



# **Supplementary Information to Consolidated Financial Results**

**(January 1, 2020 – September 30, 2020)**

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**ISEKI & CO., LTD.**

**November 12, 2020**

1. Outline of Financial Results for the Third Quarter  
Fiscal Year Ending December 31, 2020
2. Performance Forecast for the Fiscal Year Ending  
December 31, 2020

# 1. Outline of Financial Results for the Third Quarter Fiscal Year Ending December 31, 2020

# Impact of the Novel Coronavirus (COVID-19) and Other Factors on Consolidated Business Performance



## <Domestic>

Sales declined due to self-restraints on sales activities including the cancelation of exhibitions owing to the impact of COVID-19 and the pullback against the last-minute demand ahead of the consumption tax rate increase, etc.

## <Overseas>

North America : Sales declined, impacted by reduced shipments of tractors to OEM partners owing to a delay in receiving engines purchased for installation in the first half, despite the growing demand for tractors by consumers staying at home as a result of the impact of COVID-19.

Europe : Despite the current recovery trend, stagnant local sales primarily due to the temporary closure of local distributors' outlets under the spring lockdown, which continued to impact shipments from the Company and our French sales subsidiary, leading to a decline in sales.

China : Sales of rice transplanters continued to be robust.

ASEAN : Sales declined due to the decrease in the number of bids in Indonesia.

Asia : Sales in South Korea and Taiwan were strong.

## <Impact of COVID-19 (Analysis by the Company)>

Impact on net sales: Japan: ¥(2.8) billion, Overseas: ¥(0.7) billion, Total: ¥(3.5) billion

# Outline of Consolidated Business Performance



(January 1, 2020 to September 30, 2020)

(JPY bn, %)	FY ended Dec. 2019		FY ending Dec. 2020		YoY Change
	3Q Actual	%	3Q Actual	%	
Net Sales	121.0	100.0	<b>111.6</b>	<b>100.0</b>	(9.4)
(Domestic)	96.0	79.3	<b>87.4</b>	<b>78.3</b>	(8.6)
(Overseas)	25.0	20.7	<b>24.2</b>	<b>21.7</b>	(0.8)
Operating Income	4.5	3.7	<b>3.2</b>	<b>2.8</b>	(1.3)
Ordinary Income	3.2	2.7	<b>2.8</b>	<b>2.5</b>	(0.4)
Profit (Loss) attributable to owners of parent	2.1	1.8	<b>2.4</b>	<b>2.2</b>	0.3
Average exchange rate (yen)	US\$	109.6	<b>107.7</b>		(1.9)
	Euro	123.2	<b>120.6</b>		(2.6)

# Domestic Sales



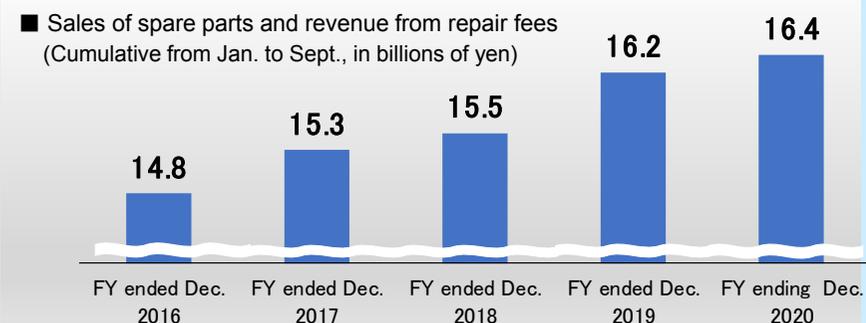
YoY  
-¥8.6 billion

Sales declined overall, as sales of agricultural machinery and farming implements decreased due to the pullback against the last-minute demand ahead of the consumption tax rate increase and the impact of COVID-19, despite strong sales of spare parts and revenue from repair fees.

(JPY bn)		FY ended Dec. 2019	FY ending Dec. 2020	YoY Change		
		3Q Actual	3Q Actual		Notes	
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	21.3	17.3	(4.0)	Tractors: (3.7)
		Planting Machinery	8.0	6.4	(1.6)	Rice transplanters: (1.5)
		Harvesting & Processing Machinery	14.1	12.0	(2.1)	Combine harvesters: (1.6)
	Subtotal		43.4	35.7	(7.7)	
	Farming Implements Related	Farming Implements	17.2	15.3	(1.9)	
		Spare Parts	11.8	12.0	0.2	
		Repair Fees	4.4	4.4	0.0	
		Subtotal		33.4	31.7	(1.7)
	Total		76.8	67.4	(9.4)	
	Construction of Facilities		4.0	5.6	1.6	
Others		15.2	14.4	(0.8)		
Total		96.0	87.4	(8.6)		

## Main factors of YoY changes

- ✓ Sales of agricultural machinery decreased ¥7.7 billion due to the pullback against the last-minute demand ahead of the consumption tax rate increase, and cancellations of exhibitions and self-restraints on sales activities owing to the impact of COVID-19. Sales of farming implements decreased in tandem with the decreased agricultural machinery sales.
- ✓ Sales of spare parts and revenue from repair fees continued to be strong.



# Overseas Sales



YoY  
-¥0.8 billion

Sales declined overall due to a decrease in sales to North America, Europe, and ASEAN, despite an increase in sales to South Korea, Taiwan, and China.

(JPY bn)	FY ended Dec. 2019	FY ending Dec. 2020	YoY Change	
	3Q Actual	3Q Actual	Notes	
North America	9.8	<b>8.7</b>	(1.1)	Tractors: (1.1)
Europe	7.8	<b>7.1</b>	(0.7)	Tractors: (0.1) Lawn mowers: (0.5)
China	0.1	<b>0.6</b>	0.5	Rice transplanters: 0.5
ASEAN	1.0	<b>0.6</b>	(0.4)	Tractors: (0.3) Combine harvesters: (0.1)
Others	3.1	<b>4.1</b>	1.0	Tractors: 0.2 Combine harvesters: 0.8
Product Sales Total	21.8	<b>21.1</b>	(0.7)	
Parts & Others	3.2	<b>3.1</b>	(0.1)	
Total Sales	25.0	<b>24.2</b>	(0.8)	

## Main factors of YoY changes

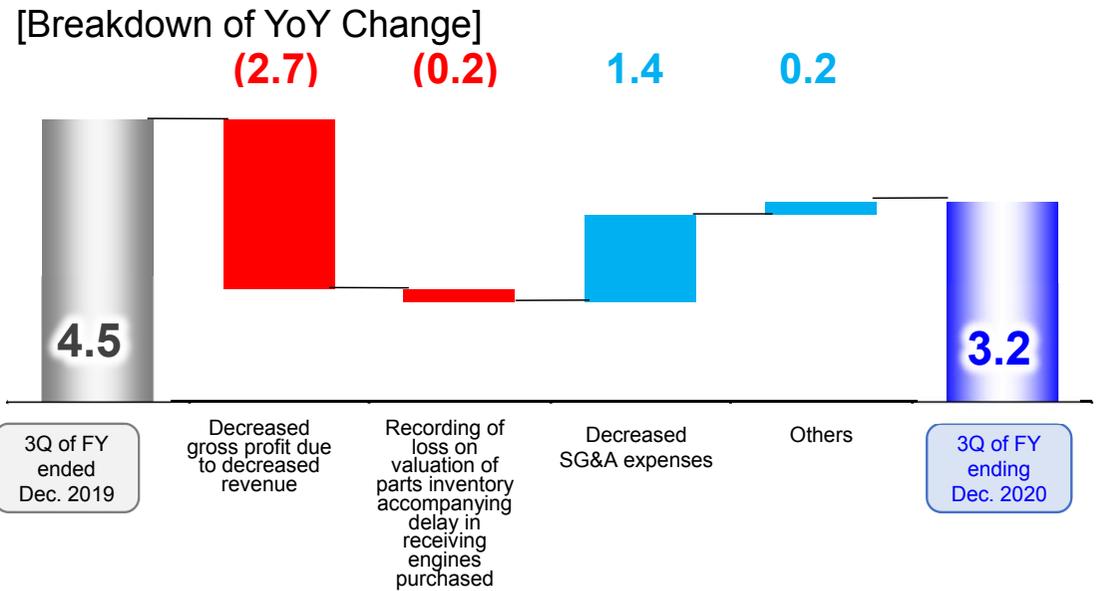
- ✓ North America: Lower sales due to the impact of decreased shipments, owing to a delay in receiving engines in the first half, despite the growing demand for tractors by consumers staying at home
- ✓ Europe: Decline in sales due to the failure to cast aside the impact of the spring lockdown, despite the current recovery trend
- ✓ China: Continuing increased sales due to increased shipments of semi-finished rice transplanters
- ✓ ASEAN: Lower sales due to decreased shipments of tractors to Indonesia
- ✓ Others: Higher sales due to increased shipments to South Korea and Taiwan

# Operating Income

**YoY  
-¥1.3 billion**

YoY decrease in operating income due to the decrease in gross profit stemming from a revenue decline and the recording of loss on valuation of parts inventory, despite the reduction of selling, general and administrative expenses.

(JPY bn, %)	FY ended Dec. 2019 3Q Actual	FY ending Dec. 2020 3Q Actual	YoY Change
Net Sales	121.0	<b>111.6</b>	(9.4)
Gross Profit	35.8	<b>33.1</b>	(2.7)
Gross Profit Margin	29.6%	<b>29.7%</b>	+0.1%
SG&A Expenses	31.3	<b>29.9</b>	(1.4)
Personnel Expenses	18.4	<b>18.0</b>	(0.4)
Other Expenses	12.9	<b>11.9</b>	(1.0)
Operating Income	4.5	<b>3.2</b>	(1.3)



[Effect of forex fluctuations (JPY bn)]

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
(0.2)	(0.2)	(0.0)	0.0

# Ordinary Income and Profit



Ordinary  
income YoY  
-¥0.4 billion

Decreased profit YoY, despite reduced foreign exchange losses and a reduction in the extent of decreased profits owing to a reduction in the share of loss of entities accounted for using equity method as a result of the improved revenue of Dongfeng Iseki and a reduction in our investment ratio, among others.

(JPY bn)	FY ended Dec. 2019 3Q Actual	FY ending Dec. 2020 3Q Actual	YoY Change
Operating Income	4.5	<b>3.2</b>	(1.3)
Balance of Financial Income	(0.6)	<b>(0.5)</b>	0.1
Other Non-operating Income	(0.7)	<b>0.1</b>	0.8
Ordinary Income	3.2	<b>2.8</b>	(0.4)
Extraordinary Income	0.1	<b>0.7</b>	0.6
Extraordinary Losses	(0.2)	<b>(0.1)</b>	0.1
Income before Income Taxes	3.1	<b>3.4</b>	0.3
Income Taxes - Deferred	(1.0)	<b>(1.0)</b>	±0.0
Profit (Loss) Attributable to Owners of Parent	2.1	<b>2.4</b>	0.3

Non-operating Income (YoY change)	
Decrease in share of loss of entities accounted for using equity method	0.7 billion yen
Decrease in foreign exchange losses	0.2 billion yen

(Reference) Related to equity method

(JPY bn)	FY ended Dec. 2019 3Q Actual	FY ending Dec. 2020 3Q Actual	Change
Share of profit or loss of entities accounted for using equity method (non-operating)	(1.0)	<b>(0.3)</b>	0.7
Loss (gain) on change in equity (extraordinary)	-	<b>0.7</b>	0.7

## 2. Performance Forecast for the Fiscal Year Ending December 31, 2020

## Performance Forecast

Although the impact of COVID-19 on the consolidated financial results of the Company has been slowly diminishing in the 3Q of the fiscal year ending December 31, 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.  
 ⇒The consolidated financial results forecast, which was announced on August 6, 2020, will remain unchanged and the dividend forecast will also continue to be undetermined.

### 1. Consolidated Full-year Performance Forecast

(JPY bn)	FY ended Dec. 2019 Actual	FY ending Dec. 2020 *1 Forecast	YoY Change
Net Sales	149.9	144.5	(5.4)
(Domestic)	117.7	114.5	(3.2)
(Overseas)	32.2	30.0	(2.2)
Operating Income	2.7	1.1	(1.6)
Ordinary Income	1.1	0.2	(0.9)
Profit (Loss) Attributable to Owners of Parent	0.7	0.2	(0.5)

Foreign exchange rates (yen)	US\$	109	107	(2)
	Euro	122	120	(2)

\*1: Forecast announced on August 6, 2020

### 2. Dividend Forecast

(JPY yen)	FY ended Dec. 2018 Actual	FY ended Dec. 2019 Actual	FY ending Dec. 2020 *2 Forecast
Year-end dividend	30	30	Undetermined

\*2: Forecast announced on May 15, 2020.

- 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.
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