



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

ISEKI & CO., LTD.

May 13, 2022

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



Key Points

<First Quarter Financial Results>

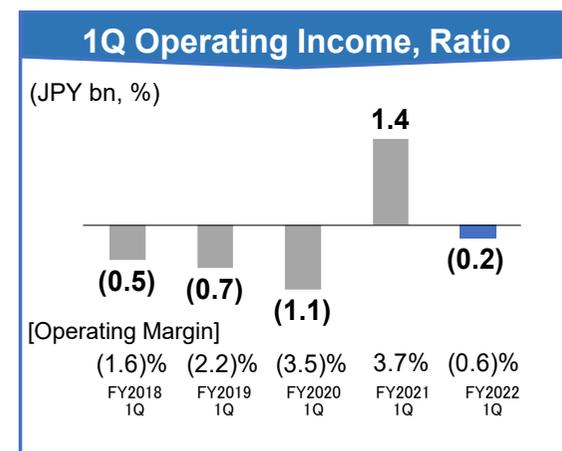
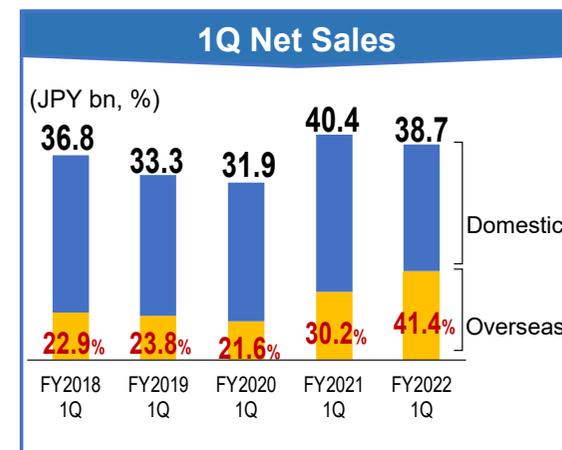
Strong sales overseas, but domestic sales decreased due to the impact of a pullback effect with withdrawal of subsidies and falling rice prices.

Domestic: Pullback effect with withdrawal of government subsidies for business continuity, etc., which had stimulated demand in the same period of the previous year.

Decrease in purchasing power due to falling rice prices

Overseas: Sales increase in all regions
Strong sales in North America and Europe due to lifestyle changes

Earnings: Decrease in gross profit due to lower sales
Soaring raw material prices put pressure on earnings
Maintained profitability below ordinary income, despite the usual deficit in the first quarter due to a period of low demand.



<Full-year Forecast>

No revision to the initial forecast

Market & Business Environments in the First Quarter



[Legend] ✓ = Market environment ➤ = Business environment

Market & Business Environments

✓ Continued spread of COVID-19

| | |
|------------|---|
| <Overall> | <ul style="list-style-type: none"> ➤ Supply chain disruption (shortage of containers for marine transportation, delayed procurement of parts for production) ➤ 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, which had stimulated demand in the same period of the previous year. |
| <Overseas> | <ul style="list-style-type: none"> ➤ Increased demand due to lifestyle changes in North America and Europe |

✓ Falling domestic rice prices (March 2020: ¥14,740/60kg ⇒ March 2021: ¥12,777/60kg)*1

| | |
|------------|---|
| <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 |
|-----------|--|

*1 Relative trading price (average of all grades) Source: Monthly Report on Rice, Ministry of Agriculture, Forestry and Fisheries

Outline of Consolidated Business Performance



(January 1, 2022 to March 31, 2022)

(JPY bn, %)

| | FY2018/12 1Q Actual | FY2019/12 1Q Actual | FY2020/12 1Q Actual | FY2021/12 1Q Actual | FY2022/12 1Q Actual | YoY Change |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|---------------|
| Net Sales | 36.8 | 33.3 | 31.9 | 40.4 | 38.7 | (1.7) |
| (Domestic) | 28.4 | 25.3 | 25.0 | 28.2 | 22.7 | (5.5) |
| (Overseas) | 8.4 | 7.9 | 6.8 | 12.2 | 16.0 | 3.8 |
| Operating Income | (0.5) | (0.7) | (1.1) | 1.4 | (0.2) | (1.7) |
| Operating Margin | (1.6)% | (2.2)% | (3.5)% | 3.7% | (0.6)% | (4.3)% |
| Ordinary Income | (0.9) | (1.1) | (1.2) | 2.1 | 0.0 | (2.0) |
| Profit (Loss) Attributable to Owners of Parent | (0.3) | (0.4) | (0.4) | 1.9 | 0.2 | (1.6) |
| Average Exchange Rate (JPY) | US\$ 110.1 | 110.5 | 109.6 | 104.4 | 114.8 | 10.4 |
| | Euro 134.3 | 126.3 | 120.8 | 126.8 | 130.1 | 3.3 |

Domestic Sales

YoY
JPY5.5 billion
decrease

Pullback effect with withdrawal of government subsidies for business continuity, etc., which had stimulated demand, and decreased willingness to buy due to falling rice prices
Maintenance revenues maintained

| (JPY bn) | | FY2018/12 | FY2019/12 | FY2020/12 | FY2021/12 | FY2022/12 | YoY Change | |
|--------------------------------|----------------------------|-----------------------------------|-----------|-----------|-----------|-------------|-------------|-------|
| | | 1Q Actual | 1Q Actual | 1Q Actual | 1Q Actual | 1Q Actual | | |
| Agricultural Machinery Related | Agricultural Machinery | Cultivating & Mowing Machinery | 7.2 | 6.7 | 5.7 | 6.6 | 5.8 | (0.7) |
| | | Planting Machinery | 2.1 | 2.2 | 1.7 | 2.5 | 1.6 | (0.8) |
| | | Harvesting & Processing Machinery | 2.8 | 2.7 | 2.0 | 2.4 | 2.0 | (0.3) |
| | | Subtotal | 12.2 | 11.7 | 9.5 | 11.6 | 9.6 | (1.9) |
| | | Farming Implements | 4.8 | 4.8 | 4.1 | 5.9 | 4.0 | (1.9) |
| | | Spare Parts | 2.6 | 2.7 | 2.9 | 3.0 | 2.9 | (0.0) |
| | | Repair Fees | 0.9 | 1.0 | 1.1 | 1.1 | 1.1 | (0.0) |
| | | Subtotal | 8.5 | 8.6 | 8.2 | 10.2 | 8.1 | (2.0) |
| | Total | | 20.7 | 20.4 | 17.8 | 21.8 | 17.7 | (4.0) |
| | Construction of Facilities | | 2.7 | 0.5 | 2.6 | 1.4 | 0.7 | (0.7) |
| Others | | 4.8 | 4.4 | 4.6 | 5.0 | 4.2 | (0.7) | |
| Total | | 28.4 | 25.3 | 25.0 | 28.2 | 22.7 | (5.5) | |

Main factors of YoY changes

- ✓ Sales of agricultural machinery and farming implements declined due to decreased willingness to buy caused by falling rice prices, in addition to a pullback effect with withdrawal of government subsidies for business continuity, etc., which had stimulated demand.
- ✓ Although revenues from machinery and farming implements declined, maintenance revenues, such as spare parts sales and repair fee revenues, maintained the same level year on year.

Overseas Sales

YoY
JPY3.8 billion

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

| (JPY bn) | FY2018/12 1Q Actual | FY2019/12 1Q Actual | FY2020/12 1Q Actual | FY2021/12 1Q Actual | FY2022/12 1Q Actual | YoY Change |
|---------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------------|
| North America | 2.6 | 2.8 | 2.3 | 3.9 | 4.6 | 0.6 |
| Europe | 2.8 | 2.9 | 2.4 | 5.9 | 7.8 | 1.9 |
| Asia | 2.7 | 2.0 | 2.0 | 2.2 | 3.5 | 1.2 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |
| Total Sales | 8.4 | 7.9 | 6.8 | 12.2 | 16.0 | 3.8 |

Main factors of YoY changes

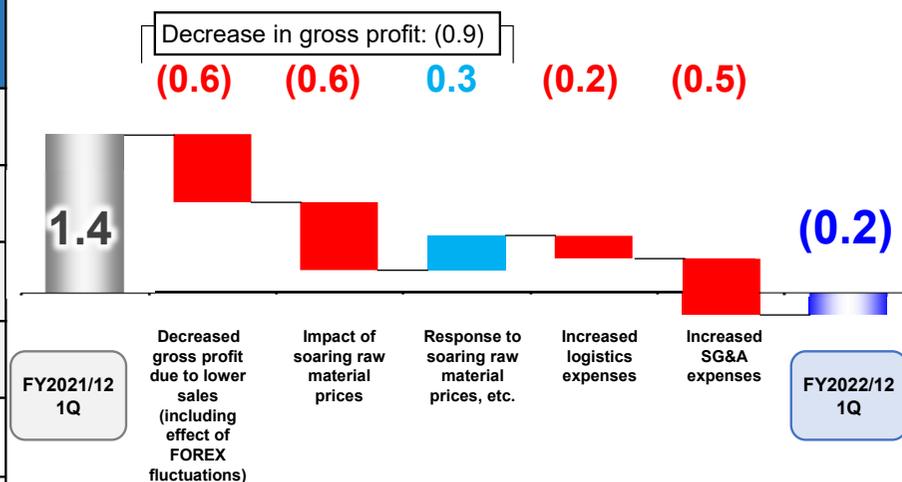
- ✓ **North America:** Sales increased due to active sales promotion by AGCO against the backdrop of a favorable compact tractor market accompanying lifestyle changes
- ✓ **Europe:** Sales increased due to strong sales, mainly to consumers accompanying lifestyle changes, as well as increased sales to professionals in line with a recovery in demand for landscaping.
- ✓ **Asia:** Sales increased due to concentration of shipments in the first half of the year due to Stage 5 emission standards in South Korea

Operating Income

YoY
JPY1.7 billion
decrease

Decrease in gross profit due to lower sales and the impact of higher raw material prices
Increase in SG&A expenses due to deterioration of distribution cost ratio, etc.

[Breakdown of YoY Change]



[Effect of FOREX Fluctuations (JPY bn)]

| Net Sales | Cost of Sales | SG&A Expenses | Operating Income |
|-----------|---------------|---------------|------------------|
| 0.5 | (0.6) | (0.0) | (0.1) |

| (JPY bn, %) | FY2018/12 1Q Actual | FY2019/12 1Q Actual | FY2020/12 1Q Actual | FY2021/12 1Q Actual | FY2022/12 1Q Actual | YoY Change |
|---------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------------|
| Net Sales | 36.8 | 33.3 | 31.9 | 40.4 | 38.7 | (1.7) |
| Gross Profit | 9.9 | 9.6 | 9.0 | 11.7 | 10.8 | (0.9) |
| Gross Profit Margin | 27.0% | 28.9% | 28.2% | 29.1% | 27.9% | (1.2)% |
| SG&A Expenses | 10.5 | 10.3 | 10.1 | 10.3 | 11.0 | 0.7 |
| Personnel Expenses | 6.2 | 6.1 | 6.0 | 6.0 | 6.4 | 0.3 |
| Other Expenses | 4.3 | 4.2 | 4.0 | 4.2 | 4.6 | 0.3 |
| Operating Income | (0.5) | (0.7) | (1.1) | 1.4 | (0.2) | (1.7) |
| Operating Margin | (1.6)% | (2.2)% | (3.5)% | 3.7% | (0.6)% | (4.3)% |

Ordinary Income & Profit

Ordinary income
YoY
JPY2.0 billion
decrease

Maintained profitability in ordinary income despite the absence of one-time non-operating income recorded in the same period of the previous year

| (JPY bn) | FY2018/12 1Q Actual | FY2019/12 1Q Actual | FY2020/12 1Q Actual | FY2021/12 1Q Actual | FY2022/12 1Q Actual | YoY Change |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|---------------|
| Operating Income | (0.5) | (0.7) | (1.1) | 1.4 | (0.2) | (1.7) |
| Balance of Financial Income | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | 0.0 |
| Other Non-operating Income | (0.1) | (0.1) | 0.0 | 0.8 | 0.4 | (0.3) |
| Ordinary Income | (0.9) | (1.1) | (1.2) | 2.1 | 0.0 | (2.0) |
| Extraordinary Income | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | (0.0) |
| Extraordinary Losses | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income Before Income Taxes | (0.9) | (1.1) | (1.1) | 2.0 | 0.0 | (2.0) |
| Income Taxes - Deferred | 0.5 | 0.7 | 0.7 | (0.1) | 0.2 | 0.4 |
| Profit (Loss) Attributable to Owners of Parent | (0.3) | (0.4) | (0.4) | 1.9 | 0.2 | (1.6) |

Non-operating Income (YoY Change)

| | |
|--------------------------------------|-------|
| Absence of settlement received, etc. | (0.4) |
|--------------------------------------|-------|

Balance Sheet

YoY Change

Inventories of work in progress increased due to supply chain disruptions, despite progress in reducing inventories of finished goods
Interest-bearing liabilities continue to contract

| (JPY bn) | As of Mar. 31, 2021 | As of Mar. 31, 2022 | YoY Change | | As of Mar. 31, 2021 | As of Mar. 31, 2022 | YoY Change |
|---------------------------------|---------------------|---------------------|--------------|---|---------------------|---------------------|------------|
| Cash & Deposits | 9.0 | 10.4 | 1.3 | Accounts Payable - Trade | 40.1 | 41.4 | 1.3 |
| Accounts Receivable - Trade | 28.9 | 30.1 | 1.1 | Interest-bearing Liabilities | 71.2 | 67.9 | (3.3) |
| Inventories | 53.4 | 54.6 | 1.2 | (Loans Payable) | 63.2 | 60.8 | (2.4) |
| (Merchandise & Finished Goods) | 45.8 | 45.1 | (0.7) | Other Liabilities | 17.6 | 20.0 | 2.4 |
| (Work in Progress) | 6.4 | 8.2 | 1.8 | | | | |
| Other Current Assets | 4.5 | 3.5 | (1.0) | | | | |
| (Short-term Loans Receivable) | 1.6 | 0.0 | (1.6) | | | | |
| Total Current Assets | 96.1 | 98.7 | 2.6 | Total Liabilities | 129.0 | 129.4 | 0.4 |
| Property, Plant and Equipment | 85.8 | 84.6 | (1.1) | Net Assets | 64.8 | 66.2 | 1.3 |
| Intangible Assets | 2.0 | 2.3 | 0.2 | (Retained Earnings) | 16.4 | 17.3 | 0.8 |
| Investments and other Assets | 9.8 | 9.8 | (0.0) | | | | |
| Total Non-current Assets | 97.8 | 96.8 | (0.9) | | | | |
| Total Assets | 193.9 | 195.6 | 1.7 | Total Liabilities and Net Assets | 193.9 | 195.6 | 1.7 |

2. Domestic and Overseas Markets



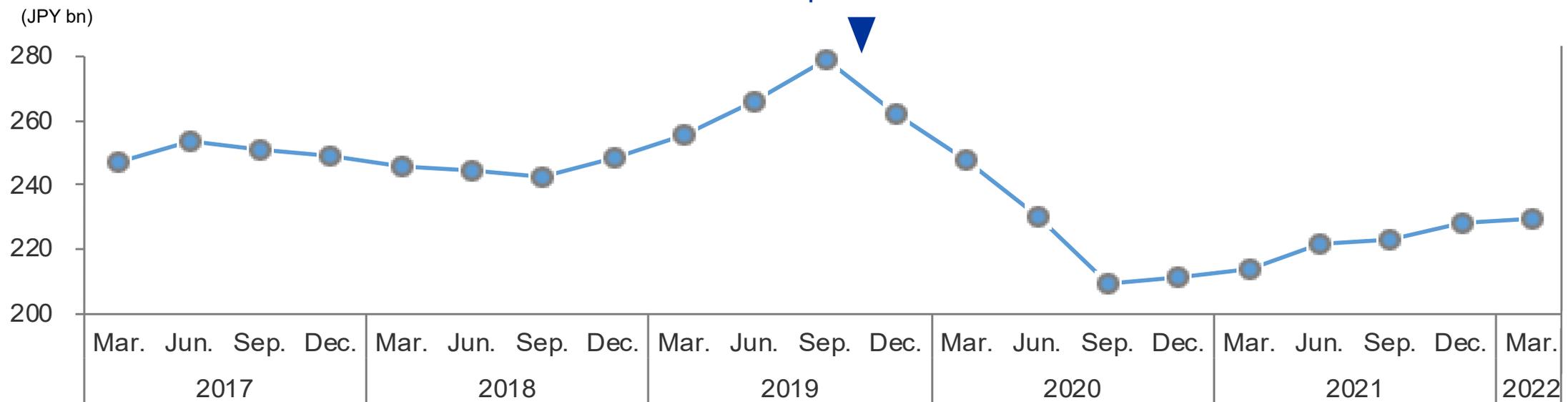
Domestic Agricultural Machinery Market Trends

Domestic Agricultural Machinery Demand

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

■ Agricultural machinery demand (shipments in the industry)
(9 principal machinery, moving annual total)

Oct. 2019
Consumption tax increase



*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

January to March

1. Actual Sales by Domestic Distributors

Amount of Agricultural Machinery Products

(Jan. to Mar. 2022)

- Sales: YoY 82%, From year before last 102%
- Contracts: YoY 86%, From year before last 108%

*Partial backlog of orders due to production delays

2. Retail and Service Activities

- Events were generally canceled in Jan. and Feb. due to COVID-19.
From March onward, some events will be scaled down.
- WEB LIVE demonstration held (Mar. 25)
Utilized the Internet, including simultaneous video streaming on YouTube.

Future Expansion, etc.

- From April onward, the Company is promoting demonstrations of tractors and rice transplanters, as well as other activities in response to the current spring work season.
→ The demonstrations is streamed on "Amoni."
- Promotion of smart agricultural machinery
Strengthen promotion of models subject to the Smart Agriculture Demonstration Project, etc.
 - ✓ Human-monitored robot agricultural machinery
(Tractors, rice transplanters)
 - ✓ Tractors with straight-travel assistance
 - ✓ Rice transplanters with straight-travel & turning assistance
 - ✓ Variable fertilizer rice transplanters
- Price revision of our agricultural machinery products in response to soaring raw material prices
 - ✓ Price revision: from Jun. 2022



Human-monitored robot rice transplanter

North America

1. Market Trends

(1,000 units, %)

| Category (PTO HP) | Jan. to Mar. cumulative | | | |
|---------------------------------------|-------------------------|------|------|-------------|
| | 2020 | 2021 | 2022 | Differences |
| 40 HP and lower (Compact tractors) | 29 | 47 | 43 | 90% |
| 40-100 HP (Utility tractors) | 12 | 16 | 15 | 95% |
| 100 HP and above | 4 | 5 | 6 | 113% |

(Source: Statistics provided by AEM)

2. Situation of AGCO (OEM partner)

Unit sales (Jan.-Mar. 2022)

Compact tractors: YoY 88%

3. Shipments and Orders at ISEKI

• Shipments and Orders

(Jan.-Jun. 2022): YoY 187%

(Including order backlog from the previous fiscal year)

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



Europe

1. Market Trends

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

2. Local Sales

Unit sales (Jan.-Mar. 2022)

➤ Local distributors: YoY 97%

3. Shipments and Orders at ISEKI

• Shipments and Orders

(Jan.-Jun. 2022):

Significant increase YoY

(Including order backlog from the previous fiscal year)

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



Thailand

1. Market Trends

Demand remained at the same level YoY, mainly for field crops

2. Situation of the Local Distributor, IST Farm Machinery

- Unit sales (Jan.-Mar. 2022)
 - ASEAN Strategy Tractor: YoY 108%

3. Shipments and Orders at ISEKI

Shipments and Orders (Jan.-Jun. 2022): YoY 145%

Indonesia, Myanmar

1. Market Trends

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

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

2. Shipments and Orders at ISEKI

(Jan.-Jun, 2022)

<Indonesia> Received orders amid shrinking budget for tenders

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

3. PT. ISEKI Indonesia (Manufacturing Subsidiary)

| (Units, JPY bn) | 2021 | | 2022 | |
|-------------------|--------|-----------|--------|-----------|
| | Actual | 1Q Actual | Plan | 1Q Actual |
| Production Volume | 15,680 | 4,300 | 17,170 | 3,500 |
| Operating Income | 0.3 | 0.1 | 0.3 | 0.0 |

Market Trends (Asia)

China

1. Market Trends

◆ National Government Subsidy (RMB Bn)

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------|------|------|------|------|------|---------------|
| 23.7 | 18.6 | 18.6 | 18.0 | 17.0 | 19.0 | Not published |

◆ Trends in the Agricultural Machinery Industry by Product Type

| (YoY Change in Units, %) | Jan.-Mar., 2020 | Jan.-Mar., 2021 | Jan.-Mar., 2022 |
|--|-----------------|-----------------|-----------------|
| Rice Transplanters (riding) | 121.1% | 217.9% | 86.2% |
| Combine Harvesters (all-purpose, auto-threshing) | 46.2% | 118.5% | 206.9% |
| Tractors (medium- to large-sized) | 85.5% | 165.9% | 136.1% |

Source: China Association of Agricultural Machinery Manufacturers

2. Situation of Dongfeng Iseki. (Unit sales, Jan.-Mar., 2021)

- Rice transplanters (riding): YoY 76%
- Tractors, combine harvesters: YoY 115%

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.-Jun., 2022)

- <South Korea> Increased shipments due to higher sales of rice transplanters and concentration of shipments of tractors and combine harvesters in the first half of the year due to Stage 5 emission standards
- <Taiwan> Shipments decreased YoY. Promoted by holding exhibitions, etc.

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



- ✓ Although the impact of COVID-19 remains both in Japan and overseas, we assume that the Omicron variant will be under control by the end of the first half of the year, and that social and economic activities will be on a gradual recovery trend (same as initial forecast)
- ✓ Soaring raw material prices, continued supply chain disruptions, Russia's invasion of Ukraine, and yen depreciation



**No revision to earnings forecast,
despite lingering uncertainty about the future**

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



Consolidated
Financial Results
Forecasts

No revision to initial forecast

YoY sales increase, increase in operating income, year-end dividend of 30 yen

| (JPY bn, %) | | FY2018/12 Actual | FY2019/12 Actual | FY2020/12 Actual | FY2021/12 Actual | FY2022/12 Forecast* | YoY Change |
|---|------|---------------------|---------------------|---------------------|---------------------|------------------------|------------|
| Net Sales | | 155.9 | 149.8 | 149.3 | 158.1 | 166.5 | 8.3 |
| (Domestic) | | 122.8 | 117.7 | 115.9 | 117.3 | 119.0 | 1.6 |
| (Overseas) | | 33.1 | 32.1 | 33.3 | 40.7 | 47.5 | 6.7 |
| Operating Income | | 3.1 | 2.7 | 2.0 | 4.1 | 4.7 | 0.5 |
| Operating Margin | | 2.0% | 1.8% | 1.4% | 2.6% | 2.8% | 0.2% |
| Ordinary Income | | 2.6 | 1.1 | 1.7 | 4.6 | 4.6 | (0.0) |
| Profit Attributable to Owners of Parent | | 1.0 | 0.7 | (5.6) | 3.1 | 3.1 | (0.0) |
| Average Exchange Rate (JPY) | US\$ | 110.2 | 109.3 | 107.0 | 109.0 | 110.0 | 1.0 |
| | Euro | 130.9 | 121.6 | 121.5 | 129.8 | 130.0 | 0.2 |
| Year-end Dividend (JPY) | | 30 | 30 | 0 | 30 | 30 | 0 |

* FY2022/12 Forecast: announced on Feb. 15, 2022

4. Topics



■ DBJ Environmental Rating – highest rating 16 times in a row

The Development Bank of Japan Inc. has appraised ISEKI as one of the “Companies doing environment-friendly business activities progressively,” its highest rating.



■ Selected as a 2022 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)

ISEKI will maintain and improve the health of each and every employee through the implementation of measures based on the three pillars of health (physical, mental, and lifestyle health) to increase engagement and achieve sustainable growth for the Group.

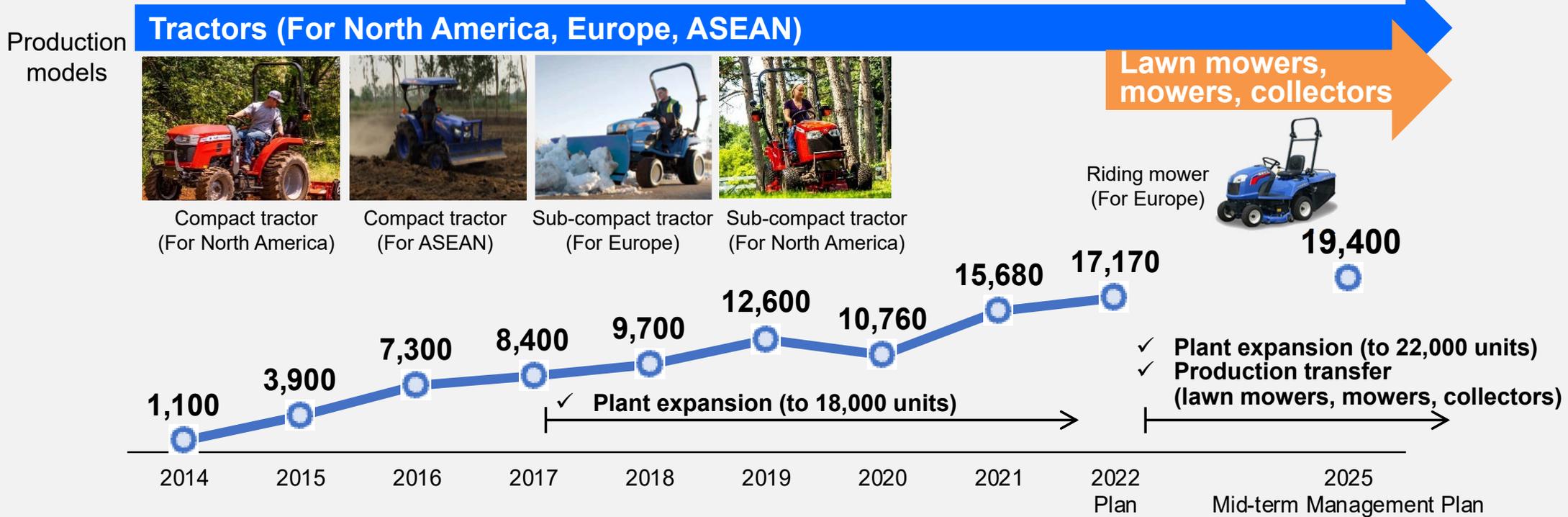


*For details, please refer to the News Release page on the Iseki Agricultural Machinery website. <https://www.iseki.co.jp/news/>

■ PT. ISEKI Indonesia (Manufacturing Subsidiary)

Establishment of production increase system (plant expansion, transfer of production from Japan)

[Production Volume]



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**