

Overseas market strategies (Overseas business company)



We will contribute to the creation of the prosperous and sustainable society that ISEKI Group aims to achieve, through providing products and services to solve issues of various regions of the world.

Kazuya Tani
Director & Corporate Officer
General Division Manager, Overseas Business Division

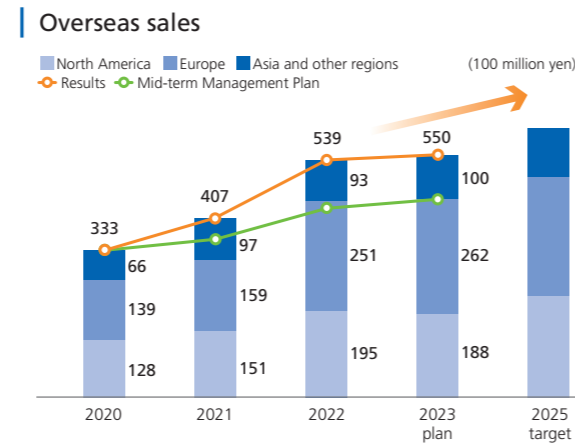
Message from the General Division Manager, Overseas Business Division

The global situation changed dramatically in 2022 due to Russia's invasion into Ukraine, soaring raw material and energy prices, rapid changes in interest rates, and global inflation.

In response to a wide variety of needs and issues arising from the rapidly changing global situation, the overseas business company has continued to provide high quality products and services to customers around the world, as a solution provider for agriculture and landscape, with its priority measures centered on the three regions of North America, Europe, and Asia. In the North American region with huge market, we are contributing to the realization of prosperous and high quality life through landscape, especially for private users, in Europe, where we boast high brand recognition gained through more than 50 years of sales activities, we are contributing to the creation of pleasant and clean communities, and in the Asian region, we are contributing to solving food issues through the enhancement of agricultural efficiency by launching products that meet the diverse needs of each region.

ISEKI Group will continue to make full use of many technologies and expertise possessed by the Group and

its strategic partners, and promote transformation to realize a sustainable society where our customers around the world can maintain and improve their standard of living, regardless of any changes in the environment, and eventually realize a prosperous and sustainable society that the Group aims to achieve.



	North America	Europe	Asia
Market characteristics and outlook	<ul style="list-style-type: none"> Growth and solidification of the small-sized tractor market, mainly for individual users, due to stay-at-home demand caused by COVID-19 (but currently in the adjustment phase) U.S. companies being strong in mid- and large-sized tractors 	<ul style="list-style-type: none"> High environmental consciousness, stable demand for small-sized tractors and riding lawn mowers for the landscaping business such as development of fields and snow clearing work Consumer product market (individual users and small-scale farms) also remaining strong 	<ul style="list-style-type: none"> Agriculture being an important industry (accounting for 80% of rice production volume in the world) Increase in demand for agricultural machinery with the population growth Continued demand for high-performance machinery in East Asia
ISEKI Group's strengths	<ul style="list-style-type: none"> Supply of MF brand compact tractors owned by AGCO Corporation on an OEM basis AGCO Corporation's sales network throughout North America 	<ul style="list-style-type: none"> A sense of presence of the ISEKI brand with a history spanning over 50 years Development of electric products for professional use 	<ul style="list-style-type: none"> Rice farming technologies cultivated in Japanese market Development of the ASEAN sales by IST in Thailand, a wholly owned consolidated subsidiary Promotion of collaboration with TAFE in India Deployment of the latest agricultural machinery in East Asia
Key points of the Mid-term Management Plan strategies	<ul style="list-style-type: none"> Expansion of business domains through collaboration with each of regional strategic partners and an increase in market share in existing regions 		

Priority measures • 1

North America strategy

Strengthen relationship with AGCO Corporation and increase share in the compact tractor market

In North America, we supply Massey Ferguson-brand tractors (compact and utility class) on an OEM basis through our business partnership with AGCO Corporation, a major global manufacturer of agricultural machinery.

In the North American market, our tractors are used for a wide range of application, mainly for private users, such as light civil engineering, garden maintenance, and snow clearing work, and they have long been highly regarded by customers as products with high quality, high durability, and excellent operability.

In recent years, changes in lifestyle such as the establishment of working-from-home practices and a focus placed on suburbs have driven demand expansion for compact tractors in North America. In the North American compact tractor market, which saw significant sales expansion to 240,000 units in 2021, net sales of ISEKI Group in North America reached a record high in 2022.

In order to continue to increase the presence of our products in the huge North American market, we have set expanding market share of our compact tractors as our priority measure. We will work on product strategies in line

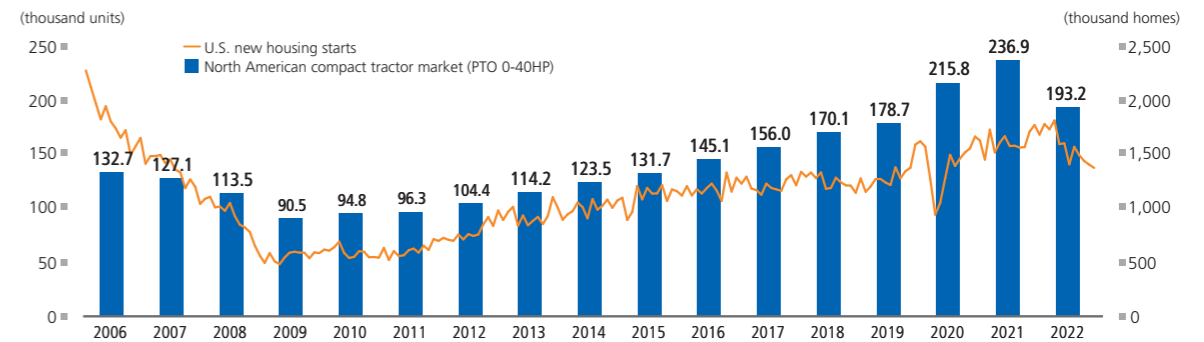
with the characteristics of each region and improving our sales and services, together with AGCO Corporation.

Under ISEKI's corporate philosophy of "we strive to contribute to the creation of the prosperous and sustainable society through providing innovative products and higher quality of services to the customers," we will provide attractive solutions to enrich the lives of our customers in the North American region.



Our tractors that match the lifestyle of North America

Trends in North American compact tractor market and new housing starts



Sources: Association of Equipment Manufacturers (AEM), United States Census Bureau (USCB)

Customer feedback ••• Mr. Aaron Parton / Georgia, U.S.A.



I use a compact tractor mainly for lawn mowing and light civil engineering in our backyard. I have used a tractor for many years. ISEKI MF1835M is very useful because it is powerful enough to handle a variety of tasks and is easy to maintain. Last year, when we had a rare snowfall in Southern Georgia, it helped us a lot with the snow clearing work we did with our neighbors. I would recommend an ISEKI MF tractor if anybody is considering purchasing a compact tractor.

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Priority measures 2

Europe strategy

Contribute to creating sustainable cities and communities by maintaining high quality products and services

▶ Providing high quality products and services that support essential businesses

In Europe, tractors of size used for agriculture in Japan are used for mowing in parks and public land, cleaning sidewalks, and snow clearing works in winter. These tasks are performed by professional contractors who undertake tasks from local government and municipalities, which are important tasks that must not be interrupted in order to maintain urban functions. As such, machinery used for this purpose is required to be of extremely high quality and to be designed to provide operators with a comfortable working environment. Furthermore, in case of emergency, it is essential to receive prompt and accurate repair services. Therefore, the service system to be provided is also an important factor when products are purchased. This is why these businesses involved in community maintenance, which we call the landscaping business, are recognized as essential businesses in Europe.

▶ Strengthening cooperation with European distributors

We have been engaged in business in Europe for more than 50 years, and the ISEKI brand has been widely recognized, mainly among professional-use customers. Our French distributor has a sales and service network of more than 200 locations throughout the country and has established an environment where a wide variety of customers can always use our products with peace of mind. Our German distributor has expertise in the development and manufacture of implements and attachments to be equipped on products, and has met various needs of its customers with superior technological capabilities, including customizing products according to customer's requests. We will horizontally deploy strengths of ISEKI France and ISEKI Germany, which became our consolidated subsidiaries, throughout Europe to further increase our presence in the European market.

▶ Developing products that support sustainable economic growth

Europe is an extremely environmentally conscious region, as evidenced by the "European Green Deal," which aims to achieve both decarbonization and economic growth by 2050. We have not only completed the equipment of engines compliant with the Stage V exhaust regulations, the highest standard in the world, in all of our products, but also begun limited sales of a fully electric riding lawn mowers equipped with lithium-ion batteries. We will deepen our contribution to creating sustainable cities and communities in Europe while leading the industry by expanding our line-up of zero-emission machinery that does not emit greenhouse gas emissions and CO₂.



Tractor doing snow clearing works



Riding lawn mower equipped with an engine that is compliant with the Stage V exhaust regulations

Customer feedback ... Officer in charge of landscaping business in Beaumont, France



We use SF224 riding lawn mowers and TG6495 tractors for cleaning works in parks, streets, and stadiums. The SF224 riding lawn mower has a good mowing and weed collection performance and is easy to maintain. Another feature is that the machine is not too heavy and it hardly leaves tire marks.

The TG6495 tractor has an easy-to-operate steering post and provides an operator with a good view of the working scene from the operator's seat, and I realize that the machine is ergonomically designed. The machine is strong enough to allow operators to work with ease.

Priority measures 3

Asia strategy

Respond to the needs of reducing the burdens of farmers and supporting food production by utilizing our technological capabilities of agricultural machinery

▶ Southeast Asia: solidly strengthen foundations based on IST

In November 2022, an announcement was made that the world population had reached 8.0 billion. The ASEAN region also witnesses population growth year by year. There is a growing need for agricultural machinery that can improve productivity as food consumption increases. We made IST Farm Machinery Co., Ltd. (IST), a sales subsidiary in Thailand, a consolidated subsidiary in December 2020 to establish an operation system that enables us to provide our customers with services directly from a manufacturer, thereby contributing to the productivity improvement in farm produce. In recent years, export of cassava has increased significantly due to rising demand for livestock feed, producing ethanol, and other uses. Under these circumstances, we are expanding our sales not only to the rice paddy market, which is our forte, but also to the field crops markets such as cassava and sugarcane. We will contribute to solving food demand and supply problems through sales of agricultural machinery, with IST becoming a further driving force to accelerate our ASEAN business development.



Tractor tilling in Thailand

▶ East Asia: launch large-sized agricultural machinery and machinery compliant with environmental preservation utilizing Japan's cutting-edge technologies

In the East Asian region, as the scale of agriculture is becoming larger through consolidation of farmland against a backdrop of declining and aging farmers, we are developing the business in collaboration with TYM of Korea and International Agricultural Machinery Co., Ltd. of Taiwan, our local partners. Especially in the Korean market, we launch the TJW1233 and TJV series of large-scale tractors with high efficiency and excellent comfortability, as well as the HJ series, our flagship model of combine harvesters. With the growing focus on decarbonization, in 2023, we launched new machines equipped with engines compliant with Korea's Stage V exhaust regulations for all of these models. Locally in Korea, promotion of DX is underway by adopting our cutting-edge technologies, in addition to strengthening post-sales services. We will work to expand sales in the East Asian market by strengthening support for customers in cooperation with local distributors.

▶ Strengthen cooperation with TAFE in India

India is one of the world's leading crop producing countries, and among them, India is the world's second largest agricultural power after China in terms of rice production. The need for increasing food production due to population growth is increasing every year, and mechanization of agriculture is required to supplement labor power and ensure stable yields. In 2018, we entered into a technical and business alliance agreement with Tractors and Farm Equipment Limited (TAFE), the second largest manufacturer of agricultural machinery in the country, and is currently accelerating cooperation with the company. In October 2022, we began sales of small-sized 27HP tractors manufactured by TAFE, as the first product launch under the said technical and business alliance for the Thai market. We will deepen cooperation with TAFE and work to provide competitive and highly reliable products to aim at expanding our market shares in the ASEAN region.

Customer feedback ... Mr. Narong Bua Saeng, cassava farmer in Thailand



I use ISEKI's NT554 tractor for ridging, harvesting, and hauling work of cassava. I heard from other farmers in the community that IST's post-sales services is generous and well appreciated, and decided to purchase the tractor.

The tractor is very powerful and efficient, and I am very satisfied with it.