

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

ISEKI & CO., LTD.

November 14, 2023

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



Solution Provider

for Agriculture & Landscape

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



<Third Quarter Financial Results>

Both domestic and overseas sales increased.

Operating income increased

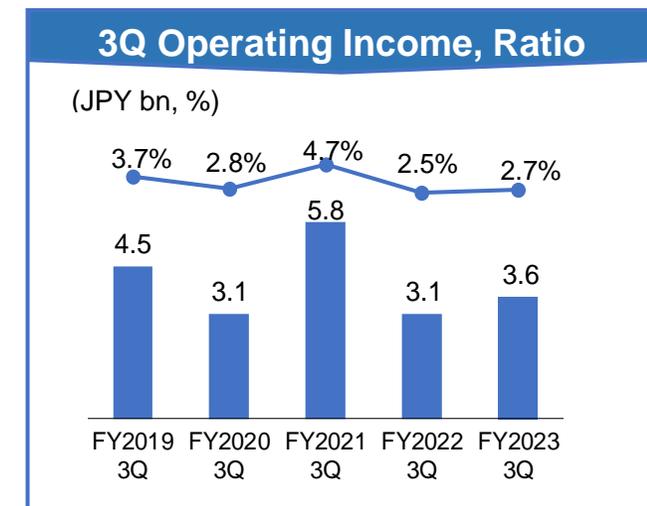
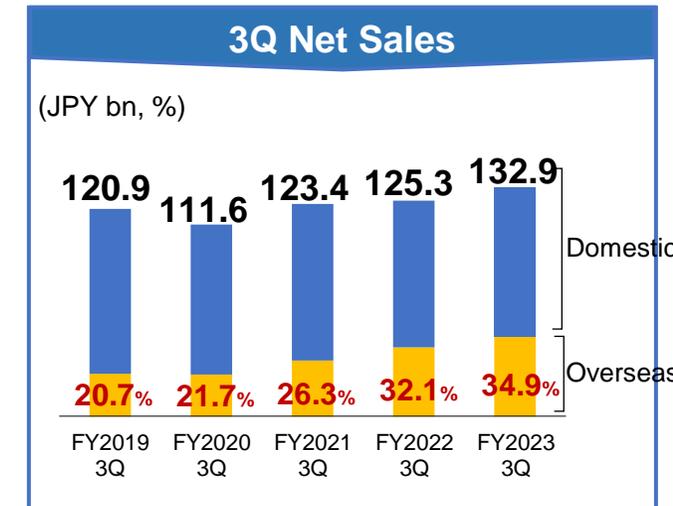
Domestic: Overall sales rose partially due to increases in maintenance revenues and construction of facilities, despite a pullback from the last-minute demand before the April price revisions

Overseas: Sales increased as a whole due to increases in Europe and Asia, despite a continued adjustment phase in the North American compact tractors market

Earnings: Gross profit increased and margin improved mainly due to higher sales and the effect of price revisions
The increase in operating income narrowed partially due to higher SG&A Expenses

<Full-year Forecast>

Revised downwards in light of current conditions, etc.



Outline of Consolidated Business Performance

(January 1, 2023 to September 30, 2023)

(JPY bn, %)

		FY2019/12	FY2020/12	FY2021/12	FY2022/12	FY2023/12	YoY Change
		3Q Actual	3Q Actual	3Q Actual	3Q Actual	3Q Actual	
Net Sales		120.9	111.6	123.4	125.3	132.9	7.5
	(Domestic)	95.9	87.4	90.9	85.0	86.5	1.4
	(Overseas)	24.9	24.1	32.4	40.2	46.4	6.1
Gross Profit		35.8	33.1	37.2	37.2	39.8	2.5
	Gross Profit Margin	29.6%	29.7%	30.1%	29.7%	30.0%	0.3%
Operating Income		4.5	3.1	5.8	3.1	3.6	0.4
	Operating Margin	3.7%	2.8%	4.7%	2.5%	2.7%	0.2%
Ordinary Income		3.2	2.8	6.5	3.8	3.8	0
Profit (Loss) Attributable to Owners of Parent		2.1	2.4	4.7	3.4	2.0	(1.4)
Average Exchange Rate (JPY)	US\$	109.6	107.8	107.8	124.9	136.4	11.5
	Euro	123.2	120.6	120.6	133.9	147.1	13.2

YoY
JPY1.4 billion
increase

Overall sales increased due to growth in maintenance revenues and construction of facilities, despite lower sales of agricultural machinery mainly due to a pullback from the last-minute demand before the April price revisions

(JPY bn)		FY2019/12 3Q Actual	FY2020/12 3Q Actual	FY2021/12 3Q Actual	FY2022/12 3Q Actual	FY2023/12 3Q Actual	YoY Change	
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	21.3	17.3	18.8	18.1	17.0	(1.1)
		Planting Machinery	8.0	6.4	7.2	6.5	5.9	(0.5)
		Harvesting & Processing Machinery	14.1	11.9	11.7	11.4	11.3	0.0
		Subtotal	43.4	35.7	37.8	36.1	34.4	(1.7)
		Farming Implements	17.1	15.2	17.9	15.2	15.4	0.1
		Spare Parts	11.8	11.9	11.8	11.9	12.3	0.4
		Repair Fees	4.3	4.4	4.5	4.4	4.5	0.1
		Subtotal	33.3	31.6	34.3	31.6	32.3	0.7
	Total		76.7	67.4	72.1	67.7	66.7	(0.9)
	Construction of Facilities		4.0	5.6	3.6	3.2	4.8	1.6
Others		15.2	14.3	15.1	14.0	14.8	0.7	
Total		95.9	87.4	90.9	85.0	86.5	1.4	

Main factors of YoY changes

- ✓ Sales of agricultural machinery dropped mainly due to a pullback after April following price revisions
- ✓ Maintenance revenues (spare parts sales and repair fee revenues) grew, which are a pillar in reform of revenue and cost structure
- ✓ Construction of facilities increased due to large-scale construction

YoY
JPY6.1 billion
increase

Sales increased as a whole due to increases in Europe and Asia, despite a continued adjustment phase in the North American compact tractors market

(JPY bn)	FY2019/12 3Q Actual	FY2020/12 3Q Actual	FY2021/12 3Q Actual	FY2022/12 3Q Actual	FY2023/12 3Q Actual	YoY Change
North America	10.1	9.2	11.3	13.1	10.7	(2.3)
Europe	9.9	9.2	13.3	19.8	27.6	7.7
Asia	4.4	5.4	7.3	6.7	7.0	0.2
Others	0.3	0.2	0.3	0.5	1.0	0.4
Total sales	24.9	24.1	32.4	40.2	46.4	6.1

Main factors of YoY changes

- ✓ **North America:** Adjustment phase continued in compact tractors market, which led to decreased sales
- ✓ **Europe:** Sales increased due to firm demand from retailers even after the price hikes, as well as ISEKI Germany becoming a consolidated subsidiary in the second half of the previous fiscal year
- ✓ **Asia:** Sales increased due to higher shipments of parts for production to China

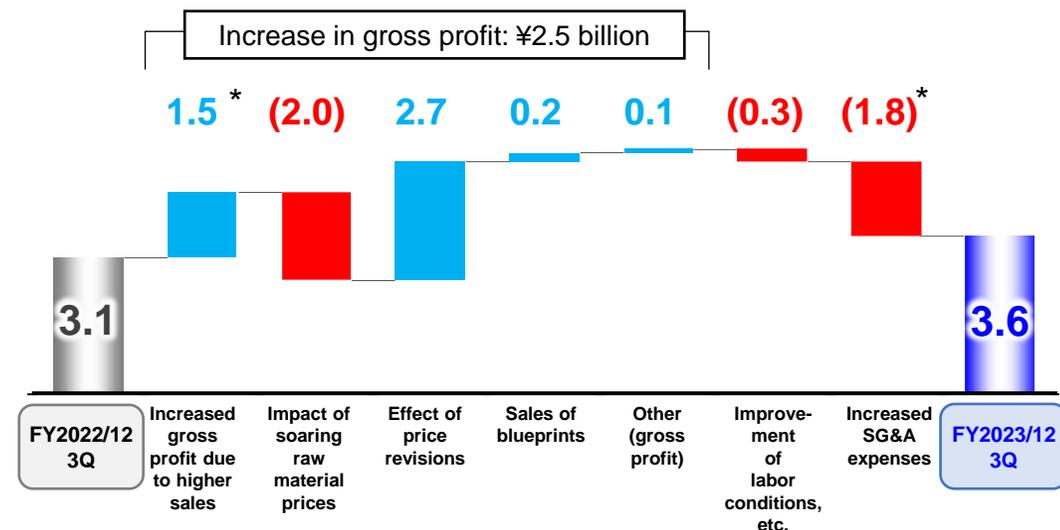
Operating Income

YoY
JPY0.4 billion
increase

Gross profit increased and margin improved mainly due to higher sales and the effect of price revisions
The increase in operating income narrowed partially due to higher SG&A expenses

(JPY bn, %)	FY2019/12 3Q Actual	FY2020/12 3Q Actual	FY2021/12 3Q Actual	FY2022/12 3Q Actual	FY2023/12 3Q Actual	YoY Change
Net Sales	120.9	111.6	123.4	125.3	132.9	7.5
Gross Profit	35.8	33.1	37.2	37.2	39.8	2.5
Gross Profit Margin	29.6%	29.7%	30.1%	29.7%	30.0%	0.3%
SG&A Expenses	31.2	29.9	31.3	34.1	36.2	2.1
Personnel Expenses	18.3	17.9	18.5	19.3	20.6	1.2
Other Expenses	12.9	11.9	12.8	14.7	15.6	0.8
Operating Income	4.5	3.1	5.8	3.1	3.6	0.4
Operating Margin	3.7%	2.8%	4.7%	2.5%	2.7%	0.2%

[Breakdown of YoY Change]



[Effect of FOREX Fluctuations (JPY bn)]

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
2.5	(1.7)	(0.4)	0.4

Ordinary Income & Profit

Ordinary income
YoY
JPY0.0 billion
change

Ordinary income: Financial expenses rose due to the origination of ESG finance and increased interest-bearing liabilities
Income before income taxes: Absence of extraordinary income from ISEKI Germany becoming a consolidated subsidiary in the same period of the previous year

(JPY bn)	FY2019/12 3Q Actual	FY2020/12 3Q Actual	FY2021/12 3Q Actual	FY2022/12 3Q Actual	FY2023/12 3Q Actual	YoY Change
Operating Income	4.5	3.1	5.8	3.1	3.6	0.4
Balance of Financial Income	(0.5)	(0.5)	(0.4)	(0.5)	(1.1)	(0.6)
Other Non-operating Income	(0.6)	0.1	1.1	1.2	1.4	0.1
Ordinary Income	3.2	2.8	6.5	3.8	3.8	0.0
Extraordinary Income	0.1	0.6	0.0	0.8	0.0	(0.7)
Extraordinary Losses	(0.2)	0.0	(0.2)	(0.2)	(0.1)	0.0
Income Before Income Taxes	3.1	3.4	6.3	4.4	3.7	(0.6)
Income Taxes - Deferred	(1.0)	(1.0)	(1.5)	(0.9)	(1.6)	(0.7)
Profit (loss) Attributable to Owners of Parent	2.1	2.4	4.7	3.4	2.0	(1.4)

[Main Components of Other Non-operating Income]

(JPY bn)	FY2022/12 3Q Actual	FY2023/12 3Q Actual
Foreign exchange gains	1.0	1.1
Share of loss of entities accounted for using equity method	(0.4)	(0.3)

[Main Components of Extraordinary Income]

(JPY bn)	FY2022/12 3Q Actual	FY2023/12 3Q Actual
Gain on step acquisitions	0.5	-
Gain on bargain purchase	0.2	-

YoY Change

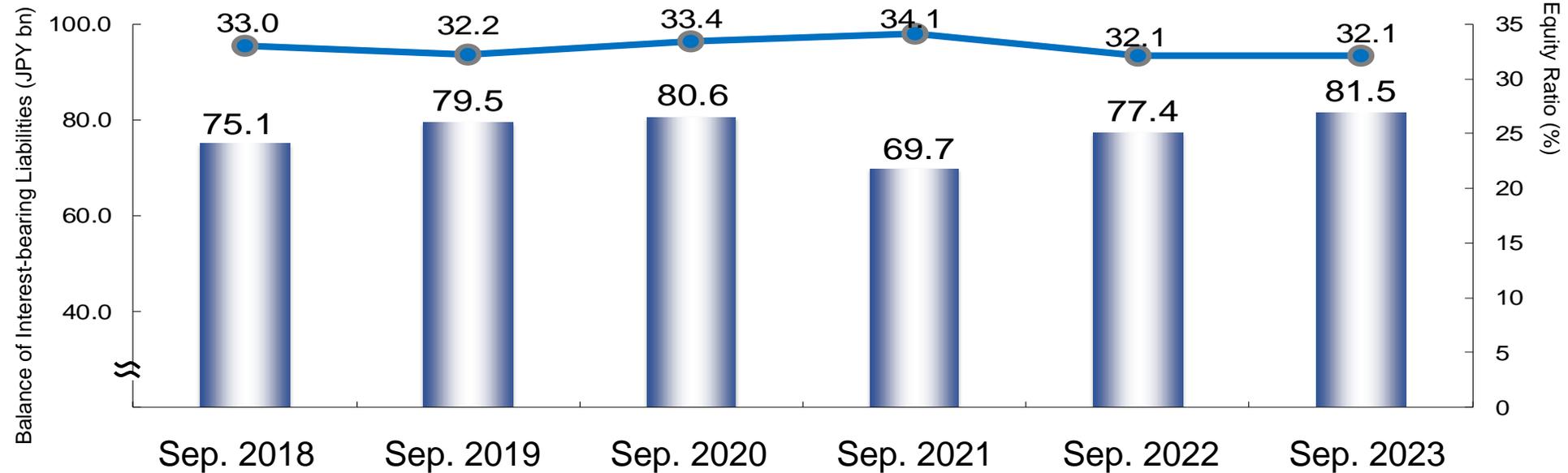
Inventories increased due to lower sales of domestic agricultural machinery, as well as a build-up of inventories of new tractors for Japan that went on sale from the second half of the year and inventories for Europe that were at a low level in the previous fiscal year

(JPY bn)	As of Sep. 30, 2022	As of Sep. 30, 2023	YoY Change		As of Sep. 30, 2022	As of Sep. 30, 2023	YoY Change
Cash & Deposits	15.1	9.3	(5.7)	Accounts Payable – Trade	42.0	43.3	1.2
Accounts Receivable – Trade	33.1	37.9	4.7	Interest-bearing Liabilities	77.4	81.5	4.1
Inventories	62.0	71.8	9.8	(Loans Payable)	70.0	74.4	4.4
(Merchandise & Finished Goods)	50.4	60.9	10.4	Other Liabilities	20.3	21.5	1.1
(Work in Progress)	10.0	9.4	(0.6)				
Other Current Assets	4.2	4.0	(0.1)				
Total Current Assets	114.5	123.2	8.6	Total Liabilities	139.8	146.3	6.4
Property, Plant and Equipment	85.8	84.5	(1.2)	Net Assets	72.5	76.0	3.5
Intangible Assets	2.4	2.3	(0.0)	(Retained Earnings)	20.4	22.5	2.0
Investments and Other Assets	9.5	12.2	2.6				
Total Non-current Assets	97.8	99.1	1.3				
Total Assets	212.3	222.4	10.0	Total Liabilities and Net Assets	212.3	222.4	10.0

Equity Ratio / Interest-bearing Liabilities

Interest-bearing liabilities, D/E ratio

Interest-bearing liabilities increased in line with the increase in inventories
D/E ratio was 1.07



	Sep. 2018	Sep. 2019	Sep. 2020	Sep. 2021	Sep. 2022	Sep. 2023
Loans payable, corporate bonds	68.8	72.3	72.7	62.2	70.0	74.4
Lease obligations	6.3	7.1	7.9	7.4	7.4	7.0
Total	75.1	79.5	80.6	69.7	77.4	81.5
D/E ratio	1.05	1.14	1.14	1.03	1.07	1.07

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

2. Domestic and Overseas Markets

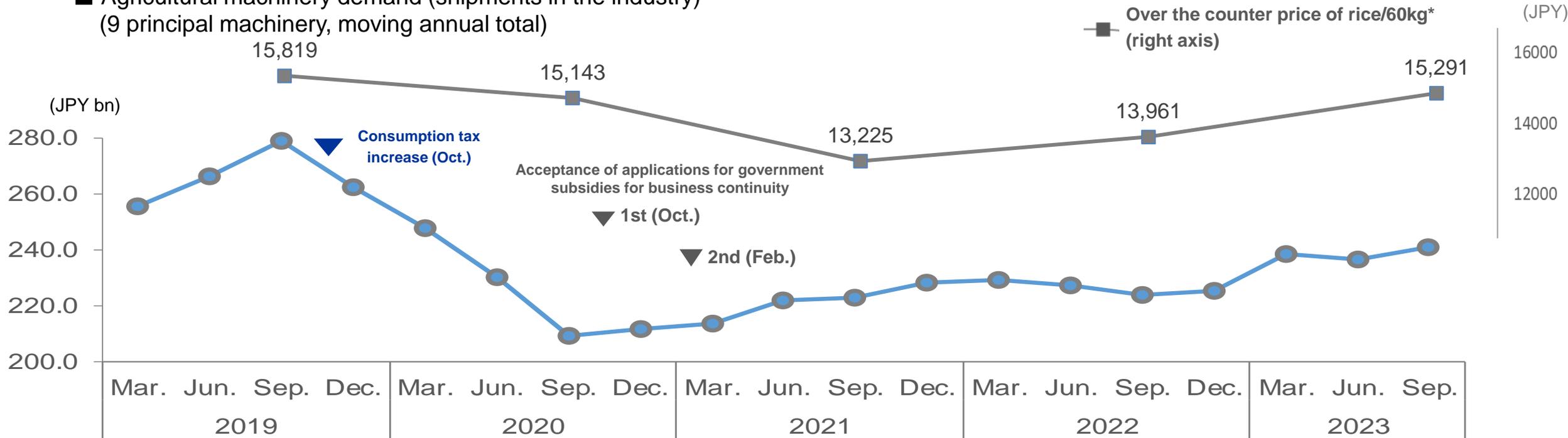


Domestic Agricultural Machinery Market Trends

Domestic Agricultural Machinery Demand

Price revisions carried out by respective companies in April and July prompted the last-minute demand, which boosted the entire demand
Rice prices appear to be bottoming out recently and have slightly recovered from the decline of recent years

■ 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.

■ FY2024 Budget Estimates for Agriculture, Forestry and Fisheries

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

¥2,720.9 billion

Figures in parentheses indicate the initial budget for the previous year

- ◆ **Financial support for comprehensive support for building strong agriculture** **¥17.6 billion (¥12.0 billion)**
- ◆ **Project for the establishment of a sustainable field crop production system** **¥3.2 billion (¥– billion)**
- ◆ **Project for Development and Demonstration of Technologies to Realize a Sustainable Food Systems Strategy MeaDRI** **¥6.8 billion (¥3.2 billion)**
 - ✓ **General Program to Support Smart Agriculture Measures** **¥3.2 billion (¥1.2 billion)**
- ◆ **Comprehensive measures to promote a Sustainable Food Systems Strategy MeaDRI** **¥3.0 billion (¥0.7 billion)**

■ FY2023 Supplementary Budget for Agriculture, Forestry and Fisheries

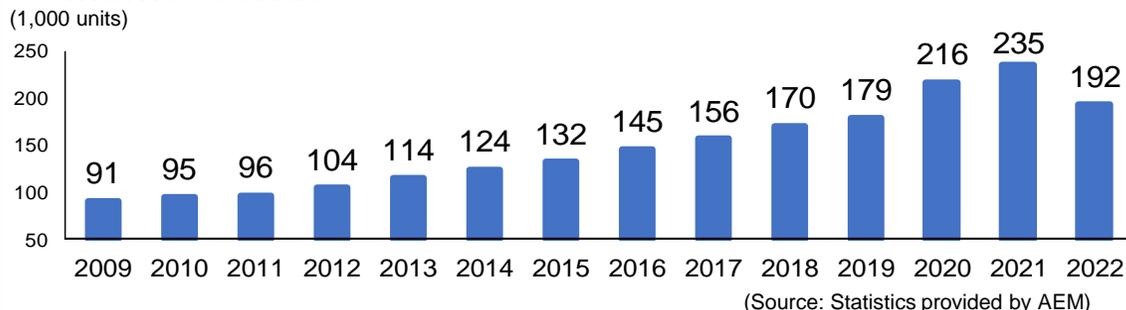
¥818.2 billion

- ◆ **Projects to create crop production areas** **¥18.0 billion**
- ◆ **Emergency measure project for Sustainable Food Systems Strategy MeaDRI** **¥2.7 billion**

North America

1. Compact tractors market

<Market trends>



- Jan.-Sep. 2023: YoY -12%

2. Situation of AGCO (OEM partner)

- Unit sales (Jan.-Sep. 2023) YoY -11%

3. Status at ISEKI

- Aggressive sales promotion measures were implemented by AGCO aiming to improve our market share and expand sales

Europe

1. Market trends

- In the market of landscaping for professionals, while distribution inventory levels are becoming optimized throughout the industry, demand is on a weak trend mainly due to abnormal weather

2. Local sales

- Unit sales (Jan.-Sep. 2023)
 - Local distributors: YoY -5%
- ✓ ISEKI France S.A.S. performed well at the same level as the previous year that saw record sales.

3. Status at ISEKI

- Shipments
(Number of units basis for Jan.-Sep.):
YoY 132%, 124% of plan
- Strengthen sales and services centered on ISEKI France S.A.S. and ISEKI Germany
- Aim for the introduction and sales expansion of new products



Ride-on mower compatible with HVO fuel

ASEAN

1. Market trends

<Thailand>

Markets for both paddy fields and dry fields are weak as a result of reduced willingness to buy due to factors such as the impact of droughts and soaring material prices, despite rising rice prices

<Indonesia>

Government tenders are on a declining trend

2. Local sales

- Unit sales (Jan.-Sep. 2023)
Thailand IST (tractor): YoY -19%

3. Status at ISEKI

<Thailand>

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

<Indonesia>

- Currently conducting individual promotion sales to prospective customers in general sales (for paddy fields, palm, etc.), in addition to increasing participation in government tenders

East Asia

1. Market trends

<China>

Demand for combine harvesters and tractors decreased as demand slowed due to emission regulations. Demand for riding-type rice transplanters increased partially due to a shift from walking-type rice transplanters

<South Korea>

Although the market for paddy fields has shrunk from the previous year due to sluggish rice prices and other factors, demand for machinery for dry fields is on the rise due to support for crop conversion

2. Local Sales

- Unit sales (Jan.-Sep. 2023)
 - China (Dongfeng ISEKI):
Rice transplanters (riding): YoY -3%;
Tractors, combine harvesters: YoY +11%

3. Status at ISEKI

<China>

Launch products compliant to Stage 4 emission standards in stages

<South Korea>

Aim to improve market presence and increase sales by introducing value-added machines (e.g. variable fertilizer rice transplanters and combine harvesters with straight-travel assistance) amid the expected reduction in the market size

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

[Comparison to previous forecast]

Domestic net sales: Decrease in agricultural machinery mainly due to a pullback following price revisions

Operating income: Decrease in gross profit due to lower domestic net sales

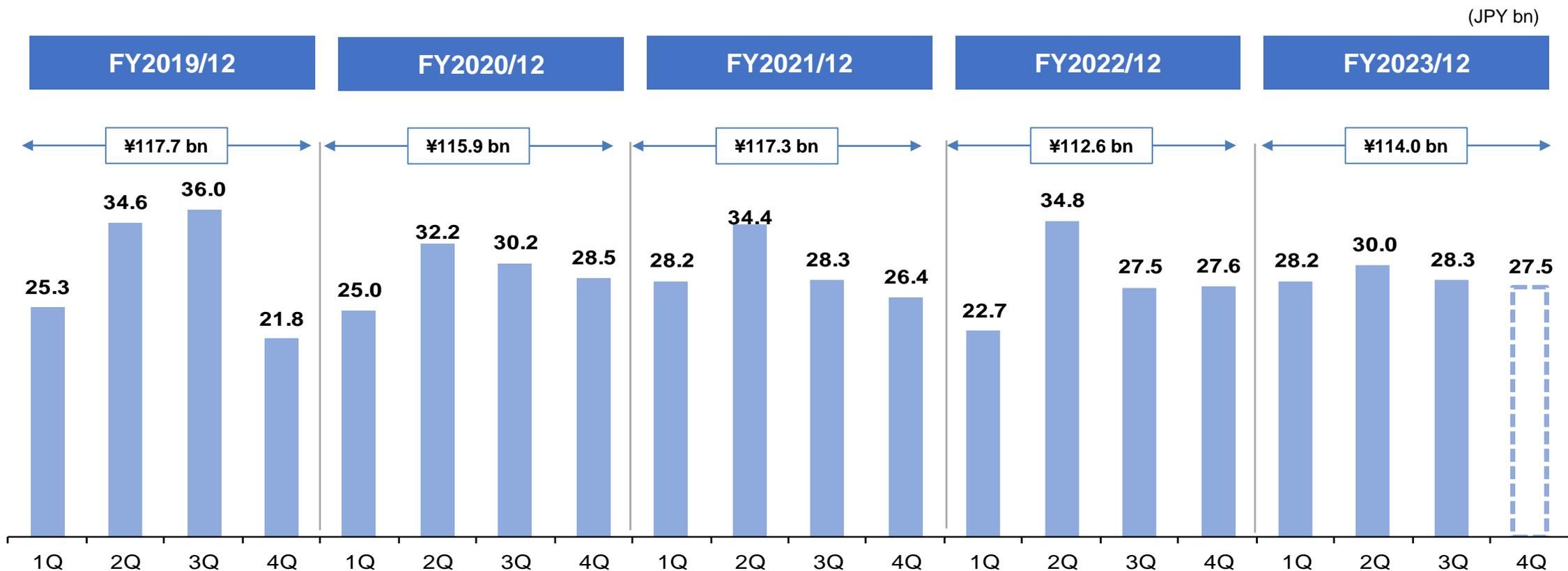
*1 Initial forecast announced on Feb. 14, 2023

*2 Previous forecast announced on Aug. 9, 2023

*3 Revised forecast announced on Nov. 14, 2023

(JPY bn, %)	FY2019/12	FY2020/12	FY2021/12	FY2022/12	FY2023/12			YoY change	Change from previous forecast	
	Actual	Actual	Actual	Actual	Initial forecast*1	Previous forecast*2	Revised forecast*3			
Net Sales	149.8	149.3	158.1	166.6	176.5	176.5	169.0	2.3	(7.5)	
(Domestic)	117.7	115.9	117.3	112.6	121.5	121.5	114.0	1.3	(7.5)	
(Overseas)	32.1	33.3	40.7	53.9	55.0	55.0	55.0	1.0	0.0	
Operating Income	2.7	2.0	4.1	3.5	4.5	4.5	2.5	(1.0)	(2.0)	
Operating Margin	1.8%	1.4%	2.6%	2.1%	2.5%	2.5%	1.5%	(0.6)%	(1.0)%	
Ordinary Income	1.1	1.7	4.6	3.7	4.0	4.0	2.3	(1.4)	(1.7)	
Profit (loss) Attributable to Owners of Parent	0.7	(5.6)	3.1	4.1	2.6	2.6	0.5	(3.6)	(2.1)	
Average Exchange Rate (JPY)	US\$	109.3	107.0	109.0	131.3	130.0	136.8	139.3	8.0	2.5
	Euro	121.6	121.5	129.8	136.9	140.0	146.5	148.3	11.4	1.8
Year-end Dividend (JPY)	30	0	30	30	30	30	30	-	-	

➤ Domestic sales

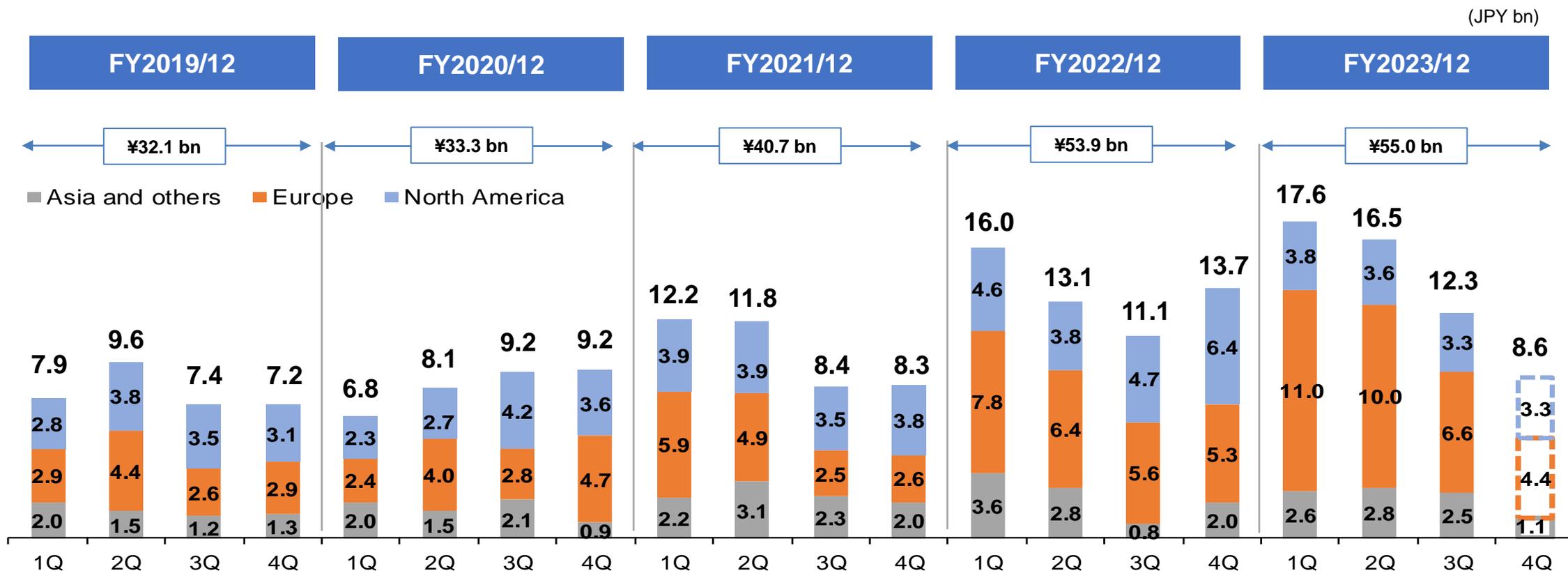


FY2023/12 outlook

- ✓ Sales increased year on year in 1Q as a result of capturing last-minute demand before price revisions, but 2Q saw a pullback from it, resulting in a slight sales increase in 1H
- ✓ Sales were projected to rise in 3Q with new products, etc., but the year-on-year increase was small
- ✓ 4Q sales are expected to remain flat year on year. Sales for the full-year are expected to increase only slightly year on year

Forecast of Quarterly Financial Results

➤ Overseas sales

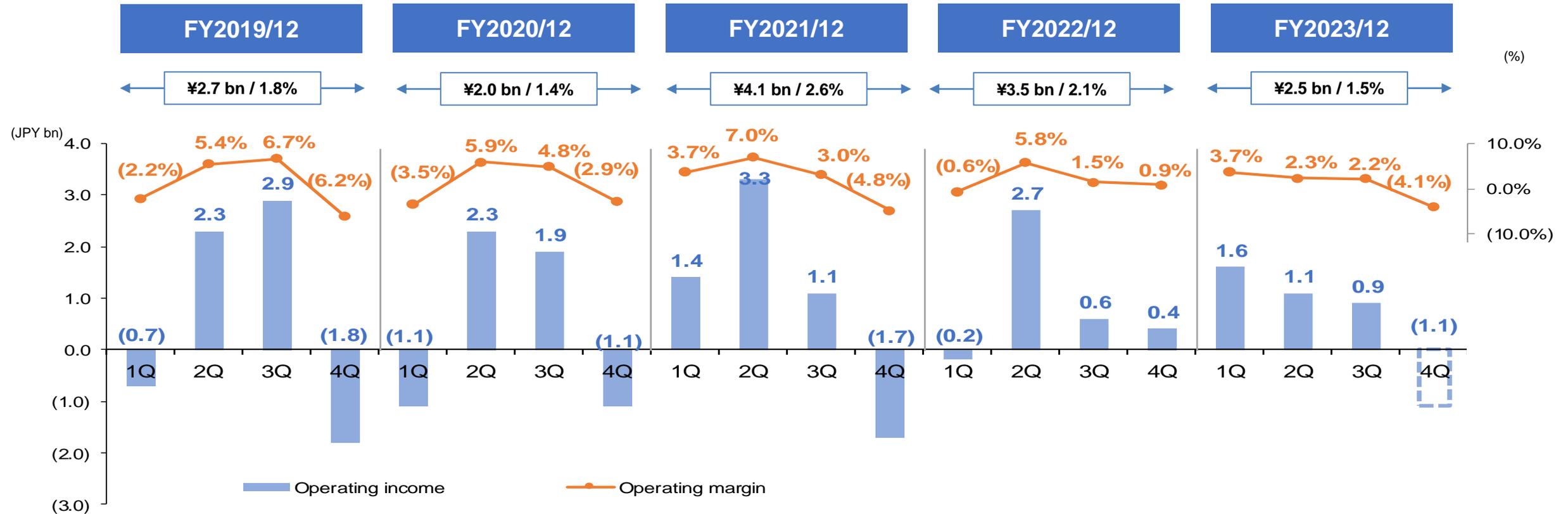


FY2023/12 outlook

- ✓ Sales are expected to reach a new record high in a row despite the impact of the weaker yen
- ✓ Sales in 4Q will decrease year on year mainly due to a decline in North America

Forecast of Quarterly Financial Results

➤ Operating income and operating margin



FY2023/12 outlook

- ✓ Operating income increased in 1Q due to higher domestic sales as a result of capturing last-minute demand before price revisions but decreased from 2Q onward due to a pullback from the last-minute demand
- ✓ Operating loss is expected for 4Q partially due to lower sales. Operating income for the full-year will decrease year on year

- Establishment of structural reform “Project Z” (November 14, 2023)
 - Purpose:
Carry out fundamental structural reforms of development, production, and sales in anticipation of the next 100 years
 - Members:
“Project Z” Leader - Hajime Odagiri, Representative Director and Senior Corporate Executive Officer
“Project Z” Deputy Leader - Kazuma Takahashi, Corporate Officer

- “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”
 - Under consideration (included in the CG report published on November 14, 2023)
 - Scheduled to be disclosed in February 2024 (at the time of fiscal year-end financial results announcement)

4. Topics

Received the “2023 Development Special Award” from The Japanese Society of Agricultural Machinery and Food Engineers

<Award details> **Development of crane specifications for carrot harvester**

Realizing high efficiency of vegetable farming

[Response to market needs]

- Development of crane-type unloading function
 - Shorten the time to unload flexible container bags with harvested carrots



Carrot harvester VHC114-RFC

- ✓ Products and initiatives that contribute to reducing environmental impact
- ✓ Products that contribute to the food field
- ✓ Products that contribute to improving agricultural productivity and comfortability, etc.



Release date	Thursday, December 14, 2023 1:15pm - 3:00pm (to be confirmed)
Concept	Contributing to “environmental impact reduction” and “food” Improving agricultural productivity and comfortability
Format	<ul style="list-style-type: none"> • Physical event: Tsukubamirai City, Ibaraki Pref. • Releases on the Company website and in the media

- The objective of this presentation document is to provide information and never intends to induce any action.
- The document was created by ISEKI with currently available information and it involves potential risks and uncertainties. The forecast may not be consistent with actual results depending on fluctuation of the economic situation and market trends.
- In using this information, investors are expected to depend on their own judgment. ISEKI is not liable for any losses incurred by investment decision made utilizing the business forecast or targets given in this document.



未来の
ために、
いま選ぼう。

ISEKI Group joins the nationwide action called “COOL CHOICE” run by the Ministry of the Environment Government of Japan, which promotes to make “smart choices” for the global warming. As a proposal of “smart choices”, we develop and deliver environmental-friendly products like “eco products”.

食から日本を考える。

**NIPPON
FOOD
SHIFT**