



**Financial Results for the Second Quarter  
Fiscal Year Ending December 31, 2022  
Investor Relations Presentation Materials**

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**ISEKI & CO., LTD.**

**August 22, 2022**

1. Outline of Financial Results for the Second Quarter  
Fiscal Year Ending December 31, 2022
2. Domestic and Overseas Markets
3. Performance Forecast for the Fiscal Year Ending  
December 31, 2022
4. Topics



**Solution Provider**  
for Agriculture & Landscape

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



# Key Points

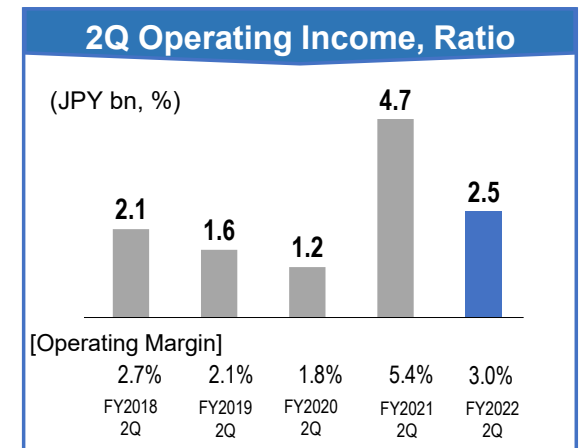
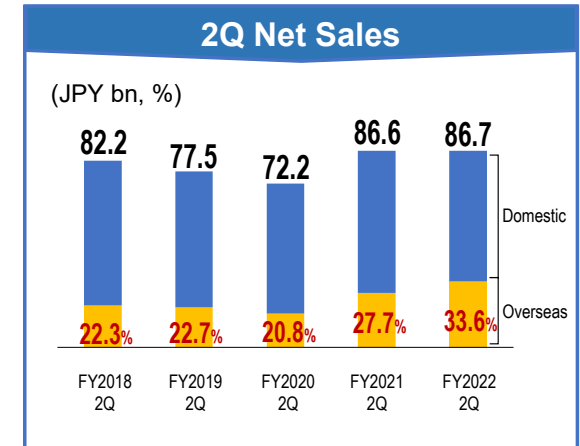
## <Second Quarter Financial Results>

**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  
(North America) Compact tractors market entered an adjustment phase, but orders to recover the local inventory levels were brisk.  
Delay in recording part of sales due to a system failure at an OEM partner  
(Europe) Strong sales as we catered to lifestyle changes

**Earnings:** Soaring raw material prices and supply chain disruption put pressure on earnings  
Increase in SG&A expenses, such as distribution cost



## <Full-year Forecast>

**No revision to the initial forecast**

[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 (shortage of containers for marine transportation, delayed procurement of parts for production)</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, which had stimulated demand in the same period of the previous year.</li> </ul>
<Overseas>	<ul style="list-style-type: none"> <li>➤ North America: Compact tractors market entered an adjustment phase, but orders to recover the local inventory levels were brisk.</li> <li>➤ Europe: Increased demand due to lifestyle changes</li> </ul>
<b>✓ Falling domestic rice prices (June 2020: ¥14,225/60kg ⇒ June 2021: ¥12,618/60kg) *1</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>

\*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 June 30, 2022)

(JPY bn, %)

		FY2018/12	FY2019/12	FY2020/12	FY2021/12	FY2022/12	YoY Change
		2Q Actual	2Q Actual	2Q Actual	2Q Actual	2Q Actual	
Net Sales		82.2	77.5	72.2	86.6	<b>86.7</b>	0.0
	(Domestic)	63.9	59.9	57.2	62.6	<b>57.5</b>	(5.0)
	(Overseas)	18.3	17.5	14.9	24.0	<b>29.1</b>	5.1
Operating Income		2.1	1.6	1.2	4.7	<b>2.5</b>	(2.1)
	Operating Margin	2.7%	2.1%	1.8%	5.4%	<b>3.0%</b>	(2.4)%
Ordinary Income		1.8	0.8	1.0	5.5	<b>3.3</b>	(2.1)
Profit (Loss) Attributable to Owners of Parent		1.6	0.6	0.9	4.1	<b>2.5</b>	(1.5)
Average Exchange Rate (JPY)	US\$	108.8	110.7	108.5	106.8	<b>119.2</b>	12.4
	Euro	133.1	125.7	119.7	129.1	<b>131.6</b>	2.5

# Domestic Sales

YoY  
JPY5.0 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 2Q Actual	FY2019/12 2Q Actual	FY2020/12 2Q Actual	FY2021/12 2Q Actual	FY2022/12 2Q Actual	YoY Change
Agricultural Machinery Related	Agricultural Machinery						
	Cultivating & Mowing Machinery	16.3	15.1	13.3	14.7	14.3	(0.3)
	Planting Machinery	6.4	6.1	5.5	6.4	5.5	(0.9)
	Harvesting & Processing Machinery	5.4	5.3	4.3	4.8	5.4	0.5
	Subtotal	28.2	26.6	23.1	25.9	25.3	(0.6)
	Farming Implements	11.7	11.9	10.6	13.5	10.9	(2.5)
	Spare Parts	6.8	6.8	7.1	7.2	7.2	(0.0)
	Repair Fees	2.6	2.6	2.7	2.8	2.8	(0.0)
	Subtotal	21.2	21.4	20.6	23.6	21.0	(2.6)
	Total	49.5	48.1	43.8	49.6	46.3	(3.2)
Construction of Facilities	3.3	1.3	3.0	1.9	1.2	(0.6)	
Others	11.0	10.4	10.3	11.0	9.8	(1.1)	
Total	63.9	59.9	57.2	62.6	57.5	(5.0)	

## 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  
JPY5.1 billion

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

(JPY bn)	FY2018/12 2Q Actual	FY2019/12 2Q Actual	FY2020/12 2Q Actual	FY2021/12 2Q Actual	FY2022/12 2Q Actual	YoY Change
North America	5.8	6.6	5.0	7.8	<b>8.4</b>	0.5
Europe	7.7	7.3	6.4	10.8	<b>14.2</b>	3.4
Asia	4.5	3.3	3.4	5.1	<b>6.1</b>	0.9
Others	0.1	0.2	0.1	0.2	<b>0.3</b>	0.1
Total sales	18.3	17.5	14.9	24.0	<b>29.1</b>	5.1

## Main factors of YoY changes

- ✓ **North America:** Sales increased as orders to recover the local inventory levels were brisk, although compact tractors market entered an adjustment phase  
There was a delay in recording part of sales due to a system failure at an OEM partner
- ✓ **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
- ✓ **Asia:** Sales increased due to concentration of shipments due to Stage 5 emission standards in South Korea

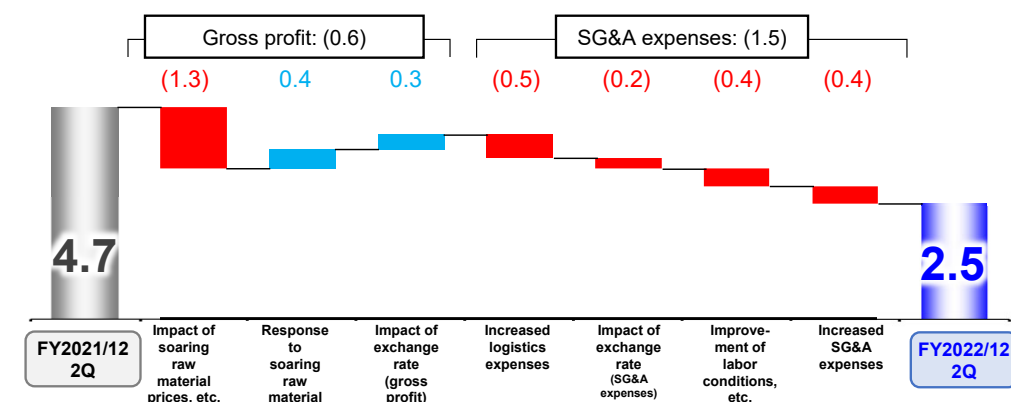


# Operating Income

YoY  
JPY2.1 billion  
decrease

**Decrease in gross profit due to the impact of higher raw material prices**  
**Increase in SG&A expenses, such as distribution cost**

[Breakdown of YoY Change]



[Effect of FOREX Fluctuations (JPY bn)]

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
1.5	(1.2)	(0.2)	0.1

(JPY bn, %)	FY2018/12 2Q Actual	FY2019/12 2Q Actual	FY2020/12 2Q Actual	FY2021/12 2Q Actual	FY2022/12 2Q Actual	YoY Change
Net Sales	82.2	77.5	72.2	86.6	86.7	0.0
Gross Profit	23.5	22.5	21.4	25.7	25.1	(0.6)
Gross Profit Margin	28.6%	29.1%	29.7%	29.8%	29.0%	(0.8)%
SG&A Expenses	21.3	20.8	20.1	21.0	22.6	1.5
Personnel Expenses	12.4	12.2	12.0	12.3	12.8	0.4
Other Expenses	8.9	8.6	8.1	8.7	9.7	1.0
Operating Income	2.1	1.6	1.2	4.7	2.5	(2.1)
Operating Margin	2.7%	2.1%	1.8%	5.4%	3.0%	(2.4)%

# Ordinary Income & Profit

Ordinary income  
YoY  
JPY2.1 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**

(JPY bn)	FY2018/12 2Q Actual	FY2019/12 2Q Actual	FY2020/12 2Q Actual	FY2021/12 2Q Actual	FY2022/12 2Q Actual	YoY Change
Operating Income	2.1	1.6	1.2	4.7	<b>2.5</b>	(2.1)
Balance of Financial Income	(0.3)	(0.3)	(0.3)	(0.3)	<b>(0.3)</b>	0.0
Other Non-operating Income	0.0	(0.4)	0.1	1.1	<b>1.0</b>	(0.0)
Ordinary Income	1.8	0.8	1.0	5.5	<b>3.3</b>	(2.1)
Extraordinary Income	0.1	0.1	0.6	0.0	<b>0.0</b>	0.0
Extraordinary Losses	0.0	(0.1)	(0.1)	(0.1)	<b>(0.2)</b>	(0.0)
Income Before Income Taxes	1.8	0.7	1.6	5.4	<b>3.1</b>	(2.2)
Income Taxes - Deferred	(0.2)	(0.1)	(0.6)	(1.2)	<b>(0.6)</b>	0.6
Profit (Loss) Attributable to Owners of Parent	1.6	0.6	0.9	4.1	<b>2.5</b>	(1.5)

Non-operating Income (YoY Change)	
Foreign exchange gains	0.4
Absence of settlement received, etc.	(0.4)

# Balance Sheet

## YoY Change

### Inventories

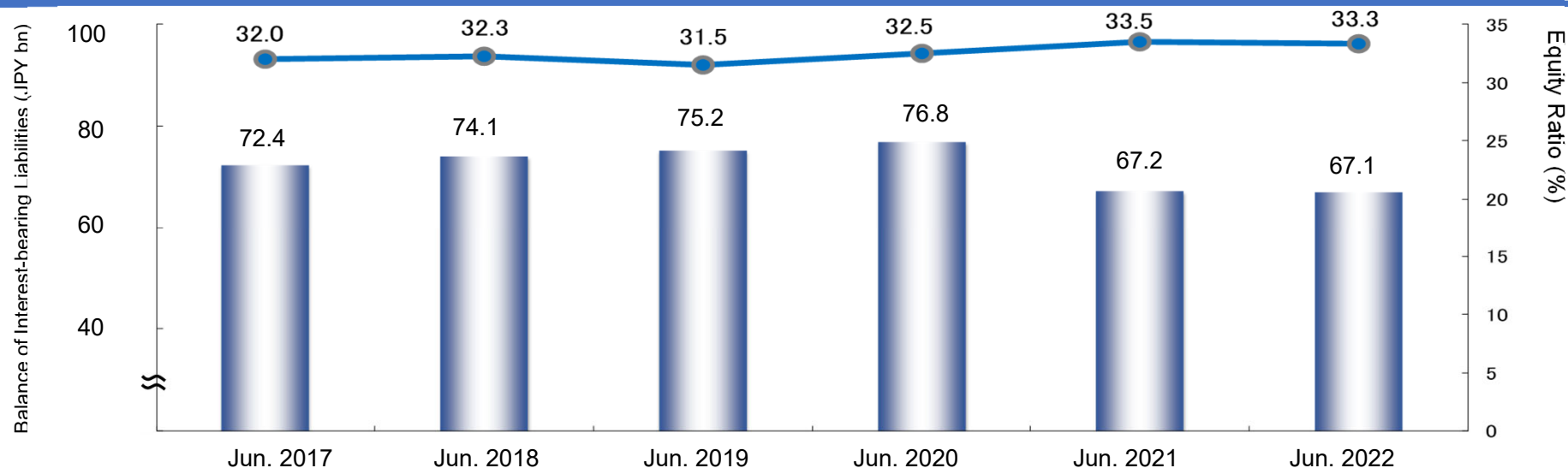
- **Merchandise & Finished Goods:** Increased as we responded to shortages of local distribution inventories
- **Work in Progress:** Inventories of work in progress increased due to supply chain disruptions

(JPY bn)	As of Jun. 30, 2021	As of Dec. 31, 2021	As of Jun. 30, 2022	Change from Dec. 31, 2021	YoY Change		As of Jun. 30, 2021	As of Dec. 31, 2021	As of Jun. 30, 2022	Change from Dec. 31, 2021	YoY Change
Cash & Deposits	14.3	14.8	13.2	(1.6)	(1.0)	Accounts Payable - Trade	41.1	39.2	44.4	5.1	3.3
Accounts Receivable - Trade	32.1	21.5	34.3	12.7	2.1	Interest-bearing Liabilities	67.2	62.1	67.1	4.9	(0.1)
Inventories	47.7	49.8	53.1	3.2	5.3	(Loans Payable)	59.4	54.9	60.1	5.1	0.6
(Merchandise & Finished Goods)	40.0	41.5	42.2	0.7	2.2	Other Liabilities	19.6	19.6	20.9	1.2	1.2
(Work in Progress)	6.5	7.0	9.5	2.4	2.9						
Other Current Assets	3.5	4.8	3.6	(1.1)	0.0						
<b>Total Current Assets</b>	<b>97.8</b>	<b>91.1</b>	<b>104.3</b>	<b>13.2</b>	<b>6.5</b>	<b>Total Liabilities</b>	<b>127.9</b>	<b>121.1</b>	<b>132.4</b>	<b>11.3</b>	<b>4.4</b>
Property, Plant and Equipment	85.4	84.9	84.6	(0.3)	(0.8)	Net Assets	67.0	66.5	68.8	2.3	1.8
Intangible Assets	2.2	2.2	2.3	0.1	0.1						
Investments and other Assets	9.5	9.3	9.9	0.6	0.4	(Retained Earnings)	18.6	17.6	19.5	1.9	0.9
<b>Total Non-current Assets</b>	<b>97.2</b>	<b>96.5</b>	<b>96.9</b>	<b>0.4</b>	<b>(0.2)</b>						
<b>Total Assets</b>	<b>195.0</b>	<b>187.6</b>	<b>201.3</b>	<b>13.6</b>	<b>6.2</b>	<b>Total Liabilities and Net Assets</b>	<b>195.0</b>	<b>187.6</b>	<b>201.3</b>	<b>13.6</b>	<b>6.2</b>

# Equity Ratio / Interest-bearing Liabilities

Interest-bearing liabilities, D/E ratio

**Interest-bearing liabilities remained at the same level year on year**  
**D/E ratio was 0.97**



	Jun. 2017	Jun. 2018	Jun. 2019	Jun. 2020	Jun. 2021	Jun. 2022
Loans payable, corporate bonds	64.8	67.8	67.8	68.6	59.4	60.1
Lease obligations	7.6	6.3	7.4	8.2	7.7	6.9
Total	72.4	74.1	75.2	76.9	67.2	67.1

	Jun. 2017	Jun. 2018	Jun. 2019	Jun. 2020	Jun. 2021	Jun. 2022
D/E ratio	1.05	1.04	1.10	1.11	1.00	0.97

Note : D/E Ratio=Interest bearing liabilities (incl. Lease obligations) / Net assets

# Statements of Cash Flows

## Cash flows

Cash flows from operating activities for the period were ¥(2.0) billion due to increases in trade receivables and inventories

(JPY bn)	FY2018/12 2Q Actual	FY2019/12 2Q Actual	FY2020/12 2Q Actual	FY2021/12 2Q Actual	FY2022/12 2Q Actual	YoY Change
<b>Cash flows from operating activities</b>	<b>(0.4)</b>	<b>0.9</b>	<b>(3.0)</b>	<b>7.4</b>	<b>(2.0)</b>	<b>(9.5)</b>
Profit before income taxes	1.8	0.7	1.6	5.4	3.1	(2.2)
Depreciation	3.3	3.5	4.1	3.1	3.0	(0.1)
Impairment loss	0.0	0.0	0.0	0.0	0.1	0.1
Decrease (increase) in trade receivables	(12.0)	(11.5)	(10.5)	(10.2)	(12.2)	(2.0)
Decrease (increase) in inventories	0.0	(1.3)	(2.4)	4.4	(2.2)	(6.7)
Increase (decrease) in trade payables	5.6	6.1	3.5	4.0	4.4	0.3
<b>Cash flows from investing activities</b>	<b>(3.7)</b>	<b>(4.7)</b>	<b>(4.6)</b>	<b>(1.3)</b>	<b>(3.3)</b>	<b>(1.9)</b>
Purchase of property, plant and equipment and intangible assets	(3.6)	(5.1)	(4.9)	(2.5)	(3.1)	(0.5)
<b>Free Cash Flow</b>	<b>(4.1)</b>	<b>(3.7)</b>	<b>(7.7)</b>	<b>6.1</b>	<b>(5.4)</b>	<b>(11.5)</b>
<b>Cash flows from financing activities</b>	<b>6.7</b>	<b>4.3</b>	<b>6.6</b>	<b>(2.9)</b>	<b>3.2</b>	<b>6.2</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2.6</b>	<b>0.5</b>	<b>(1.0)</b>	<b>3.2</b>	<b>(1.8)</b>	<b>(5.1)</b>

## 2. Domestic and Overseas Markets

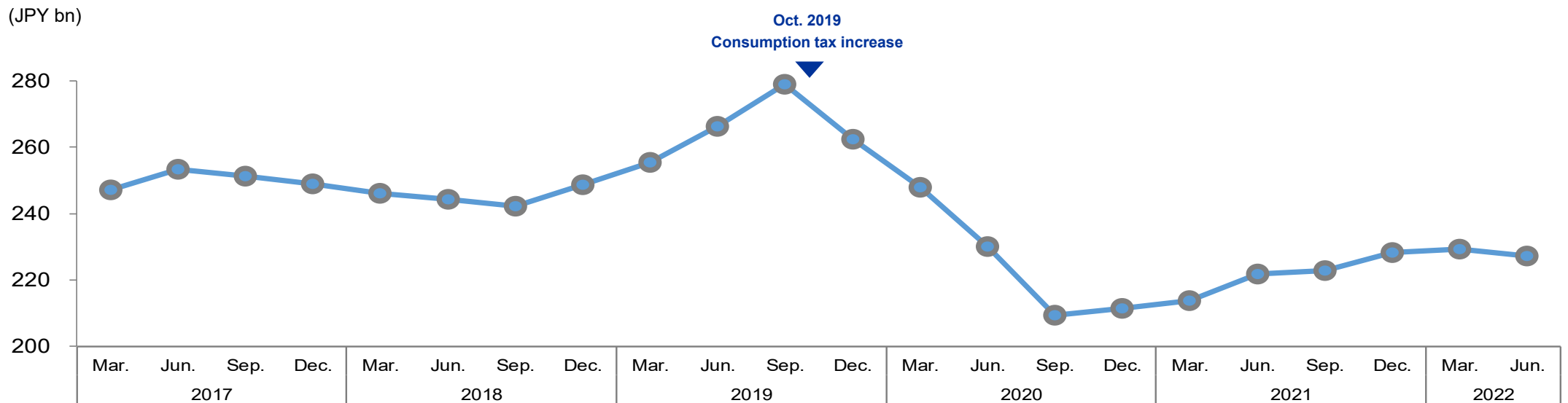


# Domestic Agricultural Machinery Market Trends

## Domestic Agricultural Machinery Demand

**Moderate pace of recovery from the pullback effect with withdrawal of government subsidies for business continuity, etc., which had stimulated demand, and the pullback effect with the decreased willingness to buy due to falling rice prices, etc. after the consumption tax increase.**

■ 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

## Realizing Sustainable Agricultural Businesses

### ■ “Strategy for Sustainable Food Systems MeaDRI” of the Ministry of Agriculture, Forestry and Fisheries

Government policy of strategic initiatives taken from a medium- to long-term perspective, to realize the balance between productivity improvement and sustainability of the food, agriculture, forestry and fisheries industries via innovation

\* Formulated in May 2021; Interim targets for 2030 were announced in June 2022

### [Targets for 2050 and 2030]

	<Targets for 2050>	<Targets for 2030>
▪ Automatic steering systems (adoption rate at farmers' end):	—	50%
▪ Use of chemical pesticides (risk weighted):	50% reduction	10% reduction
▪ Use of chemical fertilizers:	30% reduction	20% reduction
▪ Organic farming:	Increase to 1M ha (equivalent to 25% of farmland)	63,000 ha

\* Source: Extracted from “Strategy for Sustainable Food Systems MeaDRI” of the Ministry of Agriculture, Forestry and Fisheries (May 2021) and KPIs & Targets for 2030 under “Strategy for Sustainable Food Systems MeaDRI” (June 2022)



## ■ Promote environment-friendly smart agriculture

### Straight-travel assisted specs

\* Automatic steering (including robots)

### Reduce fuel consumption through work optimization

- ✓ Rice transplanters: from 2017: About 60% of the 8-row class rice transplanters have these specs
- ✓ Tractors: from 2021: Enhanced the lineup with the addition of medium-sized ones in 2022
- ✓ Combine harvesters: from 2023: Rolled out centering on demonstrations in 2022

### Sensing

### Adjust the amount of fertilizer with sensors

- ✓ Variable fertilizer rice transplanters: Reduce fertilizer usage by approx. 30% (Rough estimation when variable fertilization is applied for side dressing)
- ✓ Riding control machine (smart topdressing system): Offer automatic adjustment depending on crop growth

### Partial fertilization

### Reduce fertilizer usage by fertilizing only necessary areas

- ✓ In-ridge partial applicator (tractor farming implement): Reduce fertilizer usage by approx. 30-50%

Expanding organic agriculture for rice cultivation ⇒ Current issues are water management operations and weed management operations

- **Establish environment-friendly smart agriculture by combining ISEKI's smart agricultural machinery and smart agricultural technology with Aigamo Robot, an automatic weed suppression robot, as a core**

- Strengthen cooperative relationship with Yukimai Design Co., Ltd., the developer

June 2021: Concluded a business alliance with the aim of the popularization and development of organic agriculture

June 2022: Invested in Yukimai Design Co., Ltd. to accelerate development toward social implementation

⇒ Our first investment in a startup



## ■ Promote smart agriculture and environment-friendly agriculture through collaboration with local governments and private companies

- ✓ **Five-way collaboration with Gouemon Co., Ltd., TDK Corporation, Yukimai Design Co., Ltd. and Nikaho City** from May 2022

Partnership for promotion of environment-friendly smart agriculture



- ✓ **Niigata City (Niigata Pref.)** from Jan. 2022  
Promotion of sustainable agriculture utilizing advanced technology

- ✓ **Three-way collaboration with Shimane Pref. and Hamada City** from Feb. 2022  
Creating organic rice production areas for sustainable development



- ✓ **Yamagata Design Co., Ltd. (Yamagata Pref.)** from Feb. 2022  
Urban development through establishment of an environment-friendly agriculture model



- ✓ **Tsukubamirai City (Ibaraki Pref.)** from Mar. 2020  
Promotion of agriculture utilizing advanced technology

- ✓ **Yukimai Design Co., Ltd. (Tokyo Pref.)** from Jun. 2021  
Concluded a business alliance with the aim of popularization and development of organic agriculture by utilizing automatic weed suppression robots

- ✓ **Kisarazu City (Chiba Pref.)** from Mar. 2021  
Promotion of agriculture utilizing advanced technology and organic farming

## North America

### 1. Market Trends

(1,000 units, %)

Category (PTO HP)	Jan. to Jun. cumulative			
	2020	2021	2022	Difference
40 HP and lower (Compact tractors)	110	129	109	85%
40-100 HP (Utility tractors)	33	39	35	89%
100 HP and above	9	12	13	109%

(Source: Statistics provided by AEM)

### 2. Situation of AGCO (OEM partner)

Unit sales (Jan.-Jun. 2022)

- Compact tractors: YoY 77%



### 3. Shipments and Orders at ISEKI

Shipments and Orders  
(Jan.-Sep. 2022):

YoY 120%

(Including order backlog from the previous fiscal year)

- A shortage of containers for marine transportation led to unfulfilled shipments, etc.

## Europe

### 1. Market Trends

- Consumer demand remains strong due to lifestyle changes
- Professional demand recovered to the level seen before the COVID-19 pandemic as governments in various countries eased restrictions in place due to COVID-19

### 2. Local Sales

- Unit sales (Jan.-Jun. 2022)
  - Local distributors: YoY 108%
  - Orders remained strong amid continued shortages of local distribution inventory

### 3. Shipments and Orders at ISEKI

• Shipments and Orders

(Jan.-Sep. 2022):

Significant increase YoY

(Including order backlog from the previous fiscal year)

- A shortage of containers for marine transportation led to unfulfilled shipments, etc.

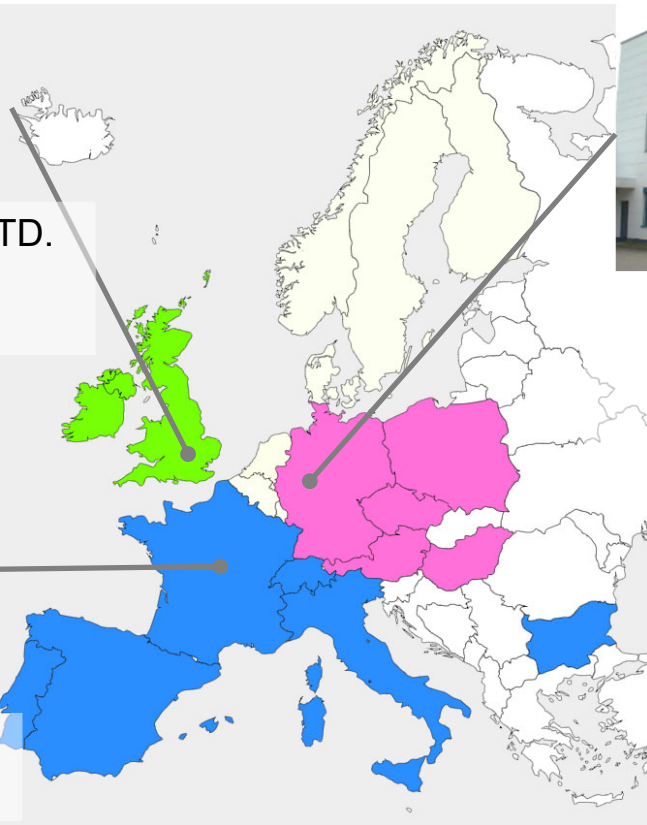


# Strengthening Sales Structure in Europe

**Made ISEKI-MASCHINEN GMBH DEUTSCHLAND (ISEKI Germany)  
into a consolidated subsidiary (in July 2022)**



**PREMIUM TURF-CARE LTD.**  
(Non-consolidated,  
44.5% of equity)



**ISEKI Germany**  
(Consolidated  
subsidiary)



**ISEKI France S.A.S.**  
(Consolidated subsidiary)

## Community-based sales and service network

### Strengthen sales structure

Reorganized the sales network in Europe with 3 companies as pillars

- ISEKI France
- ISEKI Germany
- PREMIUM TURF-CARE



Aim to streamline supply chain  
and strengthen sales structure

## Introduce ride-on electric mower to market

(Limited sales in 2022 with a plan for mass production by 2024)

**All Europe is shifting toward decarbonization to achieve a carbon neutral society**

Environmental  
performance

- Achieved zero emission
- Low noise and vibration

Ease of  
handling

- Rechargeable at household electrical outlets

Basic  
performance

- Good at mowing damp wet grass



Sales areas: France, Germany, Belgium, Netherlands, U.K., etc.

## Thailand

### 1. Market Trends

For paddy fields: Sluggish due mainly to stagnant rice trading prices

For dry fields: Purchasing prices of fruits, rubber, palm and other crops increased YoY, which stimulated willingness to buy

### 2. Situation of the Local Distributor, IST Farm Machinery

Unit sales (Jan.-Jun. 2022)

➤ ASEAN Strategy Tractor: YoY 78%

### 3. Shipments and Orders at ISEKI

Shipments and Orders (Jan.-Sep. 2022): YoY 106%

## Indonesia, Myanmar

### 1. Market Trends

<Indonesia> Budget for government tenders is shrinking as funds are diverted to COVID-19 prevention measures

<Myanmar> Sales activities of sales outlets were affected by a chaotic domestic situation due to the coup d'état

### 2. Shipments and Orders at ISEKI

(Jan.-Sep. 2022)

<Indonesia> Received orders amid shrinking budget for tenders

<Myanmar> Sales activities stagnated as the chaos due to the coup d'état became prolonged

### 3. PT. ISEKI Indonesia (Manufacturing Subsidiary)

(Units, JPY bn)	2021		2022	
	Actual	2Q Actual	Plan	2Q Actual
Production Volume	15,680	7,790	17,170	7,460
Operating Income	0.3	0.2	0.3	0.1

## Introduced a made-in-India small-sized tractor (27 HP) to the market

- ✓ The first product developed under the technical and business alliance with Tractors and Farm Equipment Ltd. (TAFE)
- ✓ Aim to accommodate demand for field crops such as cassava and sugar cane





## China

### 1. Market Trends

Rice cultivation market struggled due to stagnant rice trading prices.

Demand for rice transplanters decreased due partly to the spread of COVID-19.

#### ◆Trends in the Agricultural Machinery Industry by Product Type

(YoY Change in Units, %)	Jan.-Jun., 2020	Jan.-Jun., 2021	Jan.-Jun., 2022
Rice Transplanters (riding)	125.9%	140.6%	90.2%
Combine Harvesters (all-purpose, auto-threshing)	91.9%	125.2%	108.0%
Tractors (medium- to large-sized)	128.7%	122.8%	107.5%

Source: China Association of Agricultural Machinery Manufacturers

### 2. Situation of Dongfeng Iseki. (Unit sales, Jan.-Jun., 2022)

- Rice transplanters (riding): YoY 100%
- Tractors, combine harvesters: YoY 114%

## South Korea, Taiwan

### 1. Market Trends

<South Korea> In line with moves toward large-scale farming, demand for large-sized, high-performance agricultural machinery heightened amidst a declining and aging farming population

<Taiwan> Demand for tractors and combine harvesters decreased significantly due to a pullback effect with withdrawal of subsidies

### 2. Shipments and Orders at ISEKI

(Jan.-Sep., 2022)

<South Korea> Increased shipments due to higher sales of rice transplanters and concentration of shipments of tractors and combine harvesters due to Stage 5 emission standards (in the first half of the year)

<Taiwan> Shipments were YoY 117%  
Promoted merchandise such as rice transplanters and vegetable transplanters

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



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



## Consolidated Financial Results Forecasts

- No change to overall initial forecast
- Revised the breakdown of net sales considering the 2Q results and orders received at this time

[Full-year consolidated financial results forecasts] (JPY bn, %)

	Previous forecast	Note Revised forecast	Difference
Net Sales	166.5	<b>166.5</b>	—
Operating Income	4.7	<b>4.7</b>	—
Operating Margin	2.8%	<b>2.8%</b>	—
Ordinary Income	4.6	<b>4.6</b>	—
Profit Attributable to Owners of Parent	3.1	<b>3.1</b>	—

[Breakdown of net sales] (JPY bn)

	Previous forecast	Note Revised forecast	Difference
Net Sales	166.5	<b>166.5</b>	—
[Domestic]	119.0	<b>112.8</b>	(6.2)
[Overseas]	47.5	<b>53.7</b>	6.2

Note: Average exchange rates for the full year in the revised forecast: ¥128.7 against US dollar, ¥135.8 against Euro

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



[Full-year consolidated financial results forecasts]

(JPY bn, %)

	FY2018/12 Actual	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Actual	FY2022/12 Revised forecast	YoY change	
Net Sales	155.9	149.8	149.3	158.1	<b>166.5</b>	8.3	
Operating Income	3.1	2.7	2.0	4.1	<b>4.7</b>	0.5	
Operating Margin	2.0%	1.8%	1.4%	2.6%	<b>2.8%</b>	0.2%	
Ordinary Income	2.6	1.1	1.7	4.6	<b>4.6</b>	(0.0)	
Profit Attributable to Owners of Parent	1.0	0.7	(5.6)	3.1	<b>3.1</b>	(0.0)	
Year-end Dividend (JPY)	30	30	0	30	<b>30</b>	0	
Breakdown of Net Sales	Domestic	122.8	117.7	115.9	117.3	112.8	(4.5)
	Overseas	33.1	32.1	33.3	40.7	53.7	12.9
Average Exchange Rate (JPY)	US\$	110.2	109.3	107.0	109.0	128.7	19.7
	Euro	130.9	121.6	121.5	129.8	135.8	6.0

## 4. Topics

## 1. Number of patents registered in Japan by sector

Ranked No. 2 in the Other Special Machinery Sector

Year	2000-2006	2007-2014	2016-2017	2018	2019	2020	2021
Statistics	Number of patents published by sector		Number of patents registered by sector				
Sector	Agriculture and Fishery		Other Special Machinery				
Rank	First			Second	First	Second	Second

## 2. Patent grant ratio

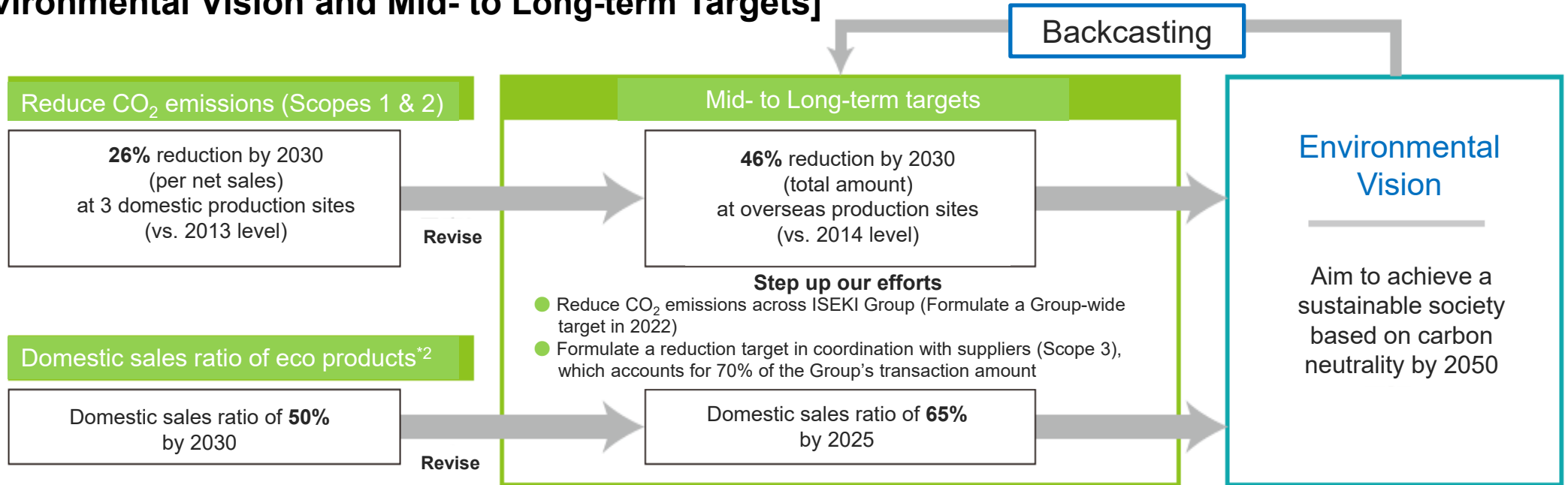
Ranked No. 1 in All Industries

Year	2004-2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Patent grant rate	-	91.8%	94.7%	97.0%	99.2%	97.5%	100.0%	98.1%	96.4%	97.7%	98.7%	97.2%
Rank	First	Second	First					Second	First			

\* Patent grant rate = Number of patents granted / (Number of patents granted + Number of patents applications refused + Number of patents applications withdrawn or abandoned)  
 Number of patents applications withdrawn or abandoned = Number of patents applications withdrawn or abandoned after notice of reasons for refusal

Source: Japan Patent Office Annual Report 2022 (the Japan Patent Office)

## [Environmental Vision and Mid- to Long-term Targets]



## [Assent to TCFD Recommendations] (on May 30, 2022)

ISEKI assents to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and works on information disclosure based on the TCFD recommendations



## ■ Established “ESG Committee” (on August 10, 2022)

- Purpose: Centralize organizational management through covering the aspects of environment, human capital, governance and compliance as we address various ESG-related issues in general  
Integrate the functions of existing “Management Supervisory Committee” and “Sustainability Committee”
- Role: In response to a consultation from the Board of Directors, deliberate on matters related to the enhancement of ESG and make recommendations to the Board of Directors
- Structure: Chairperson: Independent Outside Director  
Members: Directors and Corporate Officers

## ■ Issuance of ISEKI Report 2022

### Contents

- ✓ ISEKI Group’s value creation aims
- ✓ Business strategies for value creation
- ✓ Foundation for sustainable growth, etc.

URL of the ISEKI Report: <https://www.iseki.co.jp/english/csr/report/>





# 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**