

**Financial Results for the First Quarter
Fiscal Year Ending December 31, 2023
Investor Relations Presentation Materials**

ISEKI & CO., LTD.

May 15, 2023

1. Outline of Financial Results for the First Quarter
Fiscal Year Ending December 31, 2023
2. Domestic and Overseas Markets
3. Performance Forecast for the Fiscal Year Ending
December 31, 2023
4. Topics



Solution Provider

for Agriculture & Landscape

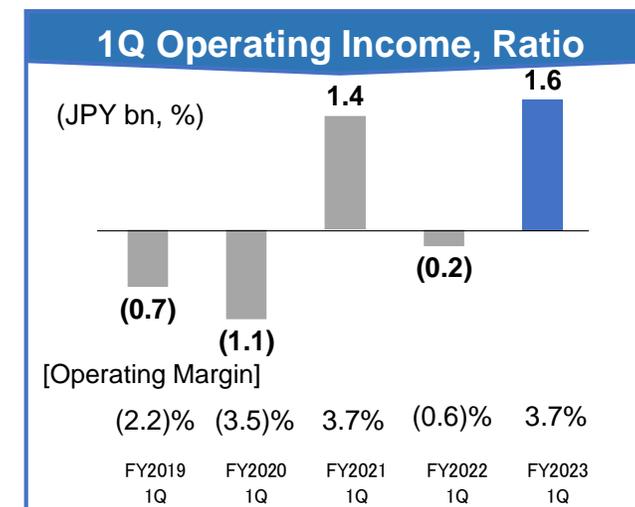
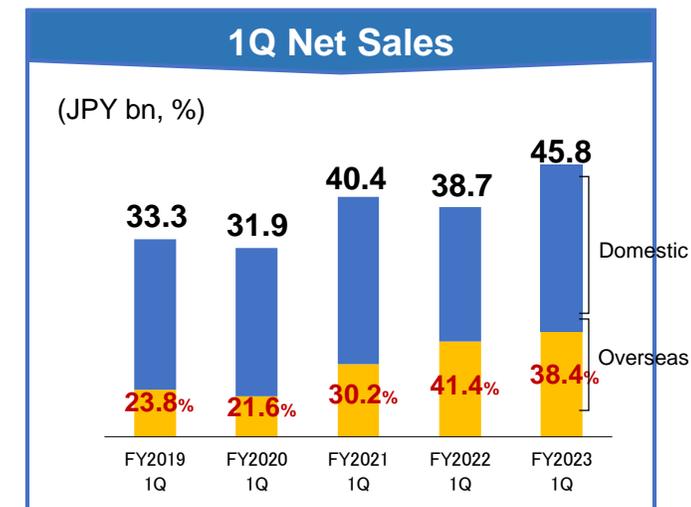
1. Outline of Financial Results for the First Quarter Fiscal Year Ending December 31, 2023



<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	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

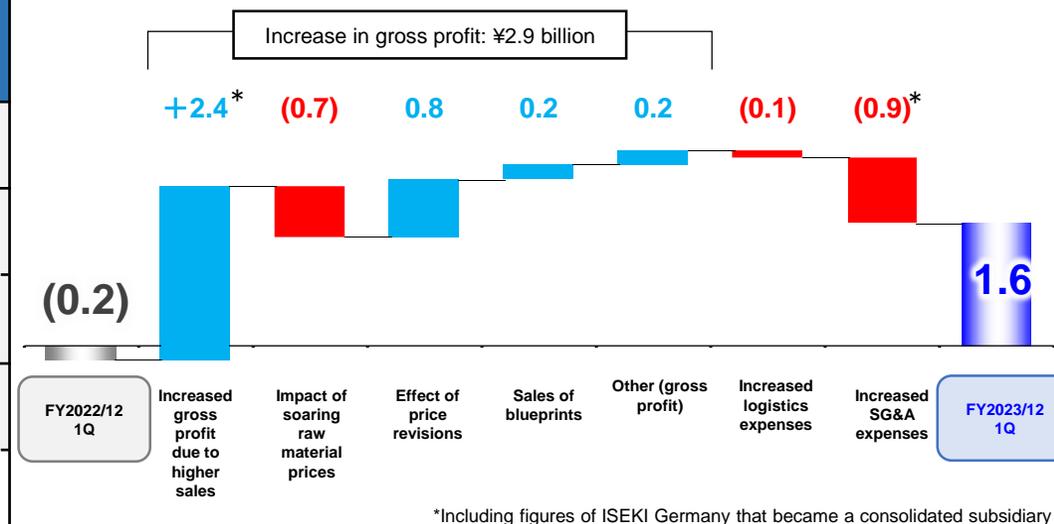
- ✓ **North America:** Adjustment phase continued in compact tractors market, which led to decreased sales
- ✓ **Europe:** Sales increased due to increased shipments that addressed vigorous demand from retailers before the planting season, as well as ISEKI Germany becoming a consolidated subsidiary in 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

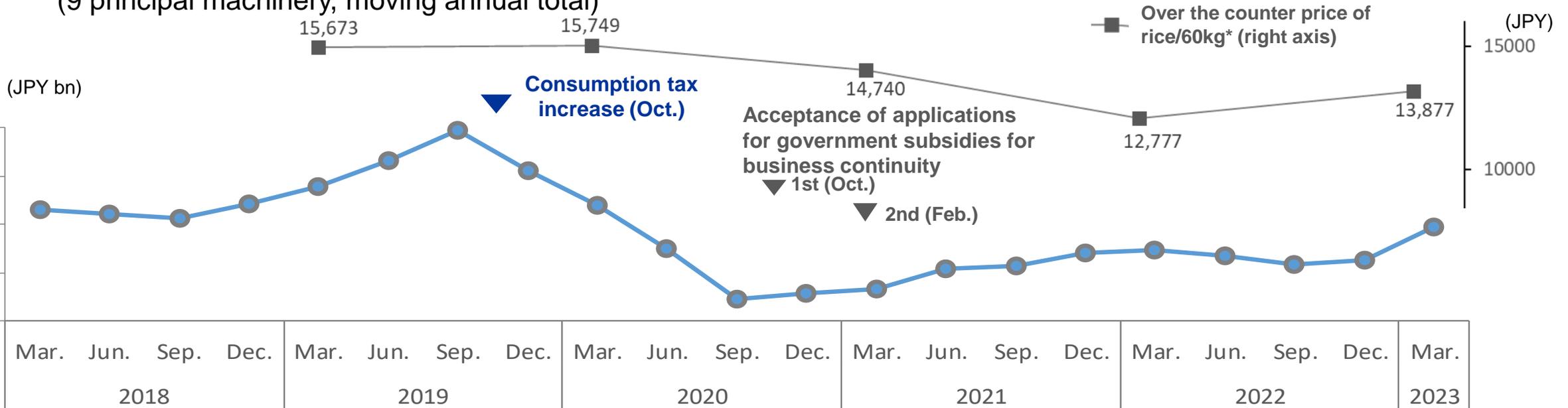
2. Domestic and Overseas Markets



Domestic Agricultural Machinery Demand

Agricultural machinery demand will remain flat mainly due to soaring material costs, despite rice prices bottoming out. Recent price revisions (in April by ISEKI and 1 other company) prompted the last-minute demand, which boosted the entire demand

■ Agricultural machinery demand (shipments in the industry)
(9 principal machinery, moving annual total)



*9 principal machinery: Tractors, combine harvesters, rice transplanters, tillers, drying machines, rice huskers, binders, harvesters, treatment

Source: Estimated by ISEKI from statistics provided by the Japan Agricultural Machinery Manufacturers Association

*Over the counter price of rice: The Ministry of Agriculture, Forestry and Fisheries conducts monthly surveys among suppliers of a certain size or larger regarding over the counter prices and volumes and publishes the results as one of the major indices of rice trading prices.

January to March

1. Actual Sales by Domestic Distributors

Amount of agricultural machinery products (Jan. to Mar. 2023)

- Sales: YoY 139%, From year before last 114%

2. Retail and Service Activities

- Market thrived due to an increase in promotional events such as exhibitions under “coexist with COVID-19” trend. Large events were held nationwide.
- The last-minute demand before the price revision in April boosted demand
Revision of our agricultural machinery products prices: April 2023 (for the second time)
- Started sales of automatic weed suppression robot “Aigamo Robot” (January)

Future Expansion, etc.

- Strengthen promotion of new mid-sized tractors for the largest market segment
- From April onward, the Company is promoting demonstrations of tractors and rice transplanters, as well as other activities in response to the current spring work season.
→The demonstrations is streamed on "Amoni."
- Propose environment-friendly smart agriculture
Work to expand sales and customers focusing on variable fertilizer rice transplanters and Aigamo Robot
- Promotion of smart agriculture
Horizontally roll out initiatives whose business benefits have been proven to be high in demonstration projects
 - ✓ Robot agricultural machinery
 - ✓ Variable fertilizer rice transplanters
 - ✓ Yield monitoring combine harvester, etc.



Human-monitored robot rice transplanter

Collaborations with local governments

- Signed an agreement with Kuroishi City (Aomori Pref.) March 2023
“Creating organic vegetable production areas for sustainable development”



<Collaborations with local governments and companies to date>

- Tsukubamirai City (Ibaraki Pref.) from Mar. 2020
- Kisarazu City (Chiba Pref.) from Mar. 2021
- Yukimai Design Co., Ltd. (Tokyo Pref.) from Jun. 2021
- Nara Mirai Design Co., Ltd. (Nara Pref.) from Nov. 2021
- Niigata City (Niigata Pref) from Jan. 2022
- Three-way collaboration with Shimane Pref. and Hamada City from Feb. 2022
- Yamagata Design Co., Ltd. (Yamagata Pref.) from Feb. 2022
- Five-way collaboration with Gouemon Co., Ltd., TDK Corporation, Yukimai Design Co., Ltd. and Nikaho City from May 2022

Contribute to expansion of organic agriculture
Increase our presence

Nara Mirai Design

- Initiative based on collaboration between Nara Mirai Design Co., Ltd. and ISEKI
“Creating organic rice production areas in collaboration with neighboring farmers”

2022

- Demonstration of weed suppressing effect by 2 Aigamo Robots (①② in the below picture, 0.5 ha)

2023

- Creation of organic rice production areas through a tie-up with neighboring farmers
Nara Mirai Design + 3 collaborative farmers
- Acquisition of cultivation techniques based on soil diagnosis
- Organic rice cultivation using 13 Aigamo Robots (4.2 ha)

Nara Mirai Design Co., Ltd.

Attendees of a “bird” releasing ceremony

Mr. Kongo, Mayor of Uda City

Mr. Hashimoto, President of The Nanto Bank, Ltd.

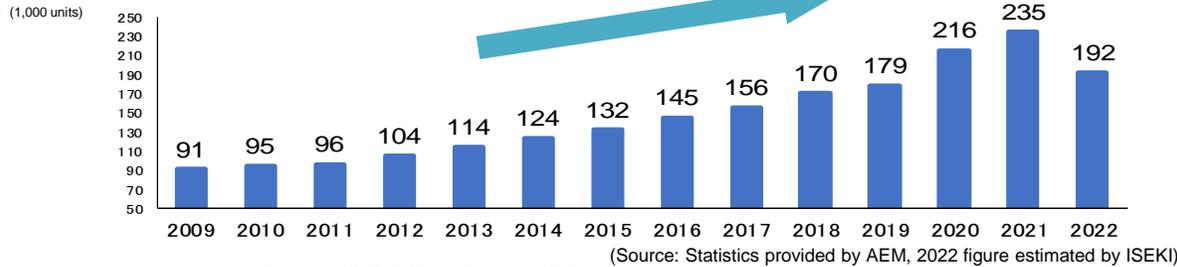
Mr. Nawata, Senior General Division Manager of ISEKI & CO., LTD.



North America

1. Compact tractors market

<Market trends>



• Jan.-Mar. 2023: YoY 80%

2. Situation of AGCO (OEM partner)

- Unit sales (Jan.-Mar. 2023) YoY 71%
Unit sales at AGCO decreased year on year due to difficulties in procuring local parts in addition to the market adjustment phase from the second half of 2022

3. Status at ISEKI

- Order backlog from the previous year was eliminated. Aggressive sales promotion measures were implemented by AGCO aiming to improve our market share and expand sales

Europe

1. Market trends

- Fears of economic recession caused by inflation across Europe
- In the market of landscaping for professionals, product supply delays mainly due to supply chain disruptions caused distribution inventories to remain at a low level across the industry.

2. Local Sales

- Unit sales (Jan.-Mar. 2023)
 - Local distributors: YoY 85%

Supply of tractors recovered, while inventory shortage continued for ride-on mower

3. Status at ISEKI

- Increase shipments to address vigorous demand before the planting season and to satisfy local inventories
- Strengthen sales and service systems centered on ISEKI France S.A.S. and ISEKI Germany, launch new products and implement sales promotions
- Continue customer evaluations of electric mower

ASEAN

1. Market trends

<Thailand>

Rice prices rose, but due to soaring prices of materials such as fertilizers, willingness to buy has not recovered for products for paddy fields. Sales of those for dry fields were steady.

<Indonesia>

Government tenders in the first half of the year delayed due to a bidding scheme change

2. Local Sales

- Unit sales (Jan.-Mar. 2023)

Thailand IST (tractor): YoY 96%

3. Status at ISEKI

<Thailand>

- Aim to increase sales coverage ratio by expanding areas covered by existing sales outlets and by exploring new outlets. Strengthen sales of products for dry fields through providing sales support to outlets

<Indonesia>

- Aim to expand general sales (for paddy fields, palm, etc.), in addition to increasing participation in tenders

East Asia

1. Market trends

<China>

Targets for cultivated area and production volume will be equal to or higher than those last year due to government food security policy. The year-earlier subsidy level is also expected to be maintained. Demand is assumed to decrease year on year in the industry as a whole, due to a reactionary decline from the last-minute demand seen before the effectuation of Stage 4 emission standards, but the switch to high-performance agricultural machinery is advancing

<South Korea>

Market will shrink due to sluggish rice prices, but a decrease in large-sized machinery is minimal

2. Local Sales

- Unit sales (Jan.-Mar. 2023)

- China (Dongfeng Iseki):

Rice transplanters (riding): YoY 80%; Tractors, combine harvesters: YoY 95%

3. Status at ISEKI

<China>

Launch products compliant to Stage 4 emission standards in stages

<South Korea>

Strengthen cooperation with local distributors to enhance sales and service systems for professionals, such as high-performance agricultural machinery

3. 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

4. Topics

■ Exhibited our Ride-on electric mower and Aigamo Robot at G7 Agriculture Ministers' Meeting in Miyazaki on April 22 and 23



Francesco Lollobrigida, Minister of Agriculture, Food Sovereignty and Forestry, Italy



Marie-Claude Bibeau, Minister of Agriculture and Agri-Food, Canada



Demonstration of Aigamo Robot at farm field

■ Signed a “Positive Impact Financing” loan agreement * March 2023

Signed “Mizuho Positive Impact Finance” loan agreement after going through qualitative and quantitative evaluation centered on our sustainability initiatives, especially activities that may give impact to the achievement of SDGs targets, including themes of employment, resource efficiency and safety

Amount of contract:
¥13.0 billion

<Impact/KPI>

Impact	KPI
Water (quality)/ Air / Soil	Reduction ratio in chemical substance use
Resource efficiency and safety	Reduction ratio in water use Reduction ratio in total material input
Climate	Reduction ratio in CO2 emissions • Scope 1 and 2 (total amount) • Initiative for Scope 3
Wastes	Reduction ratio in final amount of waste for disposal
Food	Percentage of proposals for advanced technology-related inventions

Impact	KPI
Employment	Percentage of paid leave taken Percentage of mid-career hires in management positions
Inclusive and healthy economy	Percentage of women in new hires Percentage of women in management positions
Education / Inclusive and healthy economy / Food	Promotion of Dream Project to support female farmers
Resource efficiency and safety / Climate / Air	Ratio of eco-product in domestic sales
Biodiversity and ecosystem service / Food	Area of organic farming area (wet-land rice)

■ DBJ Environmental Rating – acquired highest rating 17 times in a row

We received the highest rating as one of the “Companies doing environment-friendly business activities progressively,” by the Development Bank of Japan Inc. (DBJ)



■ Certified as a “health & productivity management outstanding organization” (the large enterprise category), continuing from the last year

* The Certified Health & Productivity Management Outstanding Organizations Recognition Program

It is a program to reward outstanding large enterprises and SMEs that are implementing health and productivity management based on initiatives to tackle health issues faced by regions and health promotion initiatives led by Nippon Kenko Kaigi.



2023
健康経営優良法人
Health and productivity

■ Stakeholder engagement Face-to-face interactions to improve dialogue

- Shareholders: General shareholders’ meeting (Mar. 30), Quarterly briefing session (Feb. 20)
- Suppliers: IR information meetings for vendors (Mar. and Apr.: Purchasing, Factories in Matsuyama, Kumamoto and Niigata)
- Employees: Internal IR information meetings (Mar. and Apr.: Tokyo, Tsukuba, Matsuyama, Kumamoto and Niigata)

Hold events for sales subsidiaries in January

■ Production capacity will be increased from 18,000 units to 22,000 units

* Completed the building in March and will start operation in June



New building of PT. ISEKI Indonesia



Internal view of the new building

[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**