6.1	6.0	6.0	6.4	6.7	0.3
Other Expenses	4.2	4.0	4.2	4.6	5.3	0.7
Operating Income	(0.7)	(1.1)	(1.4)	(0.2)	1.6	1.9
Operating Margin	(2.2)%	(3.5)%	3.7%	(0.6)%	3.7%	4.3%

[Breakdown of YoY Change]



[Effect of FOREX Fluctuations (JPY bn)]

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
0.8	(0.6)	(0.1)	0.1

Ordinary Income & Profit

Ordinary income
YoY
JPY1.2 billion
increase

Significant increase in profits year on year due to higher operating Income, despite the recording of financial expenses for the origination of ESG finance, a decrease in foreign exchange gains and expansion in share of loss of entities accounted for using equity method

(JPY bn)	FY2019/12 1Q Actual	FY2020/12 1Q Actual	FY2021/12 1Q Actual	FY2022/12 1Q Actual	FY2023/12 1Q Actual	YoY Change
Operating Income	(0.7)	(1.1)	1.4	(0.2)	1.6	1.9
Balance of Financial Income	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.4)
Other Non-operating Income	(0.1)	0.0	0.8	0.4	0.1	(0.2)
Ordinary Income	(1.1)	(1.2)	2.1	0.0	1.3	1.2
Extraordinary Income	0.0	0.1	0.0	0.0	0.0	0.0
Extraordinary Losses	0.0	0.0	0.0	0.0	0.0	0.0
Income Before Income Taxes	(1.1)	(1.1)	2.0	0.0	1.2	1.2
Income Taxes - Deferred	0.7	0.7	(0.1)	0.2	(0.5)	(0.8)
Profit (loss) Attributable to Owners of Parent	(0.4)	(0.4)	1.9	0.2	0.7	0.4

Other non-operating Income (YoY Change)

Foreign exchange gains	(0.1)
Share of loss of entities accounted for using equity method	(0.1)

YoY Change

Accounts receivable - trade: Increased due to higher sales in Japan and overseas
Inventories: Increased due to the consolidation of ISEKI Germany and those for North America and at sales companies in Japan

(JPY bn)	As of Mar. 31, 2022	As of Mar. 31, 2023	YoY Change		As of Mar. 31, 2022	As of Mar. 31, 2023	YoY Change
Cash & Deposits	10.4	9.2	(1.2)	Accounts Payable - Trade	41.4	45.1	3.6
Accounts Receivable - Trade	30.1	38.0	7.8	Interest-bearing Liabilities	67.9	80.3	12.4
Inventories	54.6	68.4	13.7	(Loans Payable)	60.8	73.3	12.5
(Merchandise & Finished Goods)	45.1	57.1	12.0	Other Liabilities	20.0	20.8	0.7
(Work in Progress)	8.2	9.7	1.5				
Other Current Assets	3.5	5.9	2.4				
Total Current Assets	98.7	121.6	22.8	Total Liabilities	129.4	146.3	16.8
Property, Plant and Equipment	84.6	83.8	(0.8)	Net Assets	66.2	72.7	6.5
Intangible Assets	2.3	2.4	0.0				
Investments and Other Assets	9.8	11.1	1.3	(Retained Earnings)	17.3	21.1	3.8
Total Non-current Assets	96.8	97.4	0.5				
Total Assets	195.6	219.1	23.4	Total Liabilities and Net Assets	195.6	219.1	23.4

2. Performance Forecast for the Fiscal Year Ending December 31, 2023

Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2023

Consolidated Financial Results Forecasts

Increases in sales and profit in 1Q were within our initial expectation, causing no change to financial results forecasts.

Both sales and operating income increase YOY, year-end dividend of 30 yen

(JPY bn, %)	FY2018/12	FY2019/12	FY2020/12	FY2021/12		FY2022/12		FY2023/12*		YoY change
	Actual	Actual	Actual	Actual	Ratio	Actual	Ratio	Forecast	Ratio	
Net Sales	155.9	149.8	149.3	158.1	100.0	166.6	100.0	176.5	100.0	9.8
(Domestic)	122.8	117.7	115.9	117.3	74.2	112.6	67.6	121.5	68.8	8.8
(Overseas)	33.1	32.1	33.3	40.7	25.8	53.9	32.4	55.0	31.2	1.0
Operating Income	3.1	2.7	2.0	4.1	2.6	3.5	2.1	4.5	2.5	0.9
Ordinary Income	2.6	1.1	1.7	4.6	3.0	3.7	2.3	4.0	2.3	0.2
Profit (loss) Attributable to Owners of Parent	1.0	0.7	(5.6)	3.1	2.0	4.1	2.5	2.6	1.5	(1.5)
Average Exchange Rate (JPY)	US\$	110.2	109.3	107.0	109.0		131.3	130.0		(1.3)
	Euro	130.9	121.6	121.5	129.8		136.9	140.0		3.1
Year-end Dividend (JPY)	30	30	0	30		30		30		-

*FY2023/12 Forecast: announced on February 14, 2023

[Concept] Offer products and services that contribute to increasing productivity of domestic agriculture, safety and comfortability, and reducing environmental burden

- ◆ Increase productivity of domestic agriculture
 - ✓ Our initiatives for enlargement, cutting-edge technology and vegetable farming
 - ✓ Data-linked products (variable fertilizer, etc.), and more
- ◆ Contribute to safety and comfortability, and reducing environmental burden
 - ✓ Reduce fuel consumption by increasing work efficiency (by making work smarter)
 - ✓ Effect of safety and comfortability performance of ride-on tractor, and more



Revamped our mid-sized tractor for the largest market segment! Release of “BF Series”

Release date	Friday, June 9, 2023 1:15pm – 3:00pm (to be confirmed)
Format	<ul style="list-style-type: none"> ▪ Physical event: Tsukubamirai City, Ibaraki Pref. ▪ Releases on the Company website and in the media



- 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**