



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

ISEKI & CO., LTD.

November 14, 2022

1. Outline of Financial Results for the Third 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 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.

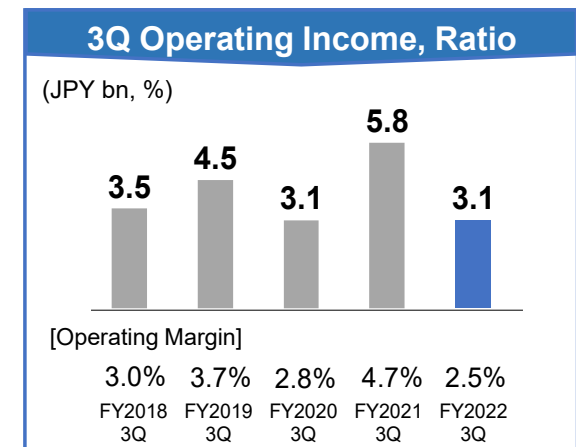
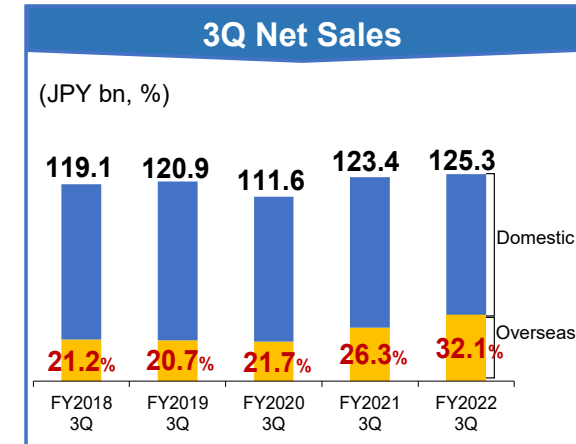
Domestic: Production delay due to supply chain disruptions
 Decreased willingness to buy due to weak rice prices and soaring material prices
 Pullback effect with withdrawal of government subsidies for business continuity in the previous fiscal year

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

Outline of Consolidated Business Performance



(January 1, 2022 to September 30, 2022)

(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
(Domestic)	93.9	95.9	87.4	90.9	85.0	(5.8)
(Overseas)	25.2	24.9	24.1	32.4	40.2	7.8
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)%
Ordinary Income	2.7	3.2	2.8	6.5	3.8	(2.6)
Profit (Loss) Attributable to Owners of Parent	2.2	2.1	2.4	4.7	3.4	(1.2)
Average Exchange Rate (JPY)	US\$ 109.4	109.6	107.8	107.8	124.9	17.1
	Euro 131.5	123.2	120.6	129.6	133.9	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	18.1	(0.6)
		Planting Machinery	7.4	8.0	6.4	7.2	6.5	(0.7)
		Harvesting & Processing Machinery	13.7	14.1	11.9	11.7	11.4	(0.2)
		Subtotal	42.2	43.4	35.7	37.8	36.1	(1.7)
	Farming Implements	Farming Implements	16.0	17.1	15.2	17.9	15.2	(2.6)
		Spare Parts	11.3	11.8	11.9	11.8	11.9	0.0
		Repair Fees	4.1	4.3	4.4	4.5	4.4	0.0
		Subtotal	31.5	33.3	31.6	34.3	31.6	(2.6)
	Total		73.7	76.7	67.4	72.1	67.7	(4.3)
	Construction of Facilities		4.9	4.0	5.6	3.6	3.2	(0.4)
Others		15.1	15.2	14.3	15.1	14.0	(1.0)	
Total		93.9	95.9	87.4	90.9	85.0	(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	13.1	1.7	1.0
Europe	10.8	9.9	9.2	13.3	19.8	6.5	1.2
Asia	5.3	4.4	5.4	7.3	6.7	(0.6)	0.4
Others	0.2	0.3	0.2	0.3	0.5	0.1	0.0
Total sales	25.2	24.9	24.1	32.4	40.2	7.8	2.6

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

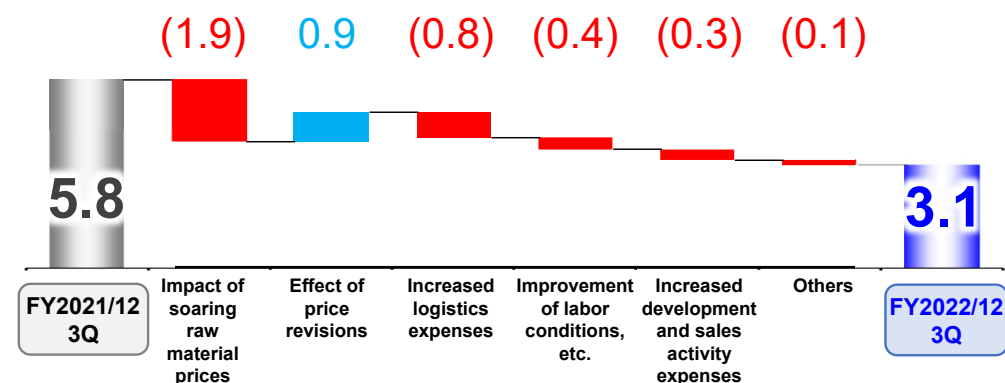
Operating Income

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	3.1	(2.6)
Balance of Financial Income	(0.5)	(0.5)	(0.5)	(0.4)	(0.5)	0.0
Other Non-operating Income	(0.2)	(0.6)	0.1	1.1	1.2	0.0
Ordinary Income	2.7	3.2	2.8	6.5	3.8	(2.6)
Extraordinary Income	0.1	0.1	0.6	0.0	0.8	0.7
Extraordinary Losses	(0.1)	(0.2)	0.0	(0.2)	(0.2)	0.0
Income Before Income Taxes	2.7	3.1	3.4	6.3	4.4	(1.9)
Income Taxes - Deferred	(0.5)	(1.0)	(1.0)	(1.5)	(0.9)	0.6
Profit (Loss) Attributable to Owners of Parent	2.2	2.1	2.4	4.7	3.4	(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]

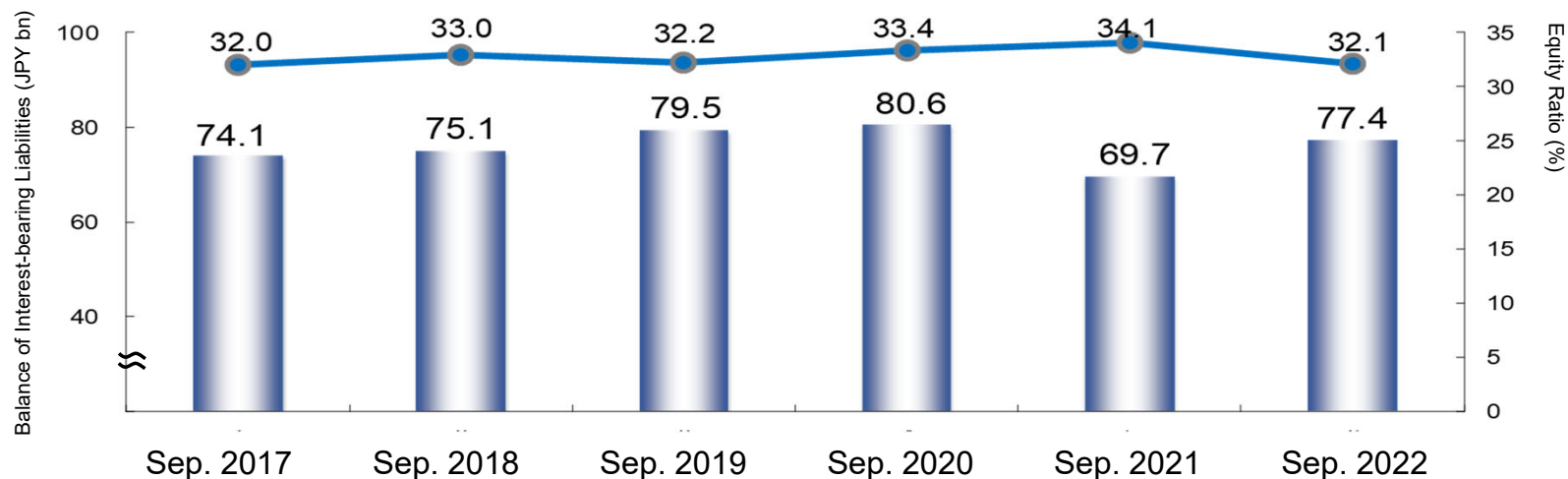
- **Merchandise & Finished Goods:** Increased mainly due to receipt delays caused by shortages of locally sourced parts in North America and the impact of consolidation of ISEKI Germany
- **Work in Progress:** Inventories of work in progress increased due to supply chain disruptions

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

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. Domestic and Overseas Markets

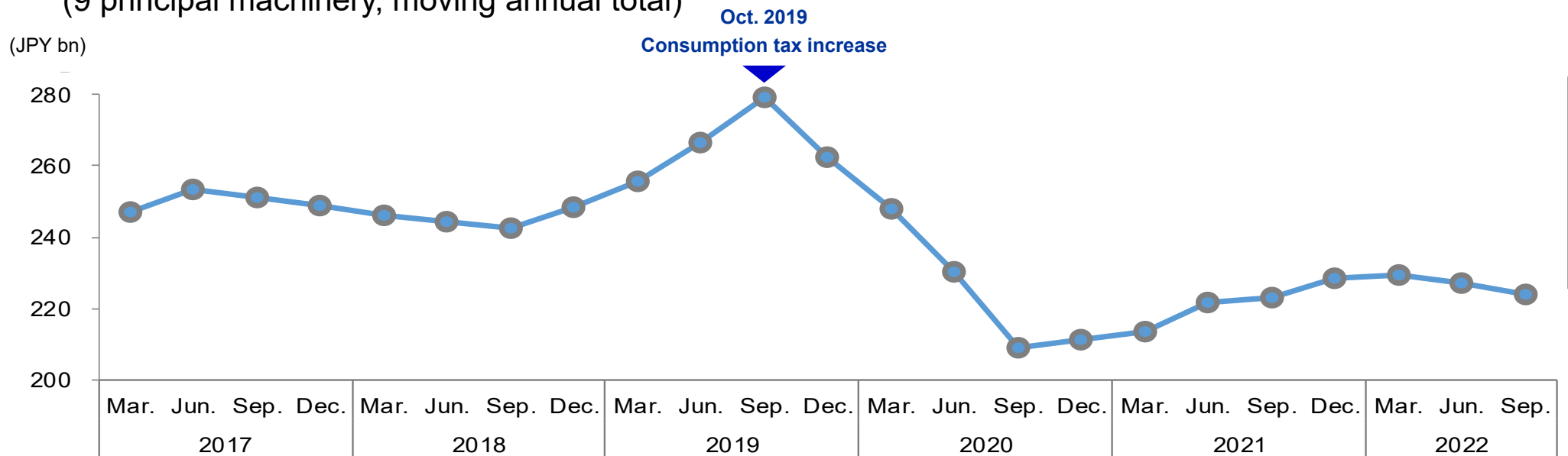


Domestic Agricultural Machinery Market Trends

Domestic
Agricultural
Machinery
Demand

Remained weak due to a pullback effect with withdrawal of government subsidies for business continuity and decreased willingness to buy due to falling rice prices, among other factors

■ 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

Trends in Agricultural Administration



■ FY2023 Budget Estimates for Agriculture, Forestry and Fisheries

¥2,680.8 billion

[Examples of measures related to agricultural machinery demand and sales]

Figures in parentheses indicate the initial budget for the previous year

◆ Project for Development and Demonstration of Technologies to Realize a Sustainable Food Systems Strategy MeaDRI

¥8.0 billion (¥3.5 billion)

✓ General Program to Support Smart Agriculture Measures

¥3.9 billion (¥1.4 billion)

◆ Comprehensive measures to promote a Sustainable Food Systems Strategy MeaDRI

¥3.0 billion (¥0.8 billion)

■ FY2022 Second Supplementary Budget for Agriculture, Forestry and Fisheries

¥820.6 billion

◆ Strengthening of food security

¥164.2 billion

✓ Measures to domestically produce and secure stable supply of fertilizers

¥27.0 billion

✓ Projects to promote conversion of paddy fields to dry fields

¥25.0 billion

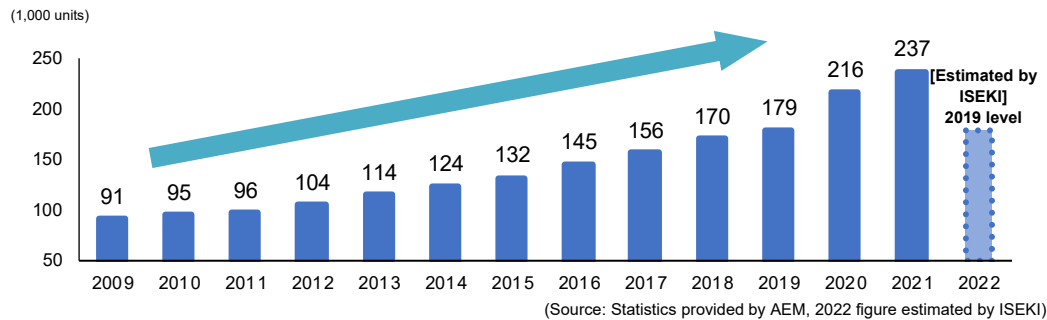
✓ Projects to create crop production areas

¥30.0 billion

North America

1. Compact tractors market

<Market trends (Jan. to Dec.)>



➤ Jan.-Sep. 2022: YoY 83%

2. Situation of AGCO (OEM partner)

➤ Unit sales of compact tractors (Jan.-Sep. 2022): YoY 75%

3. Shipments and Orders at ISEKI

➤ Shipments and Orders (Jan.-Dec. 2022): YoY 96%

Europe

1. Market trends

- Consumer demand remains strong due to lifestyle changes
- In terms of landscaping for professionals, demand continued to recover from last year, despite continued delays in supply due to disruptions in the distribution network and low distribution inventories across the industry

2. Local Sales

Unit sales (Jan.-Sep. 2022)

➤ Local distributors: YoY 106%

✓ ISEKI France S.A.S. posted record-high sales

3. Shipments and Orders at ISEKI

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



Thailand

1. Market Trends

For paddy fields: Sluggish due mainly to weak rice prices and soaring prices of materials such as fertilizers
 For dry fields: Strong market for sugar cane and cassava.
 Farmers' willingness to buy stimulated by the increase in purchasing prices of crops

2. Situation of the Local Distributor, IST Farm Machinery

Unit sales (Jan.-Sep. 2022)

➤ ASEAN Strategy Tractor: YoY 77%

- ✓ Enhanced products for dry fields
 - Introduced TAFE's small-sized tractor to the market in addition to AGCO's large-sized tractor

3. Shipments and Orders at ISEKI

➤ Shipments and Orders (Jan.-Dec. 2022): YoY 84%

Indonesia, Myanmar

1. Market Trends

<Indonesia> Shrinking budget for government tenders
 <Myanmar> Prolonged domestic turmoil

2. Shipments and Orders at ISEKI

(Jan.-Dec. 2022)

<Indonesia> Received orders amid shrinking budget for tenders
 <Myanmar> Sales activities stagnated as the chaos became prolonged

3. PT. ISEKI Indonesia (Manufacturing Subsidiary)

(Units, JPY bn)	2021		2022	
	Actual	3Q Actual	Plan	3Q Actual
Production Volume	15,680	11,300	17,170	12,800
Operating Income	0.3	0.2	0.3	0.3

China

1. Market Trends

Rice cultivation market struggled due to delays in subsidy allocation and stagnant rice trading prices.

◆ Trends in the Agricultural Machinery Industry by Product Type

(YoY Change in Units, %)	Jan.-Aug., 2020	Jan.-Aug., 2021	Jan.-Aug., 2022
Rice Transplanters (riding)	133%	134%	94%
Combine Harvesters (all-purpose, auto-threshing)	113%	133%	96%
Tractors (medium- to large-sized)	132%	123%	110%

Source: China Association of Agricultural Machinery Manufacturers

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

- Rice transplanters (riding): YoY 122%
(Including local OEM semi-finished goods: YoY 67%)
- Tractors, combine harvesters: YoY 124%

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.-Dec., 2022)

<South Korea> Significant increase in tractors and rice transplanters
 ✓ Large-sized, high-performance series received high praise

<Taiwan> Shipments were YoY 82%
 ✓ Promoted sales of rice transplanters, vegetable transplanters, etc.

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

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

4. Topics

■ Received the “2022 Development Award” from The Japanese Society of Agricultural Machinery and Food Engineers

<Award Details> **Development of system rice cooker machine for business use “AR5 series”**

Solve labor shortages in the ready-made meal and restaurant industries

[System rice cooker]

Automate all processes of rice cooking

[Response to market needs]

Equipped with remote control system, rice washing using air bubbles, function to dry the rice washing part, etc.



(One-cooker model) (Two-cooker model)



Other “food” related products

[ISEKI coin rice milling machine]

- The machine mills rice brought in on the spot



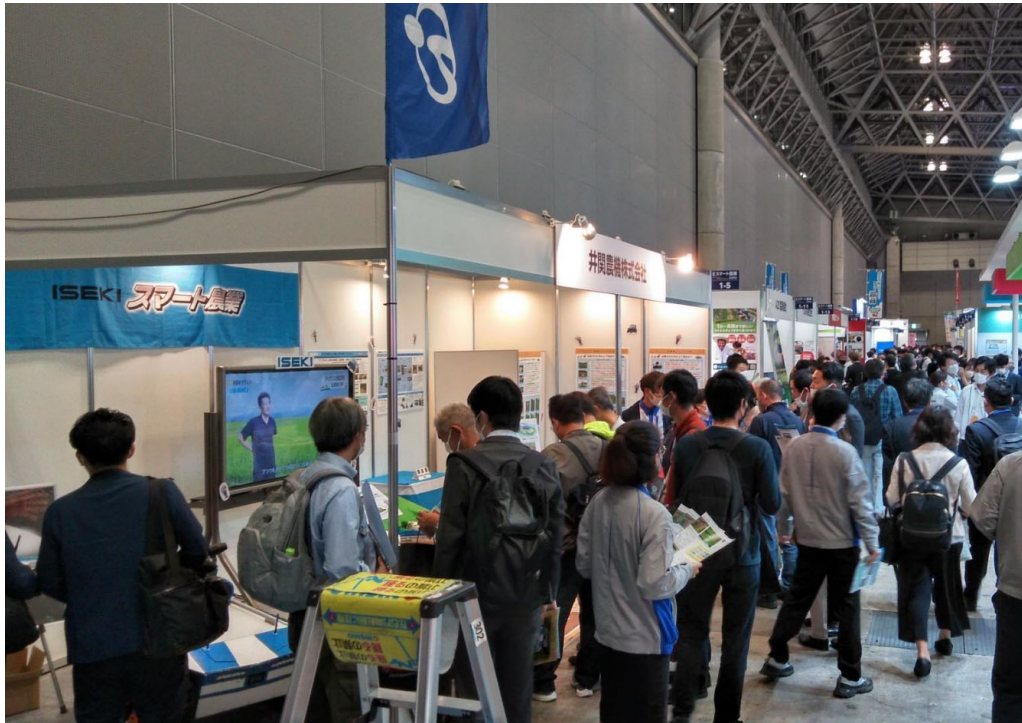
New Product Announcement

- ✓ Smart agricultural machinery utilizing robot, ICT and other technology
- ✓ Environmentally responsible products and initiatives that contribute to reducing greenhouse gas emissions



Release date	Wednesday, December 7, 2022 1:15pm - 3:00pm (to be confirmed)
Concept	Towards the realization of a decarbonized society and a recycling-oriented society: Transformation
Format	<ul style="list-style-type: none"> Physical event: Tsukubamirai City, Ibaraki Pref. Releases on the Company website and in the media

Aigamo Robot on the spotlight!



■ AGRI WEEK during October 12-14, 2022 at Makuhari Messe

Example of demonstration results

Aigamo Robot
Not used



Aigamo Robot
Used



Joint research by ISEKI, Yukimai Design Co., Ltd. and NARO on Aigamo Robot for the popularization and development of organic agriculture

Announced new products such as electric products!



■ GaLaBau exhibition in Germany and Salonvert exhibition in France in September 2022

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**