

Financial Results for the Fiscal Year Ended December 31, 2022
Investor Relations Presentation Materials

ISEKI & CO., LTD.

February 20, 2023

1. Outline of Financial Results for the Fiscal Year Ended December 31, 2022
2. Domestic and Overseas Markets
3. Performance Forecast for the Fiscal Year Ending December 31, 2023
4. Progress of Mid-term Management Plan



Solution Provider

for Agriculture & Landscape

1. Outline of Financial Results for the Fiscal Year Ended December 31, 2022



<Financial Results For the FY Ended Dec. 2022>

Overseas sales hit a record high for the second consecutive year

Domestic sales decreased mainly due to the impact of a pullback effect with withdrawal of subsidies, weak rice prices, and soaring material prices

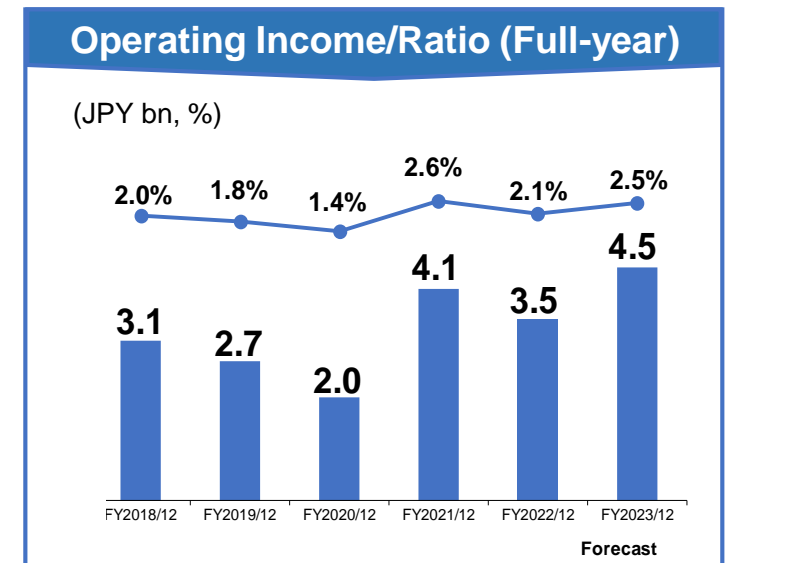
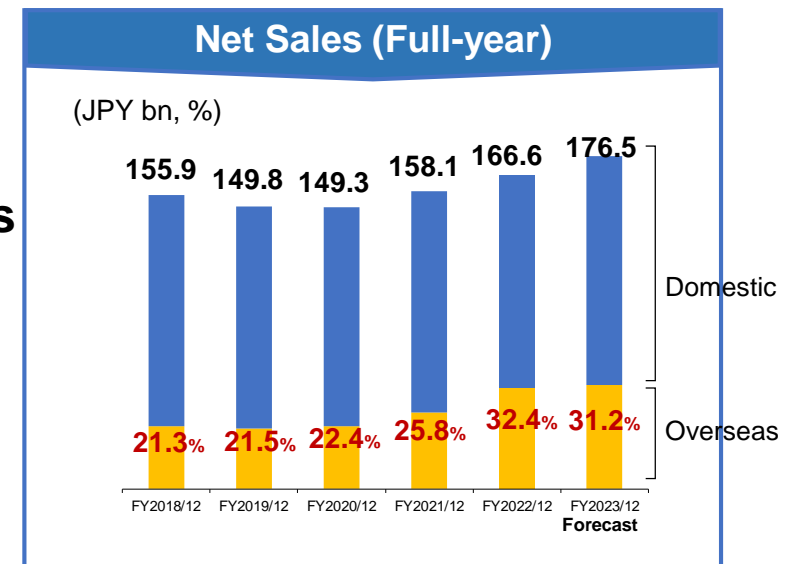
| | |
|------------------------------|---|
| Domestic: | Decreased willingness to buy due to weak rice prices and soaring material prices Pullback effect with withdrawal of government subsidies for business continuity in the previous fiscal year |
| Overseas: | Overseas sales hit a record high |
| Operating Income: | Price revisions implemented in each region were unable to fully cover the impact of soaring raw material prices, putting pressure on earnings |
| Extraordinary Income/Losses: | Gain on change in equity and impairment loss recorded |

<Forecast For the FY Ending Dec. 2023>

Increase in net sales & operating income

Year-end dividend: 30 yen per share

| | |
|------------|--|
| Net sales: | YoY increase in both domestic and overseas sales |
| Profits: | Profits expected to increase due to higher gross profit resulting from higher sales and price revisions, as well as further efforts for structural reform and management efficiency improvement, despite pressure on earnings due to soaring raw material prices |



[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"> ➤ Operating income improved |
| ✓ 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 December 31, 2022)

(JPY bn, %)

| | FY2018/12 | | FY2019/12 | | FY2020/12 | | FY2021/12 | | FY2022/12 | | YoY Change | Diff. (Target /Actual)* |
|--|-----------|--------|-----------|--------|-----------|--------------|--------------|--------|-----------|--|------------|-------------------------|
| | Actual | Actual | Actual | Actual | % | Actual | % | Actual | % | | | |
| Net Sales | 155.9 | 149.8 | 149.3 | 158.1 | 100.0 | 166.6 | 100.0 | 8.4 | 0.1 | | | |
| (Domestic) | 122.8 | 117.7 | 115.9 | 117.3 | 74.2 | 112.6 | 67.6 | (4.7) | 1.2 | | | |
| (Overseas) | 33.1 | 32.1 | 33.3 | 40.7 | 25.8 | 53.9 | 32.4 | 13.1 | (1.1) | | | |
| Operating Income | 3.1 | 2.7 | 2.0 | 4.1 | 2.6 | 3.5 | 2.1 | (0.6) | (0.1) | | | |
| Ordinary Income | 2.6 | 1.1 | 1.7 | 4.6 | 3.0 | 3.7 | 2.3 | (0.9) | (0.8) | | | |
| Profit (Loss) Attributable to Owners of Parent | 1.0 | 0.7 | (5.6) | 3.1 | 2.0 | 4.1 | 2.5 | 0.9 | 0.6 | | | |
| Average Exchange Rate (JPY) | US\$ | 110.2 | 109.3 | 107.0 | 109.0 | 131.3 | 22.3 | (0.9) | | | | |
| | Euro | 130.9 | 121.6 | 121.5 | 129.8 | 136.9 | 7.1 | (0.1) | | | | |

* Difference from the forecast announced on 14th November 2022

YoY
JPY4.7 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 remained at the same level year on year

| (JPY bn) | | FY2018/12 | FY2019/12 | FY2020/12 | FY2021/12 | FY2022/12 | YoY Change | Diff. (Target /Actual)* | |
|--------------------------------|----------------------------|-----------------------------------|-----------|-----------|-----------|-----------|------------|-------------------------|-------|
| | | Actual | Actual | Actual | Actual | Actual | | | |
| Agricultural Machinery Related | Agricultural Machinery | Cultivating & Mowing Machinery | 27.4 | 25.3 | 22.8 | 23.9 | 22.9 | (1.0) | |
| | | Planting Machinery | 9.1 | 9.0 | 8.8 | 9.0 | 7.9 | (1.1) | |
| | | Harvesting & Processing Machinery | 19.9 | 18.5 | 16.8 | 16.6 | 16.0 | (0.5) | |
| | | Subtotal | 56.5 | 53.0 | 48.6 | 49.6 | 46.9 | (2.7) | (0.3) |
| | Farming Implements | Farming Implements | 20.2 | 20.0 | 20.4 | 22.0 | 20.5 | (1.4) | 1.0 |
| | | Spare Parts | 14.8 | 15.0 | 15.6 | 15.3 | 15.6 | 0.2 | 0.2 |
| | | Repair Fees | 5.5 | 5.7 | 5.8 | 5.9 | 5.8 | 0.0 | (0.2) |
| | | Subtotal | 40.6 | 40.8 | 42.0 | 43.3 | 42.0 | (1.3) | 1.1 |
| | Total | | 97.1 | 93.8 | 90.6 | 93.0 | 88.9 | (4.0) | 0.8 |
| | Construction of Facilities | | 5.6 | 4.5 | 6.1 | 4.2 | 4.3 | 0.0 | 0.0 |
| Others | | 19.9 | 19.3 | 19.1 | 20.1 | 19.3 | (0.7) | 0.3 | |
| Total | | 122.8 | 117.7 | 115.9 | 117.3 | 112.6 | (4.7) | 1.2 | |

Main factors for changes (In comparison with the previous year)

- ✓ 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, remained at the same level year on year

* Difference from the forecast announced on 14th November 2022

YoY
JPY13.1 billion
increase

Sales hit a record high for the second consecutive year
Sales increased mainly in North America and Europe. Sales increased due to ISEKI Germany becoming a consolidated subsidiary (+JPY3.6 billion)

| (JPY bn) | FY2018/12 Actual | FY2019/12 Actual | FY2020/12 Actual | FY2021/12 Actual | FY2022/12 Actual | YoY Change |
|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------|
| North America | 11.5 | 13.2 | 12.8 | 15.1 | 19.5 | 4.3 |
| Europe | 13.8 | 12.8 | 13.9 | 15.9 | 25.1 | 9.1 |
| Asia | 7.3 | 5.5 | 6.2 | 9.1 | 8.6 | (0.5) |
| Others | 0.4 | 0.5 | 0.3 | 0.5 | 0.6 | 0.1 |
| Total Sales | 33.1 | 32.1 | 33.3 | 40.7 | 53.9 | 13.1 |

| Diff. (Target /Actual)* |
|----------------------------|
| (0.7) |
| (0.4) |
| (0.1) |
| (0.1) |
| (1.2) |

Main factors for changes (In comparison with the previous year)

- ✓ **North America:** Compact tractors market entered an adjustment phase, but our shipments continued to grow to recover the local inventory levels
- ✓ **Europe:** Sales increased, mainly to consumers, as we captured market developments associated with 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. +JPY3.6 billion)
- ✓ **Asia:** Sales decreased as higher shipments to South Korea could not offset lower shipments of semi-finished goods to China and other factors

* Difference from the forecast announced on 14th November 2022

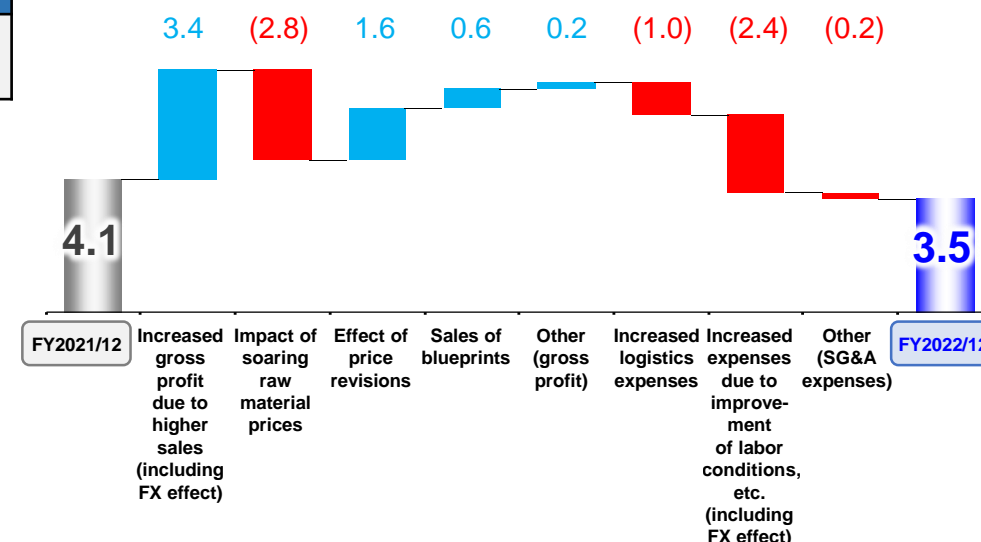
YoY
JPY0.6 billion
decrease

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 Actual | FY2019/12 Actual | FY2020/12 Actual | FY2021/12 Actual | FY2022/12 Actual | YoY Change |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------|
| Net Sales | 155.9 | 149.8 | 149.3 | 158.1 | 166.6 | 8.4 |
| Gross Profit | 45.9 | 44.5 | 43.4 | 46.8 | 49.8 | 3.0 |
| Gross Profit Margin | 29.5% | 29.7% | 29.1% | 29.6% | 29.9% | 0.3% |
| SG&A Expenses | 42.7 | 41.7 | 41.3 | 42.6 | 46.3 | 3.6 |
| Personnel Expenses | 25.3 | 24.6 | 25.1 | 25.2 | 26.4 | 1.1 |
| Other Expenses | 17.4 | 17.0 | 16.2 | 17.4 | 19.9 | 2.5 |
| Operating Income | 3.1 | 2.7 | 2.0 | 4.1 | 3.5 | (0.6) |
| Operating Margin | 2.0% | 1.8% | 1.4% | 2.6% | 2.1% | (0.5)% |

| Diff. (Target /Actual)* |
|----------------------------|
| 0.1 |

[Breakdown of YoY Change]



| |
|--------|
| (0.1) |
| (0.1)% |

[Effect of FOREX Fluctuations (JPY bn)]

| Net Sales | Cost of Sales | SG&A Expenses | Operating Income |
|-----------|---------------|---------------|------------------|
| 3.7 | (2.7) | (0.4) | 0.6 |

* Difference from the forecast announced on 14th November 2022

Ordinary Income & Profit

Ordinary income
YoY
JPY0.9 billion
decrease

Ordinary Income: Decreased due to the absence of one-time non-operating income recorded in the previous fiscal year and an increase in share of loss of entities accounted for using the equity method, despite an increase in foreign exchange gains

Profit: Increased due to extraordinary income such as the impact of making ISEKI Germany a consolidated subsidiary and gain on change in equity related to a Chinese associate accounted for using the equity method, despite impairment loss

| (JPY bn) | FY2018/12 Actual | FY2019/12 Actual | FY2020/12 Actual | FY2021/12 Actual | FY2022/12 Actual | YoY Change | Diff. (Target /Actual)* | Non-operating Income (YoY Change) |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------|-------------------------------|--|
| Operating Income | 3.1 | 2.7 | 2.0 | 4.1 | 3.5 | (0.6) | (0.1) | <ul style="list-style-type: none"> Foreign exchange gains 0.3 Absence of settlement received (0.4) Share of loss of entities accounted for using equity method (0.2) |
| Balance of Financial Income | (0.7) | (0.7) | (0.6) | (0.6) | (0.7) | (0.1) | | |
| Other Non-operating Income | 0.2 | (0.8) | 0.3 | 1.1 | 0.9 | (0.1) | | |
| Ordinary Income | 2.6 | 1.1 | 1.7 | 4.6 | 3.7 | (0.9) | (0.8) | |
| Extraordinary Income | 0.1 | 0.5 | 0.6 | 0.0 | 3.3 | 3.3 | | |
| Extraordinary Losses | (0.5) | (0.3) | (9.4) | (0.4) | (1.9) | (1.4) | | |
| Income Before Income Taxes | 2.2 | 1.3 | (7.1) | 4.3 | 5.2 | 0.8 | | |
| Income Taxes - Deferred | (1.1) | (0.5) | 1.4 | (1.1) | (1.1) | 0.0 | | |
| Profit (Loss) Attributable to Owners of Parent | 1.0 | 0.7 | (5.6) | 3.1 | 4.1 | 0.9 | 0.6 | Extraordinary Income/Losses (YoY Change) <ul style="list-style-type: none"> Impact of making ISEKI Germany a consolidated subsidiary 0.7 <ul style="list-style-type: none"> (Gain on step acquisitions) 0.5 (Gain on bargain purchase) 0.2 Gain on change in equity 2.5 Impairment loss (1.6) |

* Difference from the forecast announced on 14th November 2022

■ Extraordinary Income

- Gain on change in equity: 2.5 Recorded due to a third-party allotment of shares by a Chinese associate accounted for using the equity method
- Gain on step acquisitions: 0.5 } Recorded as a result of acquiring additional shares of ISEKI
- Gain on bargain purchase: 0.2 } Germany and making it a consolidated subsidiary

■ Extraordinary Losses

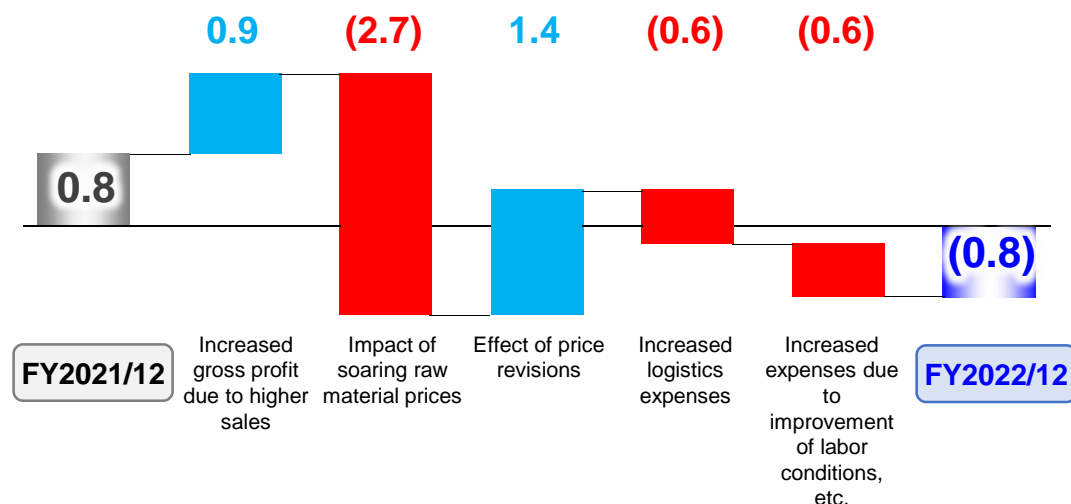
- Impairment loss (1.5) Impairment loss recorded on business assets at ISEKI-Matsuyama MFG. Co., Ltd. due to decreased profitability caused by changes in the business environment
[Changes in the business environment]
 - Production of lawn mowers transferred to PT. ISEKI Indonesia as part of efforts to build an optimal production system
 - Production of drying machines discontinued (selection & concentration)

Operating income YoY
JPY1.6 billion decrease

As with the consolidated results, price revisions were unable to fully cover the impact of soaring raw material prices, putting pressure on earnings

| | FY2018/12 | FY2019/12 | FY2020/12 | FY2021/12 | FY2022/12 | YoY Change |
|---------------------|-----------|-----------|-----------|-----------|--------------|------------|
| (JPY bn, %) | Actual | Actual | Actual | Actual | Actual | |
| Net Sales | 93.1 | 90.0 | 79.2 | 91.7 | 97.4 | 5.6 |
| Domestic | 65.7 | 61.7 | 53.9 | 59.8 | 58.0 | (1.7) |
| Overseas | 37.4 | 28.2 | 25.2 | 31.9 | 39.3 | 7.4 |
| Gross Profit | 12.3 | 12.4 | 9.4 | 12.1 | 11.7 | (0.4) |
| Gross Profit Margin | 13.2% | 13.8% | 11.9% | 13.3% | 12.0% | (1.3)% |
| SG&A Expenses | 11.8 | 11.4 | 10.7 | 11.3 | 12.5 | 1.2 |
| Operating Income | 0.5 | 0.9 | (1.3) | 0.8 | (0.8) | (1.6) |
| Ordinary Income | 2.4 | 2.2 | (0.2) | 3.8 | 1.2 | (2.5) |
| Profit | 1.8 | 1.5 | (13.2) | 2.9 | (0.1) | (3.0) |

[Breakdown of YoY Change]



Extraordinary Income/Losses (YoY Change)

| | |
|--|-------|
| · Loss on valuation of shares of subsidiaries and associates | (1.2) |
| · Provision of allowance for doubtful accounts | (0.2) |

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 Dec. 31, 2021 | As of Dec. 31, 2022 | YoY Change | | As of Dec. 31, 2021 | As of Dec. 31, 2022 | YoY Change |
|---------------------------------|------------------------|------------------------|---------------|---|------------------------|------------------------|---------------|
| Cash & Deposits | 14.8 | 10.7 | (4.1) | Accounts Payable - Trade | 39.2 | 45.4 | 6.2 |
| Accounts Receivable - Trade | 21.5 | 27.5 | 6.0 | Interest-bearing Liabilities | 62.1 | 68.1 | 6.0 |
| Inventories | 49.8 | 65.3 | 15.4 | (Loans Payable) | 54.9 | 61.1 | 6.1 |
| (Merchandise & Finished Goods) | 41.5 | 53.5 | 12.0 | Other Liabilities | 19.6 | 20.4 | 0.7 |
| (Work in Progress) | 7.0 | 10.3 | 3.2 | | | | |
| Other Current Assets | 4.8 | 5.7 | 0.9 | | | | |
| Total Current Assets | 91.1 | 109.4 | 18.3 | Total Liabilities | 121.1 | 134.1 | 13.0 |
| Property, Plant and Equipment | 84.9 | 83.9 | (1.0) | Net Assets | 66.5 | 72.3 | 5.7 |
| Intangible Assets | 2.2 | 2.3 | 0.0 | (Retained Earnings) | 17.6 | 21.1 | 3.4 |
| Investments and Other Assets | 9.3 | 10.8 | 1.5 | | | | |
| Total Non-current Assets | 96.5 | 97.0 | 0.4 | | | | |
| Total Assets | 187.6 | 206.4 | 18.8 | Total Liabilities and Net Assets | 187.6 | 206.4 | 18.8 |

Interest-bearing liabilities, equity, dividend

Interest-bearing liabilities increased in line with the increase in inventories
Year-end dividend to be 30 yen per share

1. Interest-bearing liabilities & Equity



2. Dividend

(JPY)

| | FY2021/12 Actual | FY2022/12 Plan |
|-------------------|------------------|----------------|
| Year-end Dividend | 30 | 30 |

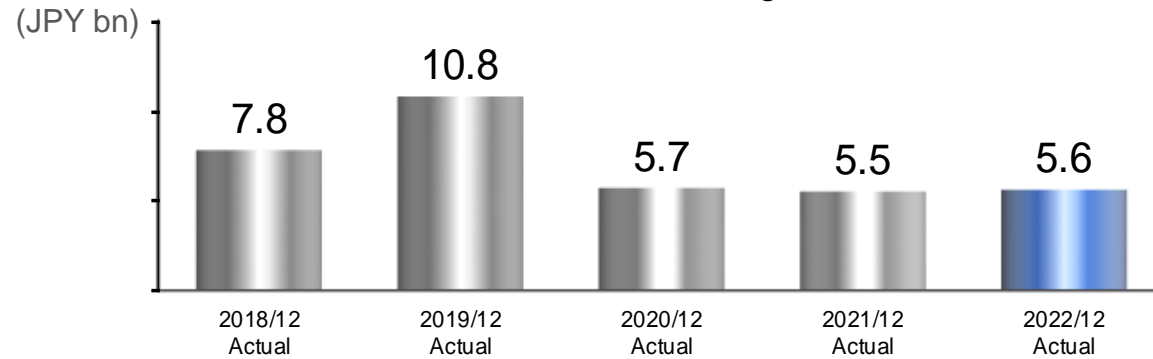
| | | | | |
|---------------------------------------|-------|-------|-------|-------|
| D/E Ratio | 1.0 | 1.1 | 0.9 | 0.9 |
| Equity Ratio | 34.2% | 32.4% | 34.5% | 32.9% |
| Interest-bearing Liabilities (JPY bn) | 69.3 | 69.3 | 62.1 | 68.1 |
| Net Assets (JPY bn) | 69.2 | 62.4 | 66.5 | 72.3 |

Capital investment

Made investment in growth, including development of sales offices and investment in improving productivity

1. Capital investment

*Property, plant and equipment and intangible assets after delivery



(Breakdown)

| (JPY bn) | FY2021/12 | FY2022/12 |
|-------------------------------------|------------|------------|
| Sales offices | 2.4 | 2.4 |
| New models, increasing productivity | 1.2 | 1.1 |
| Information technology | 0.4 | 0.7 |
| Other | 1.5 | 1.4 |
| Total | 5.5 | 5.6 |

2. Depreciation, Research & Development Expenses

| (JPY bn) | FY2021/12 Actual | FY2022/12 Actual |
|---------------------------------|------------------|------------------|
| Depreciation | 6.56 | 6.10 |
| Research & development expenses | 1.27 | 1.61 |

Cash flows

Cash flows from operating activities were ¥(3.3) billion due to an increase in inventories

| (JPY bn) | FY2018/12 Actual | FY2019/12 Actual | FY2020/12 Actual | FY2021/12 Actual | FY2022/12 Actual | YoY Change |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------|
| Cash flows from operating activities | 7.6 | 10.5 | 9.6 | 14.2 | (3.3) | (17.6) |
| Profit before income taxes | 2.2 | 1.3 | (7.1) | 4.3 | 5.2 | 0.8 |
| Depreciation | 6.7 | 6.8 | 6.9 | 6.5 | 6.1 | (0.4) |
| Impairment loss, gain on bargain purchase, loss (gain) on step acquisitions, loss (gain) on change in equity | 0.1 | 0.1 | 8.6 | 0.1 | (1.5) | (1.6) |
| Decrease (increase) in trade receivables | 1.8 | 3.5 | (1.8) | 0.4 | (5.1) | (5.5) |
| Decrease (increase) in inventories | (0.2) | (0.7) | 3.2 | 2.4 | (11.4) | (13.8) |
| Increase (decrease) in trade payables | (1.0) | (1.8) | (0.8) | 2.1 | 5.4 | 3.3 |
| Cash flows from investing activities | (9.9) | (7.1) | (5.1) | (2.0) | (2.9) | (0.9) |
| Purchase of property, plant and equipment and intangible assets | (6.8) | (8.3) | (6.6) | (4.6) | (4.8) | (0.1) |
| Free Cash Flow | (2.3) | 3.4 | 4.5 | 12.1 | (6.3) | (18.5) |
| Cash flows from financing activities | 1.9 | (2.3) | (2.1) | (8.3) | 2.0 | 10.3 |
| Net increase (decrease) in cash and cash equivalents | (0.4) | 0.9 | 2.3 | 4.0 | (4.1) | (8.1) |

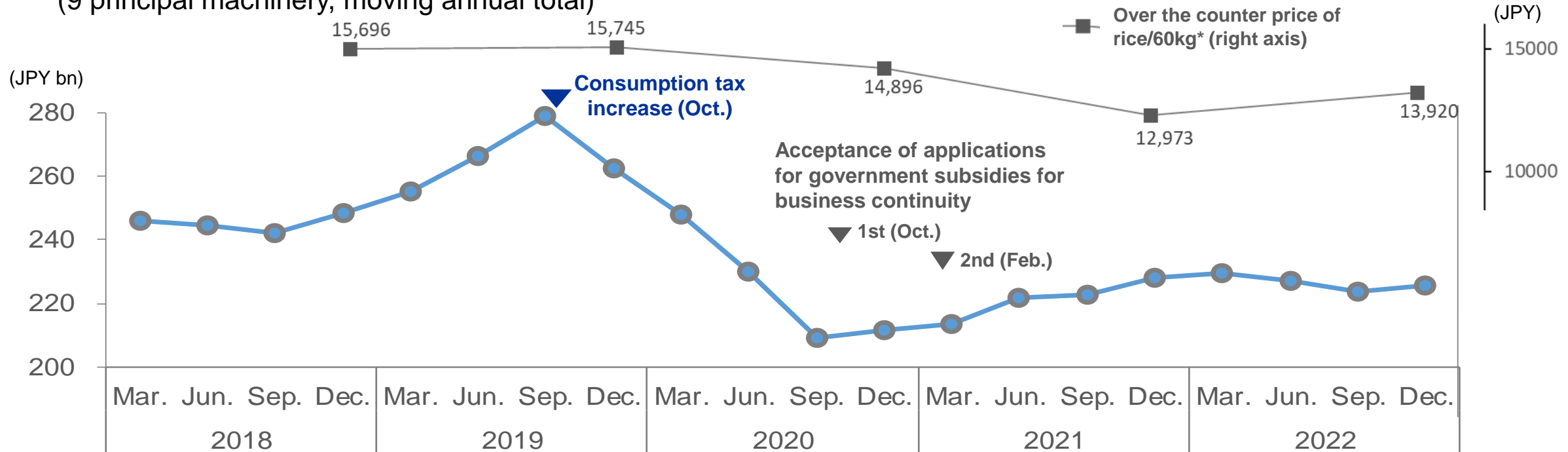
2. Domestic and Overseas Markets



Domestic Agricultural Machinery Demand

Agricultural machinery demand remained flat mainly due to soaring material costs, despite the diminishing pullback effect with withdrawal of government subsidies for business continuity and rice prices bottoming out

■ 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.

Large Agricultural Machinery

- ✓ Sales remained at the same level as 2020, partly due to the impact of supply chain disruptions on production
- ✓ Aiming to expand sales in 2023 through production recovery and the launch of new products

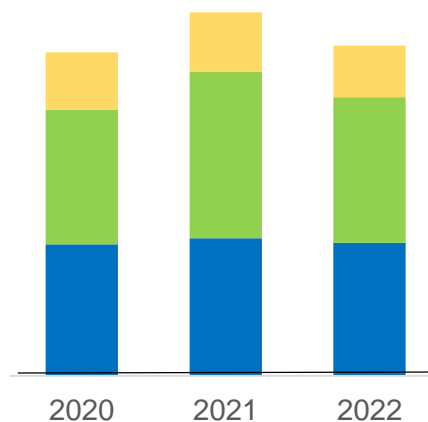
<New large-sized Japan series products>

- Model change
 - 10-row rice transplanter with straight-travel assistance
- Model addition
 - Combine harvester with straight-travel assistance
 - Robot rice transplanter with variable fertilizer specs



New product: 10-row rice transplanter with straight-travel assistance

- All Japan series performance (number of units)
- Combine harvesters
- Rice transplanters
- Tractors



Smart Agricultural Machinery

- ✓ Sales of smart agricultural machinery grew 107%, driven by mid-sized tractor with straight-travel assistance specs
- ✓ In 2023, the automatic steering series will be further enhanced. Aiming to expand sales by stepping up demonstrations

- Strong sales of mid-sized tractor released in March 2022
- Variable fertilizer rice transplanter certified as eligible for the "green investment promotion tax scheme" in January 2023

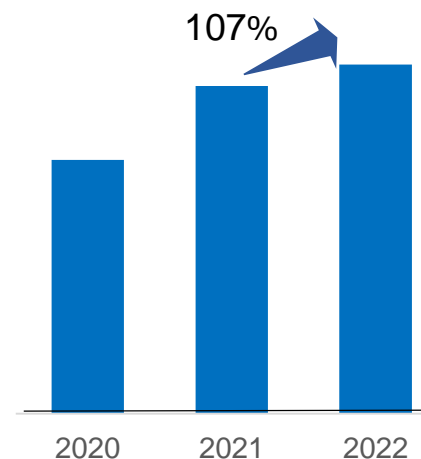


Mid-sized tractor with straight-travel assistance (36/50/60hp)



Variable fertilizer rice transplanter

- Smart agricultural machinery performance (amount)



■ Development of an agriculture, forestry, and fisheries policy under a new form of capitalism (4 pillars of the agriculture, forestry, and fisheries policy)

| Development of 4 pillars of agriculture, forestry, and fisheries policy | Response direction | Measures (extract) |
|--|--|---|
| Growth industrialization with smart agriculture, forestry, and fisheries, etc. | Horizontally roll out initiatives whose business benefits have been proven to be high in demonstration projects | Development and demonstration of smart agricultural technology and support for production areas |
| Promotion of the export of agricultural, forestry and fishery products and foods | Convert 10% of the agriculture, forestry, fisheries and food industries to production for overseas markets, and maintain and strengthen production bases | Fostering of production areas and strengthening of supply systems |
| Green transformation of the agriculture, forestry, and fisheries industry | Set goals for 2030: (1) Reduce chemical fertilizer usage by 20% (2) Expand organic farming area to 63,000 ha | Conversion to green cultivation systems |
| Enhancement of food security | Secure stable supply of production materials and increase production of import-dependent grains (wheat, soybeans, etc.) | Mitigation of the impact of soaring prices of production materials, etc. Promote conversion of rice fields to dry fields for the production of wheat, soybeans, etc. |

*Prepared by the Company based on documents from the Headquarters on Measures to Secure Stable Supply of Food and Strengthen the Agriculture, Forestry, and Fisheries Industries

Domestic Trends in Agricultural Administration

(Initial budget for FY2023)

■ Outline of budget for agriculture, forestry and fisheries: ¥2,268.3 billion in total

“Establish food security and promote sustainable growth of the agriculture, forestry and fisheries industry”

<Primary budget allowances for agricultural machinery and facilities>

| Classification* | | Project name (outline) | Budget |
|-----------------|---------|---|----------|
| Revised | Initial | | |
| ○ | | Power-up Project for Local Production Bases | ¥30.6 bn |
| ○ | | Project for the establishment of a sustainable field crop production system, Projects to create crop production areas | ¥35.0 bn |
| ○ | ○ | Boosting wheat and soybean profitability and productivity | ¥6.1 bn |
| | ○ | Financial support for comprehensive support for building strong agriculture | ¥12.1 bn |
| ○ | | Measures to expand the use of domestic fertilizer resources, etc., measures to reduce the use of production materials | ¥13.0 bn |
| ○ | ○ | Measures to expand the production and use of domestic feed | ¥51.3 bn |
| ○ | ○ | Smart agriculture comprehensive promotion measures as part of the Project for Development and Demonstration of Technologies to Realize a Sustainable Food Systems Strategy MeaDRI | ¥5.6 bn |
| | ○ | Project for the improvement of agricultural land cultivation conditions | ¥20.0 bn |
| ○ | | Special Project for Strengthening Profitability of Livestock and Dairy Farming (Livestock Clusters) | ¥55.5 bn |
| | ○ | Subsidy for Supporting Efficient Use of Farmland | ¥1.5 bn |
| ○ | ○ | Comprehensive measures to promote a Sustainable Food Systems Strategy MeaDRI | ¥3.7 bn |

| Connection to 4 pillars of agriculture, forestry and fisheries policy | | | |
|---|-------|------------------|----------------------|
| Food security | Smart | Export promotion | Green transformation |
| ○ | | ○ | |
| ○ | | | |
| ○ | | | |
| ○ | | | |
| ○ | | | |
| ○ | | | |
| | ○ | | |
| | ○ | | |
| | ○ | | |
| | ○ | | ○ |
| | | | ○ |

*Classification: “Revised” – FY2022 Revised Budget, “Initial” – FY2023 Initial Budget

■ Promote environment-friendly smart agriculture

Robotic /
straight-
travel
assisted
specs
*Automatic
steering

Reduce fuel consumption through work optimization

- ✓ Rice transplanters: straight-travel & turning assistance, robot
- ✓ Tractors: straight-travel assistance, robot
- ✓ Combine harvesters: straight-travel assistance
- ✓ Automatic weed suppression robot “Aigamo Robot”

Introduction of automatic steering systems to agricultural machinery

Reduce fuel consumption by **13%**

(compared with previous models)

Reduce greenhouse gas emissions as well

Source: “Strategy for Sustainable Food Systems, MeaDRI” and “Basis for Amount of Reduction from Countermeasures in the Plan for Global Warming Countermeasures”

Reduce weeding time

Sensing

Adjust the amount of fertilizer with sensors

- ✓ Variable fertilizer rice transplanters
- ✓ Riding control machine (smart topdressing system)

Reduce fertilizer usage by approx.

30% (Rough estimation when variable fertilization is applied for side dressing)

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%

Expansion of organic farming in rice cultivation

➔ **Water management and weed management is the challenge**

▪ **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**

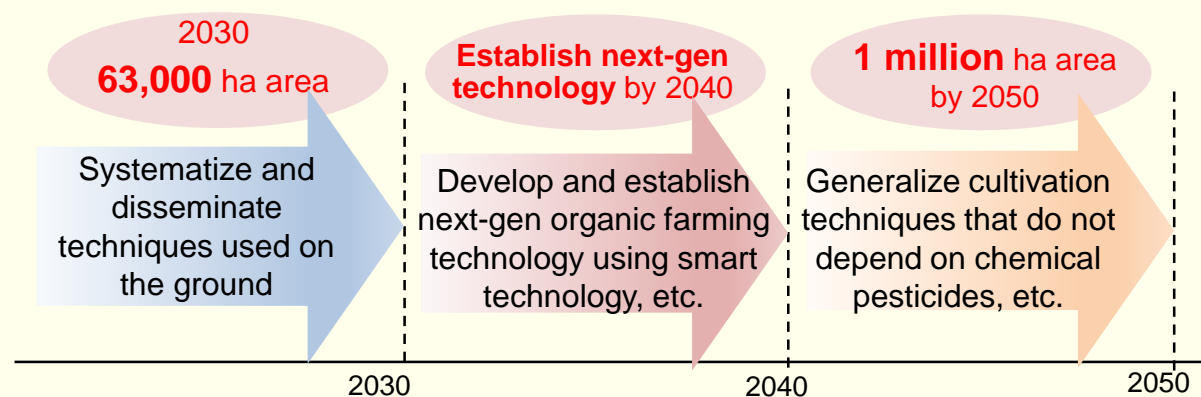
Aigamo Robot

Sales launch in Jan. 2023



Time required for weeding in organic farming is **approx. 5 times** more than in conventional farming
Aigamo Robot significantly cuts work time

Reference) Goals of organic agriculture initiatives



Business opportunities for related products

(Examples)

Farming implements: land leveling, dike management



Remote water management



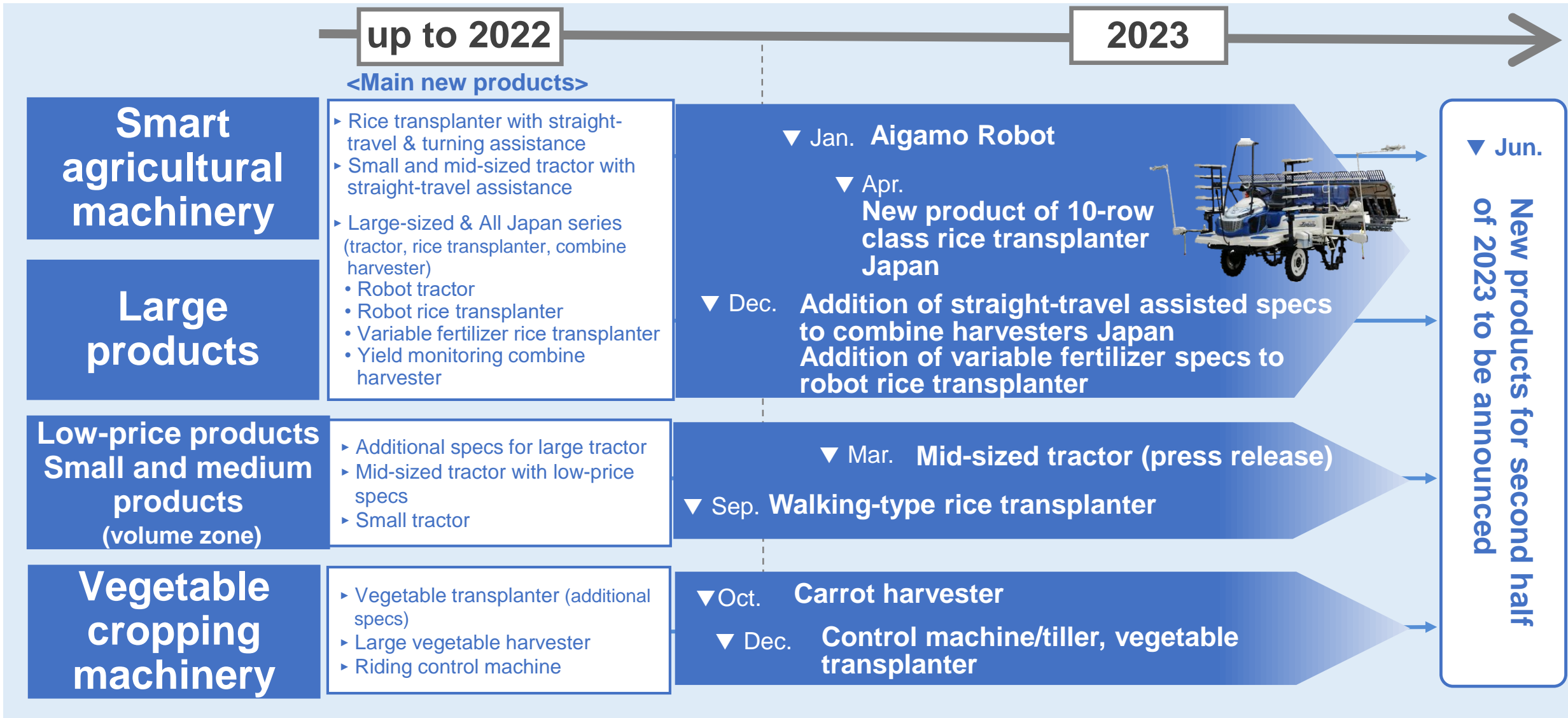
Farm management tools, soil diagnosis, GAP

agri-note



* Prepared by the Company based on extracts from "Current State of Organic Agriculture" (September 2022) published by Ministry of Agriculture, Forestry and Fisheries

Domestic Product Development (Key Products)



North America

2022: Although the compact tractors market entered an adjustment phase, shipments to AGCO in North America hit a record high due to continued growth in shipments to recover the local inventory levels

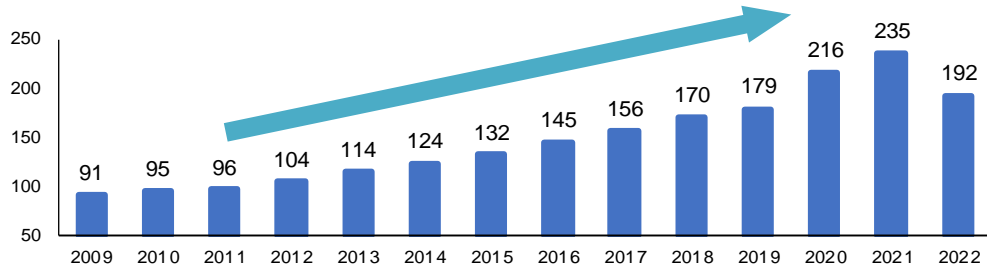
2023: Although the market is expected to slow down, we aim to further improve our market share through the replenishment of inventories by pushing shipments from AGCO to dealers and aggressive sales promotion measures by AGCO

1. Market Trends

<Compact tractors market (Jan. to Dec.)>

➤ Jan.-Dec. 2022: YoY 82%

(1,000 units)



(Source: Statistics provided by AEM)

2. Situation of AGCO (OEM Partner)

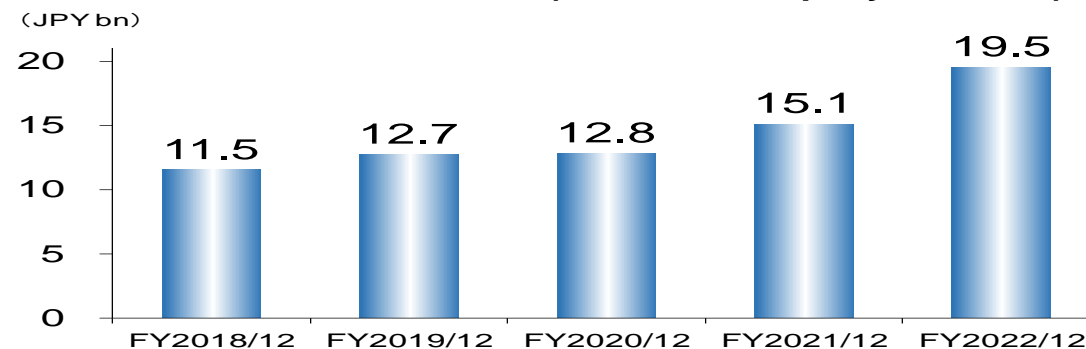
➤ Unit sales (Jan.-Dec. 2022)

Unit sales at AGCO fell below the previous year's level due to difficulties in procuring local parts in addition to the market adjustment phase from the second half of 2022

3. Situation of ISEKI

- ISEKI's own shipments in 2022 (Jan.-Dec. 2022): YoY 113%
- Although units shipped in 2023 are expected to decrease year on year, we aim to maintain the profit level by raising product prices
- We aim to further improve our market share and expand sales through the replenishment of inventories by pushing shipments from AGCO to dealers and aggressive sales promotion measures by AGCO

■ Consolidated net sales (from the Company to AGCO)



Europe

2022: Units shipped by the Company exceeded the previous year due to the recovery of shipping containers. Historical high sales were recorded due to continued sales growth at ISEKI France S.A.S. Consolidated net sales in Europe increased dramatically partly due to ISEKI Germany becoming a consolidated subsidiary (+JPY3.6 billion) in the second half

2023: Demand for products for professionals, our essential business, was stable despite fears of economic recession caused by rapid inflation. Aiming to increase sales by replenishing distribution inventories and enhancing product lineup for consumers

1. Market Trends

- Consumer demand remained strong

Demand for landscaping for professionals, our essential business, was stable. However, product supply delays continued mainly due to supply chain disruptions, and distribution inventories remained low across the industry.

Some early order placement was accepted at the wholesale level

2. Local Sales

➤ Unit sales (Jan.-Dec. 2022)

- Local distributors: YoY 108%

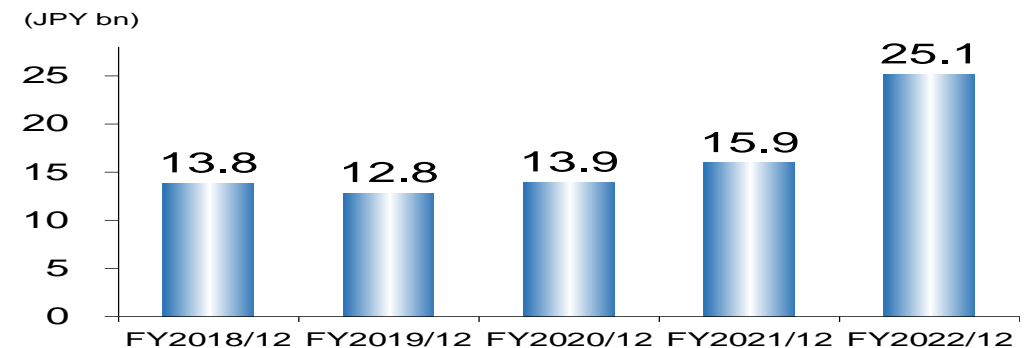
√ ISEKI France S.A.S. posted record-high sales

Continuing sales growth since 2014 consolidation (annual growth rate of 10%)

3. Situation of ISEKI

- Replenish the distribution inventories of products for professionals and enhance the product lineup including electric products for consumers in 2023
- Aim to maintain profit level by raising product prices in 2023 as we did in 2022 in response to soaring material prices and increased logistics costs
- Launch a limited sale of ride-on electric mower in the first half of 2023 and carry out customer evaluations, etc. in preparation for full-scale introduction

■ Consolidated net sales: Europe



ASEAN

Thailand: Demand for agricultural machinery stagnated in 2022 mainly due to weak rice prices and soaring prices of materials such as fertilizers. Although sales at a consolidated subsidiary IST fell below the previous year's level, there were signs of a turnaround at the end of the year mainly due to the launch of new products for dry fields

Indonesia: Shipments for government tenders increased year on year in 2022 as a result of cooperation with local distributors, and sales to general customers also expanded gradually

1. Market Trends

<Thailand>

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

<Indonesia>

Shrinking budget for government tenders

The bidding scheme has also changed in 2023

2. Local Sales

➤ Unit sales (Jan.-Dec. 2022)

- Thailand (IST): YoY 90%

✓ IST secured operating profit

3. Situation of ISEKI

<Thailand>

- Introduced a tractor for dry fields manufactured by TAFE in India to the market
- Aim to expand sales by enhancing product lineup and strengthening sales network

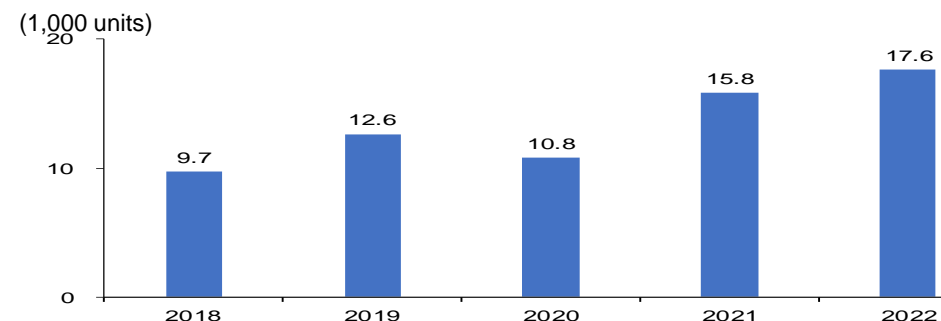


TAFE's small-sized tractor

<Indonesia>

- Aim to expand general sales in addition to increasing participation in tenders
- PT. ISEKI Indonesia will increase production capacity (22,000 units)

■ Production volume of PT. ISEKI Indonesia



East Asia

China: Although the rice cultivation machinery market stagnated, Dongfeng Iseki focused on sales of products complying with the Stage 3 emission standards, resulting in a year-on-year increase in sales in 2022. We aim to expand sales with products that comply with the Stage 4 emission standards in 2023

Korea: Demand for agricultural machinery shrank mainly due to sluggish rice prices, but shipments to local distributors, particularly those of the models (tractors/combine harvesters) introduced before the new emission standards, increased year on year in 2022

1. Market Trends

<China> 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.-Dec. 2020 | Jan.-Dec. 2021 | Jan.-Dec. 2022 |
|--|----------------|----------------|----------------|
| Rice Transplanters (riding) | 128% | 126% | 92% |
| Combine Harvesters (all-purpose, auto-threshing) | 110% | 118% | 85% |
| Tractors (medium- to large-sized) | 136% | 105% | 117% |

<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

2. Local Sales (China and South Korea)

➤ Unit sales (Jan.-Dec. 2022):

- China (Dongfeng Iseki): 155% YoY for rice transplanters (riding), 144% YoY for tractors/combine harvesters
- South Korea (local distributors): over 100% YoY for the total of rice transplanters (riding), tractors, and combine harvesters

3. Situation of ISEKI

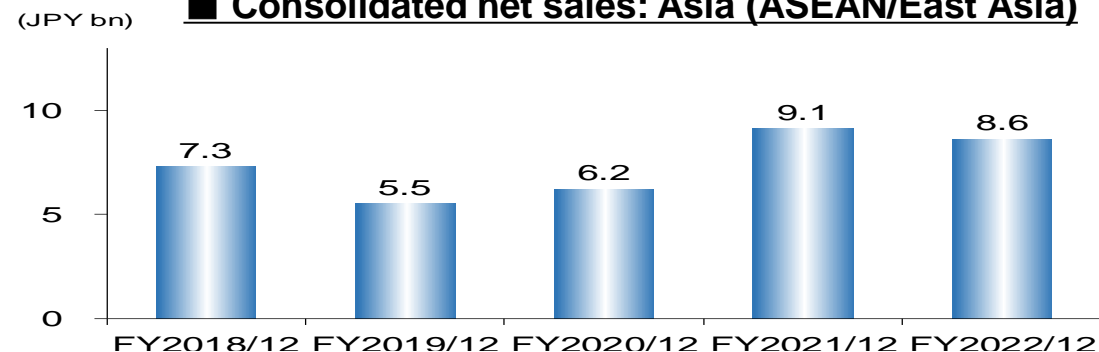
<China> • Introduce products complying with the Stage 4 emission standards
• Change to the stake in Dongfeng Iseki (25% ⇒ 18%)

<South Korea> Strengthen cooperation with local distributors and enhance the sales and service structure for professional farmers

<Key cooperation areas>

Technical guidance and training, local assistance for customer support, support for sales promotion of models that comply with new emission standards

■ Consolidated net sales: Asia (ASEAN/East Asia)



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

YoY increase both in net sales and operating income
Year-end dividend: 30 yen per share

| (JPY bn, %) | | FY2018/12 | FY2019/12 | FY2020/12 | FY2021/12 | | FY2022/12 | | FY2023/12 | | YoY Change |
|---|------|-----------|-----------|-----------|-----------|-------|-----------|-------|--------------|--------------|------------|
| | | Actual | Actual | Actual | Actual | % | Actual | % | Forecast | % | |
| 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 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 | | — |

Domestic Sales Forecast

Domestic Sales

Sales are expected to increase due to higher sales of large-sized machinery and smart agricultural machinery that respond to the structural changes in agriculture and the effect of price revisions

| (JPY bn) | | FY2018/12 | FY2019/12 | FY2020/12 | FY2021/12 | FY2022/12 | FY2023/12 | YoY Change |
|--------------------------------|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | | Actual | Actual | Actual | Actual | Actual | Forecast | |
| Agricultural Machinery Related | Agricultural Machinery | 56.5 | 53.0 | 48.6 | 49.6 | 46.9 | 52.5 | 5.5 |
| | Farming Implements | 20.2 | 20.0 | 20.4 | 22.0 | 20.5 | 21.5 | 0.9 |
| | Spare Parts | 14.8 | 15.0 | 15.6 | 15.3 | 15.6 | 16.1 | 0.4 |
| | Repair Fees | 5.5 | 5.7 | 5.8 | 5.9 | 5.8 | 6.2 | 0.3 |
| | Subtotal | 40.6 | 40.8 | 42.0 | 43.3 | 42.0 | 43.8 | 1.7 |
| Total | | 97.1 | 93.8 | 90.6 | 93.0 | 88.9 | 96.3 | 7.3 |
| Construction of Facilities | | 5.6 | 4.5 | 6.1 | 4.2 | 4.3 | 5.6 | 1.2 |
| Others | | 19.9 | 19.3 | 19.1 | 20.1 | 19.3 | 19.6 | 0.2 |
| Total | | 122.8 | 117.7 | 115.9 | 117.3 | 112.6 | 121.5 | 8.8 |

Overseas Sales

The compact tractor market in North America is expected to remain in the adjustment phase
Higher sales are expected in Europe and Asia

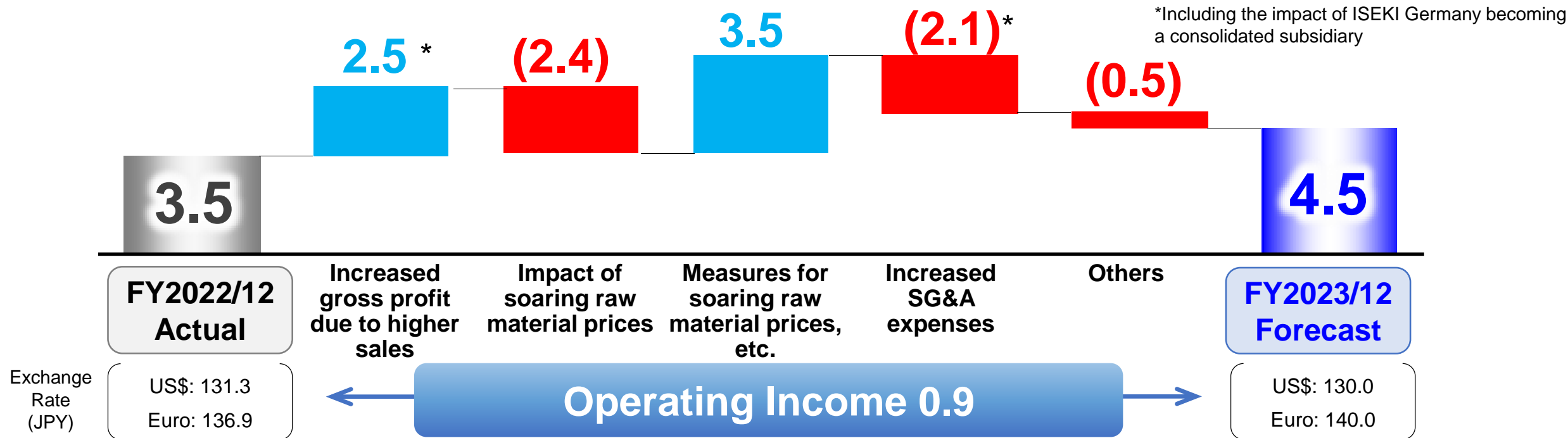
| (JPY bn) | FY2018/12 Actual | FY2019/12 Actual | FY2020/12 Actual | FY2021/12 Actual | FY2022/12 Actual | FY2023/12 Forecast | YoY Change |
|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------|
| North America | 11.5 | 13.2 | 12.8 | 15.1 | 19.5 | 18.8 | (0.7) |
| Europe | 13.8 | 12.8 | 13.9 | 15.9 | 25.1 | 26.2 | 1.0 |
| Asia | 7.3 | 5.5 | 6.2 | 9.1 | 8.6 | 9.4 | 0.7 |
| Others | 0.4 | 0.5 | 0.3 | 0.5 | 0.6 | 0.6 | 0.0 |
| Total Sales | 33.1 | 32.1 | 33.3 | 40.7 | 53.9 | 55.0 | 1.0 |

Main Factors for Changes in Operating Income Forecast

YoY
JPY0.9 billion

Despite pressure on earnings coming from the sharp rise in raw material prices, higher operating income is expected due to an increase in gross profit resulting from higher sales and price revisions, as well as further efforts for structural reform and management efficiency improvement

| (JPY bn, %) | FY2021/12 | | FY2022/12 | | FY2023/12 | | YoY Change | |
|------------------|-----------|-----|-----------|-----|-----------|-----|------------|------|
| | Actual | % | Actual | % | Forecast | % | Diff. | % |
| Operating Income | 4.1 | 2.6 | 3.5 | 2.1 | 4.5 | 2.5 | 0.9 | 0.4% |



4. Progress of Mid-term Management Plan



(Corporate Philosophy)

We strive to contribute to the creation the prosperous and sustainable society through "providing innovative products and higher quality of services to the customers"

(Long-Term Vision)

To be solution provider for "Agriculture and landscape"

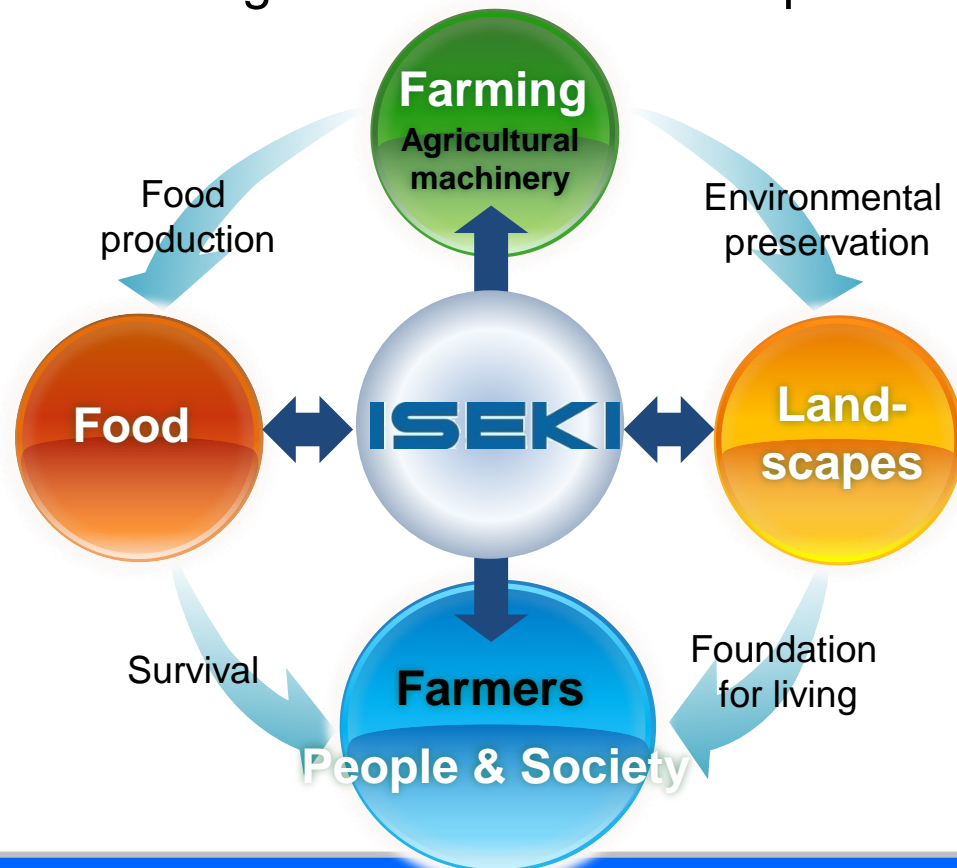
~Founding Philosophy~

To free farmers from exhausting labor

(Long-term Vision)

To be solution provider for "Agriculture and landscape"

Supporting "the farming full of dreams" and "beautiful landscapes, Creating the sustainable future of "Agriculture and Landscape"



SDGs to be realized by the ISEKI Group through its business

Toward realization of a sustainable society

- ✓ Supporting resilient agriculture
- ✓ Landscaping for livable villages and towns
- ✓ Environmental conservation for a recycling-oriented society



(Positioning of the plan)

ISEKI's 100th anniversary in 2025—laying the foundations for the next 100 years

(Basic strategies)



1

Providing the best solutions

- We will focus on providing not only products but also services from tangible to intangible.

(Targets)

Customers



2

Increasing corporate value by strengthening profitability and governance

- We will make profitable corporate structure that can surely raise profits beyond sales ups and downs

Employees,
shareholders,
suppliers

■ Direction of the basic strategies and initiatives

Providing the best solutions

Focus on providing services in addition to products in a transition from products to services.

Selection & concentration

Resource concentration

- Product development and sales strategy integrating domestic, overseas, and development & production

Business model transformation

Focus on service provision

- Promotion based on information (digital transformation)
- Adapt to the new normal
- Further increase revenue from maintenance

Increase corporate value by strengthening earnings and governance

Transformation to a muscular structure that can reliably generate earnings without being affected by sales

Improving profitability

Toward an operating margin of 5%

- Structural reform through the establishment of an optimal production system
- Improve management efficiency from the perspective of group-wide optimization
- Financial and capital strategies

ESG

Meaning of our existence Pursuit of sustainability

- Strengthen initiatives by reviewing ESG materiality and contribute to the SDGs

- Perspective according to business
- Introduction of an in-house company system

Visualization of unprofitable businesses

- Full utilization of personnel throughout the group
⇒ Optimal allocation of personnel

Perception of environment constituting assumptions (at the time of the formulation of the Mid-Term Management Plan)

- From “with COVID-19” to “post COVID-19,” global food issues, climate change risks
- Change in business model (from products to services)
- Growing environmental awareness (exhaust emissions, electric vehicles)
- Growing demand for disclosure of non-financial information, SDGs
- Response to changes in laws and regulations, compliance

[Japan]

- Decline in number of farms and increase in large-scale farming
- Crop conversion
- Smartification, regulatory reform
- Lowering of prices

[Overseas]

- Diverse environments in each region
- Shift to advanced features ⇔ Shift to lower prices (diverse needs)
- Intensification of competition



Current perception of environment (2022)

- Prolonged spread of COVID-19
 - Russia/Ukraine issue
- ↳ Supply chain disruptions, soaring raw material prices, heightened geopolitical risks, soaring energy prices
- Growing needs for increased food production

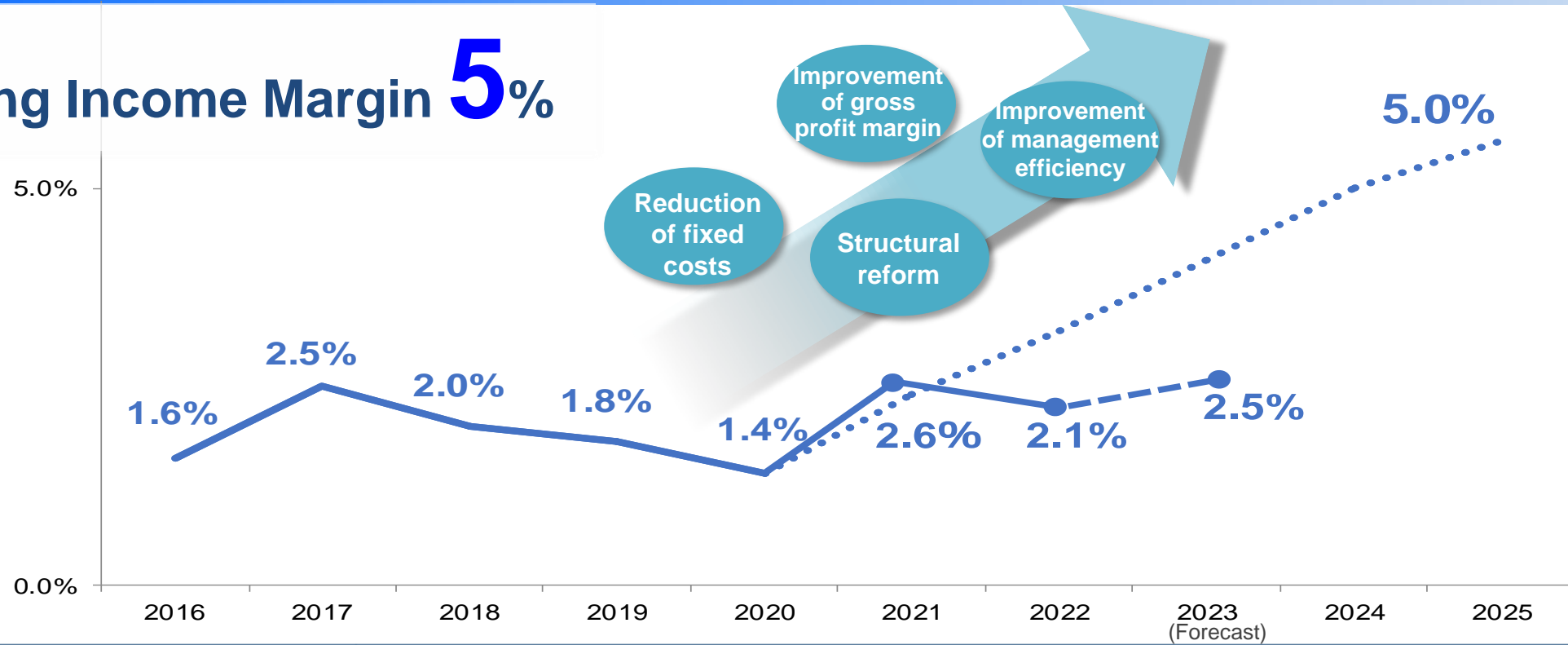
[Japan]

- Acceleration of smart agricultural technology
- Expansion of organic agriculture
- Sluggish rice prices
- Soaring material prices

[Overseas]

- Acceleration of electrification

Operating Income Margin **5%**



Providing the best solutions

Domestic: Demand for agricultural machinery is on a gradual declining trend. Domestic sales fell short of the plan and the previous year

Overseas: Growth exceeded the Mid-Term Management Plan due to progress in North America and Europe

Strengthening profitability and governance

Improved profitability: Although price revisions and other measures were implemented in Japan and overseas, they were not enough to offset cost increases. Cost reduction, production optimization, and other measures are still work in progress
 → Steadily implement our initiatives to quickly get back on track of the Mid-Term Plan

1. Providing the Best Solutions <Selection & Concentration / Domestic Market>

Progress of important measures (achievements)

◆ Expand large-scale customers

- ▶ Sales growth of smart agricultural machinery

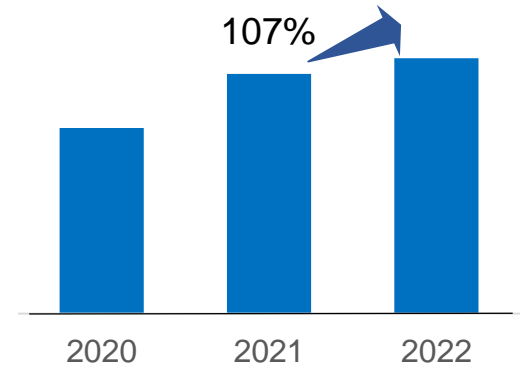
◆ Improvement of sales and service provision capabilities

- ▶ Rolled out “Amoni”, an agricultural business solutions portal site

◆ Reform of revenue and cost structure of sales companies

- ▶ Implemented the “block strategy” in which trade areas and sales strategies are considered based on blocks in order to optimize sites and personnel within those blocks

■ Sales of smart agricultural machinery (monetary value)



| | No. of sales companies | No. of sales offices | Of which, large-scale bases |
|-------------|------------------------|----------------------|-----------------------------|
| End of 2020 | 12 | 503 | 52 |
| End of 2022 | 11 | 486 | 54 |

Challenges

- A decline in sales of large models partly due to production impact
- A decline in operating income of sales companies due to lower sales

Progress of Mid-Term Management Plan

1. Providing the Best Solutions <Selection & Concentration / Overseas Market>

Progress of important measures (achievements)

Overall

Overseas sales continued to grow, driven by Europe and North America

Europe

◆ Reconstruction of sales network

- ▶ In 2022, ISEKI Germany became a consolidated subsidiary
→ Strengthen collaboration, generate synergies, and expand the business scope

◆ **Expansion of products** ▶ Limited sale of electrification products

Asia

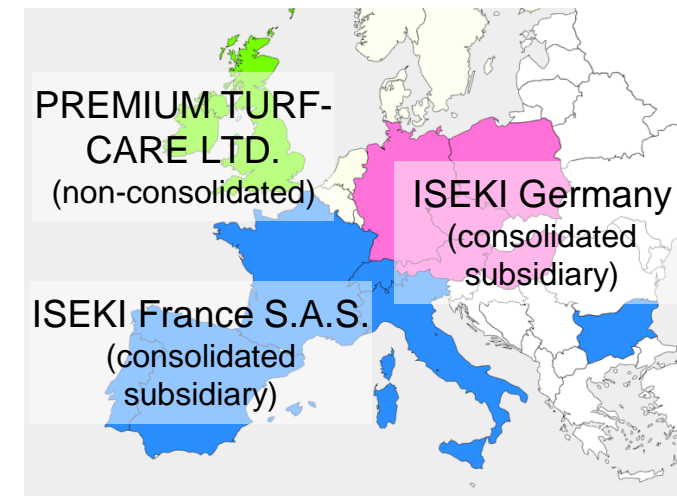
◆ Building a foundation with IST in Thailand as a starting point

- ▶ Secured operating income by improving the profit structure

◆ **Expansion of products** ▶ Introduced a small-sized tractor manufactured by TAFE in India

Challenges

- Concerns over market stagnation due to rising prices and interest rates
- Improvement of sales in the ASEAN region centered on IST



Overseas sales and Mid-Term Plan



1. Providing the Best Solutions <Selection & Concentration / Product & Development Strategy>

Progress of important measures (achievements)

◆ Japan: Response to large-scale farming

▶ Enhanced lineup of smart agricultural machinery

2022 Tractor with straight-travel assistance Addition of mid-sized class
Robot rice transplanter New product

2023 Combine harvester with straight-travel assistance New product
Rice transplanter with straight-travel assistance Addition of 10-row class

◆ Overseas: Response to brand expansion

▶ India: Concluded a technical and business alliance agreement with TAFE

◆ Common: Safety and environmental responses, up-front development

▶ Commercialized electric mower (Europe)
▶ Expanded emission regulations-compliant engines produced in-house

Challenges

• Response to smart agricultural machinery and electrification

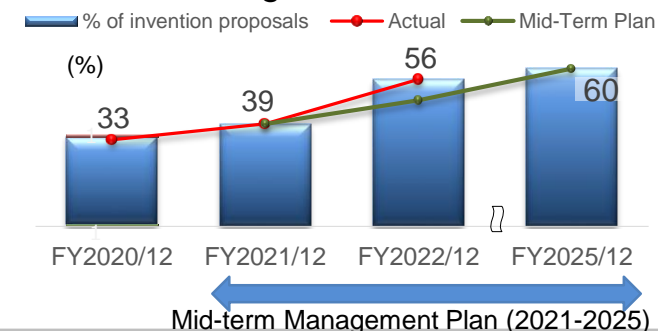
■ Status of commercialization of smart agricultural machinery (Japan)

| Smart technology | | Status of commercialization | Year |
|------------------|--|---|----------------------|
| Automation level | Level 3 • Remote monitoring type | Demonstration project in progress | |
| | Level 2 • Human monitoring type | Robot tractor Robot rice transplanter | 2018 2022 |
| | Level 1 • Human riding type | Tractor with straight-travel assistance Rice transplanter with straight-travel & turning assistance Combine harvester with straight-travel assistance | 2021 2017 2023 |
| Sensing | | Variable fertilizer rice transplanter Yield monitoring combine harvester Riding control machine (smart fertilizer top dressing) | 2016 2015 2020 |

■ Electrification (Europe)



■ Percentage of invention proposals related to advanced technologies and Mid-Term Plan



1. Providing the Best Solutions <Business Model Transformation>

Progress of important measures (achievements)

◆ Service revenue

- ▶ Japan: Maintenance revenue continued to increase
- ▶ Overseas: (Europe) Consumer products (purchased products) increased (Thailand) Enhanced IST's dealer sales and service support

◆ Planning and implementation of new business models

- ▶ Building a foothold for organic business
Promotion of organic agriculture with “Aigamo Robot” playing a central role

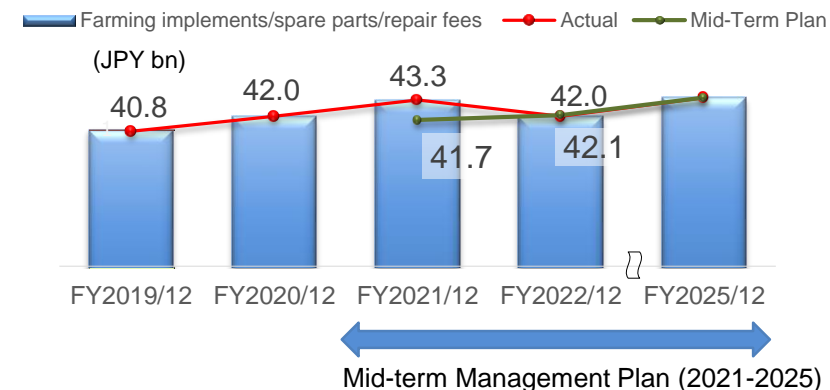
◆ Digital transformation, responding to the new normal

- ▶ An agricultural business solutions portal site “Amoni”
Content was enhanced. The number of views also increased
- ▶ Introduced “i-Magazine,” a support tool for centralized service information management, to domestic sales companies
→ Efficiency improvement of sales activities

Challenges

- Japan: Decrease in sales of farming implements and slowdown in maintenance revenue growth
- Development of human resources for digital transformation

■ Japan: Farming implements / spare parts / repair fees and Mid-Term Plan



■ “Aigamo Robot,” an automatic weed suppression robot, will be on sale from 2023



(Initiatives to date)

- Business alliance with the developer Yukimai Design Co., Ltd. in 2021 and investment in the company in 2022
- Demonstration conducted in more than 200 locations in 2022

2. Increasing Corporate Value by Strengthening Profitability and Governance <Improve Profitability / Structural Reforms and Improvement of Management Efficiency>

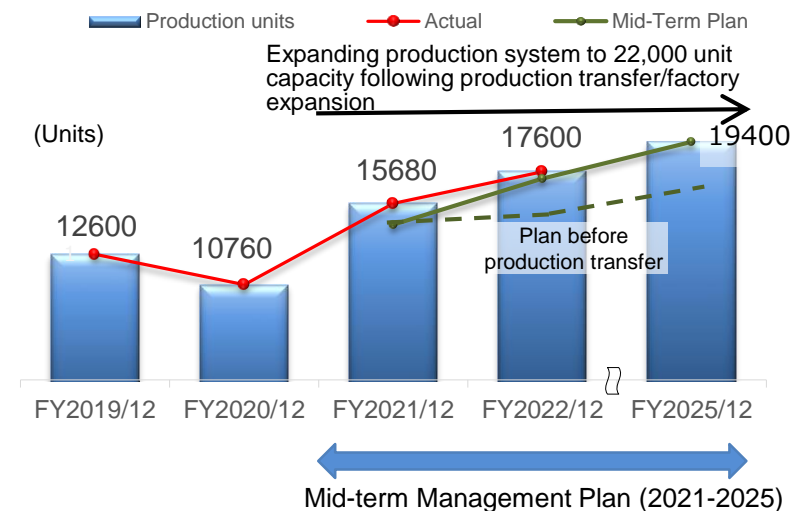
Progress of important measures (achievements)

◆ Establishment of an optimal production system and business efficiency improvement

- ▶ Transferred production of overseas products to PT. ISEKI Indonesia (from Jul. 2022)
 - Transferred the production of lawn mowers. Increased production capacity (started construction of a new building)
- ▶ Ended in-house development and production of drying machines (Dec. 2022)
- ▶ Implemented centralized management of purchasing and production technology (shared services)
- ▶ Response to the increase in large-scale farming → Increased cabin production capacity (establishment of a subsidiary)

A step towards cost reduction and productivity improvement

■ Production volume at PT. ISEKI Indonesia and Mid-Term Plan



Challenges

- Parts procurement disruption
- Securing human resources at production sites
 - Transfer of overseas products and selection and concentration of production/procurement (establishment of an optimal production system and review of domestic/external production classification)
- Continuously high prices of raw materials, etc.

2. Increasing Corporate Value by Strengthening Profitability and Governance <Improve Profitability / Financial and Capital Strategy>

Progress of important measures

◆ Generate cash flows

- ▶ Operating CF was negative due to increased inventories such as products for North America and work in progress at factories

◆ Selection and concentration of investment

- ▶ Concentrated on investments in priority domains and continued to reduce property, plant and equipment

◆ Reduction of interest-bearing liabilities

- ▶ Interest-bearing liabilities increased, but the D/E ratio remained unchanged from the previous fiscal year

◆ Shareholder return

- ▶ Plan to continue the year-end dividend of ¥30

Challenges

- Profitability improvement through various measures
- Quick optimization of inventories

→ Improve operating CF

■ Key management indicators

Mid-term Management Plan: 2021-2025

| | FY2019/12 | FY2020/12 | FY2021/12 | FY2022/12 | FY2025/12 |
|---|--------------|--------------|-----------------------------------|--------------|--|
| Operating CF (JPY bn) | 10.5 | 9.6 | 14.2 (2 year cumulative: 10.8) | (3.3) | (5 year cumulative) 60.0 |
| Capital investment* (Depreciation) (JPY bn) | 8.3 (6.8) | 6.6 (6.9) | 4.6 (6.5) | 4.8 (6.1) | Thorough implementation of capital cost perspectives |
| Property, plant and equipment (JPY bn) | 98.3 | 86.2 | 84.9 | 83.9 | Trimming down of non-current assets |
| Interest-bearing liabilities * D/E ratio (times) | 1.0 | 1.1 | 0.9 | 0.9 | 0.8 |
| ROE | 1.1% | (8.8)% | 5.1% | 6.2% | 8% |
| Shareholder return (JPY) | 30 | — | 30 | 30 | Continuation of stable dividends |

*Capital investment: Based on “Purchase of property, plant and equipment and intangible assets” in Cash flows

2. Increasing Corporate Value by Strengthening Profitability and Governance <ESG>

Progress of important measures (achievements)

◆ Environment (E): Conservation

- ▶ Formulated the Environmental Vision and reviewed mid- to long-term environmental targets
- ▶ Endorsed the TCFD Recommendations and implemented TCFD disclosures

◆ Society (S): Enhance engagement

- ▶ Conducted engagement surveys

◆ Governance (G): Increase corporate value

- ▶ Introduced performance-linked evaluation compensation and a performance-linked stock compensation plan
- ▶ Established the ESG Committee and Working Group (WG) on ESG Promotion

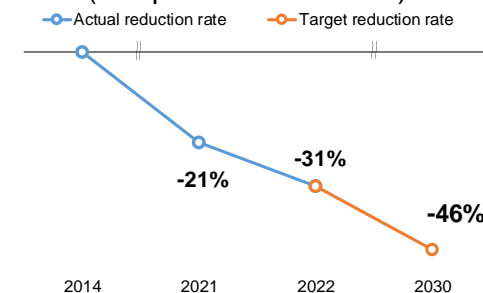
Challenges

- Enhancement of cooperation with supply chains (CSR procurement, Scope 3)
- Response to growing requirements of non-financial information disclosure

Mid- to long-term environmental targets and results (2021)

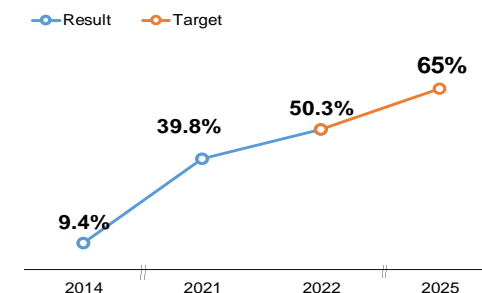
Reduce CO₂ emissions at global production bases

46% reduction by FY2030
(compared with FY2014)



Ratio of eco-products in domestic sales

65% or more by FY2025



- 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**