



Financial Results for the Third Quarter Fiscal Year Ending December 31, 2020 Investor Relations Presentation Materials

November 12, 2020

President Shirou Tomiyasu



1. Outline of Financial Results for the Third Quarter
Fiscal Year Ending December 31, 2020
2. Domestic and Overseas Markets
3. Performance Forecast for the Fiscal Year Ending
December 31, 2020
4. Topics

1. Outline of Financial Results for the Third Quarter Fiscal Year Ending December 31, 2020

Impact of the Novel Coronavirus (COVID-19) and Other Factors on Consolidated Business Performance



<Domestic>

Sales declined due to self-restraints on sales activities including the cancelation of exhibitions owing to the impact of COVID-19 and the pullback against the last-minute demand ahead of the consumption tax rate increase, etc.

<Overseas>

North America : Sales declined, impacted by reduced shipments of tractors to OEM partners owing to a delay in receiving engines purchased for installation in the first half, despite the growing demand for tractors by consumers staying at home as a result of the impact of COVID-19.

Europe : Despite the current recovery trend, stagnant local sales primarily due to the temporary closure of local distributors' outlets under the spring lockdown, which continued to impact shipments from the Company and our French sales subsidiary, leading to a decline in sales.

China : Sales of rice transplanters continued to be robust.

ASEAN : Sales declined due to the decrease in the number of bids in Indonesia.

Asia : Sales in South Korea and Taiwan were strong.

<Impact of COVID-19 (Analysis by the Company)>

Impact on net sales: Japan: ¥(2.8) billion, Overseas: ¥(0.7) billion, Total: ¥(3.5) billion

Outline of Consolidated Business Performance



(January 1, 2020 to September 30, 2020)

(JPY bn, %)	FY ended Dec. 2019		FY ending Dec. 2020		YoY Change
	3Q Actual	%	3Q Actual	%	
Net Sales	121.0	100.0	111.6	100.0	(9.4)
(Domestic)	96.0	79.3	87.4	78.3	(8.6)
(Overseas)	25.0	20.7	24.2	21.7	(0.8)
Operating Income	4.5	3.7	3.2	2.8	(1.3)
Ordinary Income	3.2	2.7	2.8	2.5	(0.4)
Profit (Loss) attributable to owners of parent	2.1	1.8	2.4	2.2	0.3
Average exchange rate (yen)	US\$	109.6	107.7		(1.9)
	Euro	123.2	120.6		(2.6)

Domestic Sales



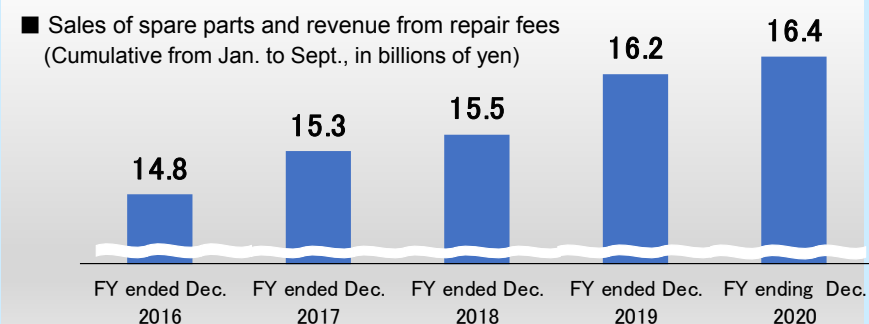
YoY
-¥8.6 billion

Sales declined overall, as sales of agricultural machinery and farming implements decreased due to the pullback against the last-minute demand ahead of the consumption tax rate increase and the impact of COVID-19, despite strong sales of spare parts and revenue from repair fees.

(JPY bn)		FY ended Dec. 2019	FY ending Dec. 2020	YoY Change		
		3Q Actual	3Q Actual		Notes	
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	21.3	17.3	(4.0)	Tractors: (3.7)
		Planting Machinery	8.0	6.4	(1.6)	Rice transplanters: (1.5)
		Harvesting & Processing Machinery	14.1	12.0	(2.1)	Combine harvesters: (1.6)
	Subtotal		43.4	35.7	(7.7)	
	Farming Implements Related	Farming Implements	17.2	15.3	(1.9)	
		Spare Parts	11.8	12.0	0.2	
		Repair Fees	4.4	4.4	0.0	
		Subtotal		33.4	31.7	(1.7)
	Total		76.8	67.4	(9.4)	
	Construction of Facilities		4.0	5.6	1.6	
Others		15.2	14.4	(0.8)		
Total		96.0	87.4	(8.6)		

Main factors of YoY changes

- ✓ Sales of agricultural machinery decreased ¥7.7 billion due to the pullback against the last-minute demand ahead of the consumption tax rate increase, and cancellations of exhibitions and self-restraints on sales activities owing to the impact of COVID-19. Sales of farming implements decreased in tandem with the decreased agricultural machinery sales.
- ✓ Sales of spare parts and revenue from repair fees continued to be strong.



Overseas Sales



YoY
-¥0.8 billion

Sales declined overall due to a decrease in sales to North America, Europe, and ASEAN, despite an increase in sales to South Korea, Taiwan, and China.

(JPY bn)	FY ended Dec. 2019	FY ending Dec. 2020	YoY Change	
	3Q Actual	3Q Actual	Notes	
North America	9.8	8.7	(1.1)	Tractors: (1.1)
Europe	7.8	7.1	(0.7)	Tractors: (0.1) Lawn mowers: (0.5)
China	0.1	0.6	0.5	Rice transplanters: 0.5
ASEAN	1.0	0.6	(0.4)	Tractors: (0.3) Combine harvesters: (0.1)
Others	3.1	4.1	1.0	Tractors: 0.2 Combine harvesters: 0.8
Product Sales Total	21.8	21.1	(0.7)	
Parts & Others	3.2	3.1	(0.1)	
Total Sales	25.0	24.2	(0.8)	

Main factors of YoY changes

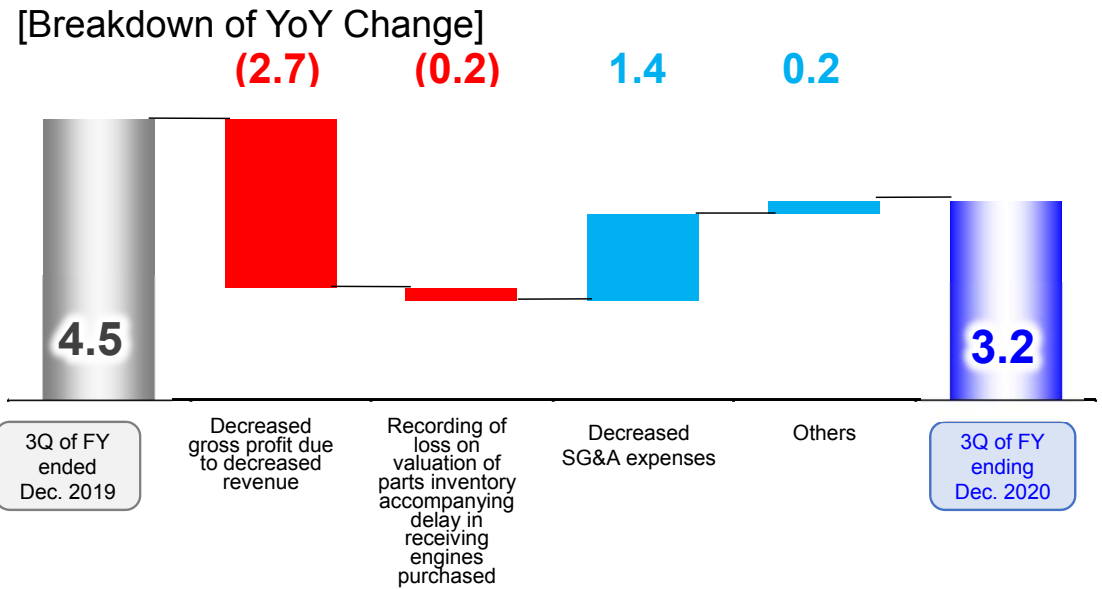
- ✓ North America: Lower sales due to the impact of decreased shipments, owing to a delay in receiving engines in the first half, despite the growing demand for tractors by consumers staying at home
- ✓ Europe: Decline in sales due to the failure to cast aside the impact of the spring lockdown, despite the current recovery trend
- ✓ China: Continuing increased sales due to increased shipments of semi-finished rice transplanters
- ✓ ASEAN: Lower sales due to decreased shipments of tractors to Indonesia
- ✓ Others: Higher sales due to increased shipments to South Korea and Taiwan

Operating Income

**YoY
-¥1.3 billion**

YoY decrease in operating income due to the decrease in gross profit stemming from a revenue decline and the recording of loss on valuation of parts inventory, despite the reduction of selling, general and administrative expenses.

(JPY bn, %)	FY ended Dec. 2019 3Q Actual	FY ending Dec. 2020 3Q Actual	YoY Change
Net Sales	121.0	111.6	(9.4)
Gross Profit	35.8	33.1	(2.7)
Gross Profit Margin	29.6%	29.7%	+0.1%
SG&A Expenses	31.3	29.9	(1.4)
Personnel Expenses	18.4	18.0	(0.4)
Other Expenses	12.9	11.9	(1.0)
Operating Income	4.5	3.2	(1.3)



[Effect of forex fluctuations (JPY bn)]

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
(0.2)	(0.2)	(0.0)	0.0

Ordinary Income and Profit



Ordinary
income YoY
-¥0.4 billion

Decreased profit YoY, despite reduced foreign exchange losses and a reduction in the extent of decreased profits owing to a reduction in the share of loss of entities accounted for using equity method as a result of the improved revenue of Dongfeng Iseki and a reduction in our investment ratio, among others.

(JPY bn)	FY ended Dec. 2019 3Q Actual	FY ending Dec. 2020 3Q Actual	YoY Change
Operating Income	4.5	3.2	(1.3)
Balance of Financial Income	(0.6)	(0.5)	0.1
Other Non-operating Income	(0.7)	0.1	0.8
Ordinary Income	3.2	2.8	(0.4)
Extraordinary Income	0.1	0.7	0.6
Extraordinary Losses	(0.2)	(0.1)	0.1
Income before Income Taxes	3.1	3.4	0.3
Income Taxes - Deferred	(1.0)	(1.0)	±0.0
Profit (Loss) Attributable to Owners of Parent	2.1	2.4	0.3

Non-operating Income (YoY change)

Decrease in share of loss of entities accounted for using equity method	0.7 billion yen
Decrease in foreign exchange losses	0.2 billion yen

(Reference) Related to equity method

(JPY bn)	FY ended Dec. 2019 3Q Actual	FY ending Dec. 2020 3Q Actual	Change
Share of profit or loss of entities accounted for using equity method (non-operating)	(1.0)	(0.3)	0.7
Loss (gain) on change in equity (extraordinary)	-	0.7	0.7

Balance Sheet (Consolidated)

YoY

Accounts receivable – trade decreased year-on-year due to lower domestic and overseas net sales while Inventories increased due to a reduction of inventories in the previous year resulting from a rise in demand before consumption tax hike.

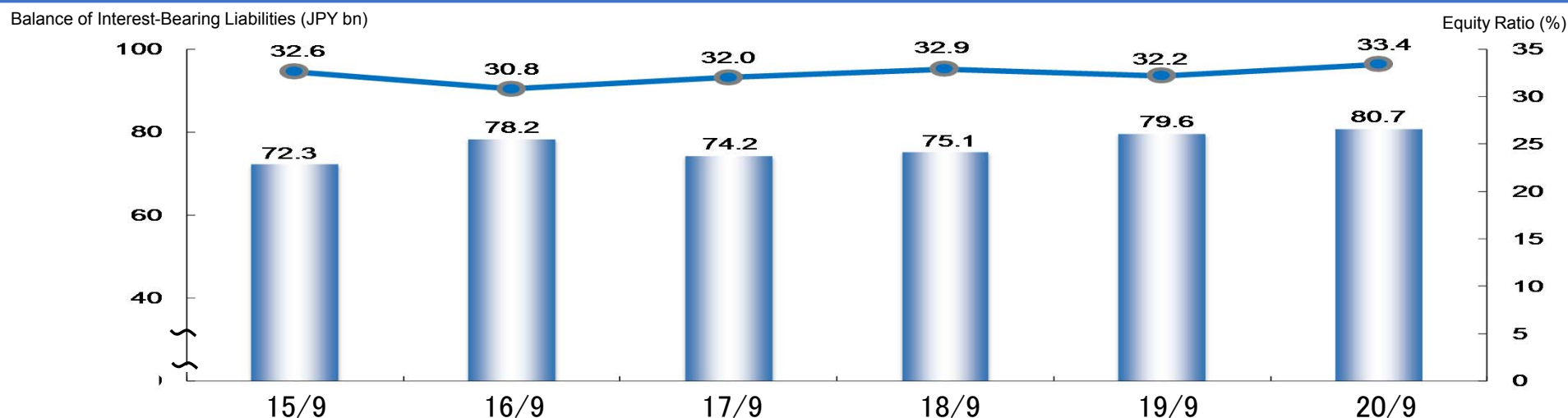
(JPY bn)	As of Sep. 30, 19	As of Sep. 30, 20	Change		As of Sep. 30, 19	As of Sep. 30, 20	Change
Cash & Deposits	7.0	7.5	0.5	Accounts Payable - Trade	40.4	35.8	(4.6)
Accounts Receivable – Trade	37.9	33.3	(4.6)	Interest-bearing Liabilities	79.6	80.7	1.1
Inventories	52.6	53.5	0.9	(Loans Payable)	72.4	72.8	0.4
Other Current Assets	5.5	4.2	(1.3)	(Lease obligations)	7.2	7.9	0.7
(Short-term loans receivable)	2.8	1.5	(1.3)	Other Liabilities	21.9	19.2	(2.7)
Total Current Assets	103.0	98.5	(4.5)	Total Liabilities	141.9	135.7	(6.2)
Property, plant and equipment	97.4	96.7	(0.7)	Net Assets	70.0	70.5	0.5
(Lease assets)	6.8	7.2	0.4	(Retained Earnings)	18.4	18.7	0.3
Intangible assets	1.3	1.5	0.2	(Valuation Difference on Available-for-sale Securities)	0.2	0.0	(0.2)
Investments and Other Assets	10.2	9.5	(0.7)	(Foreign Currency Translation Adjustment)	0.5	1.0	0.5
(Investment securities, Capital)	5.8	5.2	(0.6)	Total Liabilities and Net Assets	211.9	206.2	(5.7)
Total Non-current Assets	108.9	107.7	(1.2)				
Total Assets	211.9	206.2	(5.7)				

Equity ratio / Interest-bearing liabilities



Interest - bearing liabilities, D/E ratio

Interest-bearing liabilities increased due to a increase in lease obligations. D/E ratio is in line with the previous year.



Loans payable, corporate bonds	63.1	69.7	67.1	68.8	72.4	72.8
Lease obligations	9.2	8.5	7.1	6.3	7.2	7.9
Total	72.3	78.2	74.2	75.1	79.6	80.7
D/E Ratio	1.05	1.19	1.05	1.05	1.14	1.14

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

2. Domestic and Overseas Markets



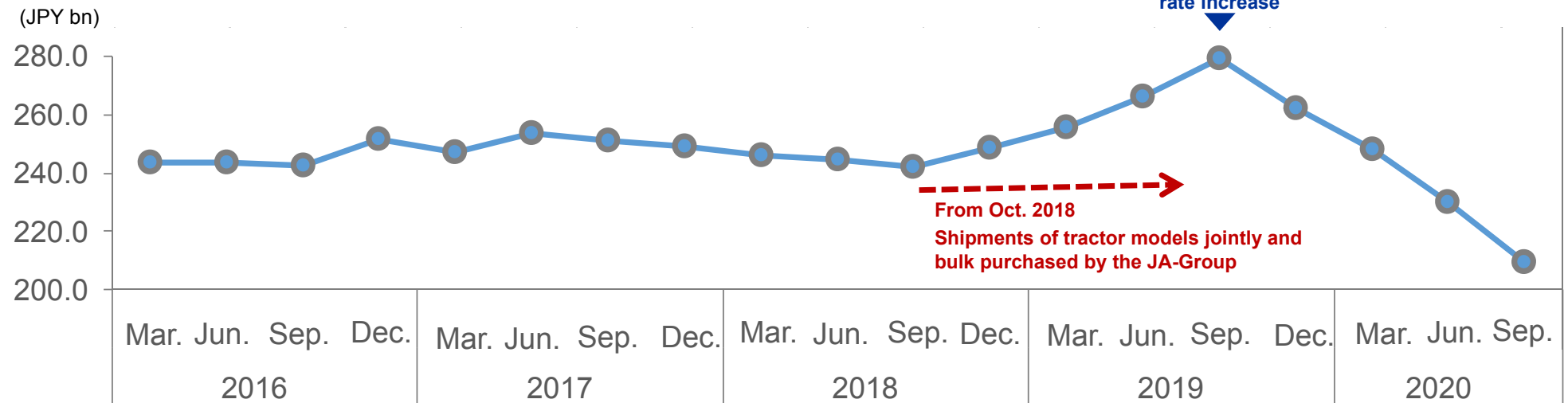
Domestic Agricultural Machinery Market Trends



Domestic agricultural machinery demand

Due to the pullback against the last-minute demand ahead of the consumption tax rate increase in October 2019, together with the impact of the novel coronavirus (COVID-19), the demand was lower than it was before the start of the previous last-minute demand in 2018.

■ 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, and treatment

Source: Estimated by ISEKI from statistics provided by the Japan Agricultural Machinery Manufacturers Association

ISEKI's sales performance

Our actual sales were showing signs of weakness, but amid the impact of COVID-19, our figures were above those of the industry.

YoY growth rate for 9 principal machinery categories (moving annual total) *ISEKI estimates

		Oct. 2017 – Sep. 2018	Oct. 2018 – Sep. 2019	Oct. 2019 – Sep. 2020	Jan. – Sep. 2020
Industry	(Amount of shipment)	96%	115%	75%	76%
ISEKI	(Sales amount)	98%	105%	77%	82%

(%)

*9 principal machinery: Tractors, combine harvesters, rice transplanters, tillers, drying machines, rice huskers, binders, harvesters, and treatment

■ Government subsidy system for business continuity

Subsidy system for adopting machinery and facilities for the recovery/development of sales channels and business continuity/transformation while preventing the spread of COVID-19 (E.g. Vegetable transplanters for automating planting work, which had previously been done manually)

FY2020 second supplementary budget amount (¥20.0 billion)

+

Additional budget policy (¥44.1 billion)

■ FY2021 agriculture, forestry and fisheries-related budgetary request

General Program to Support Smart Agriculture Measures (¥5.5 billion)

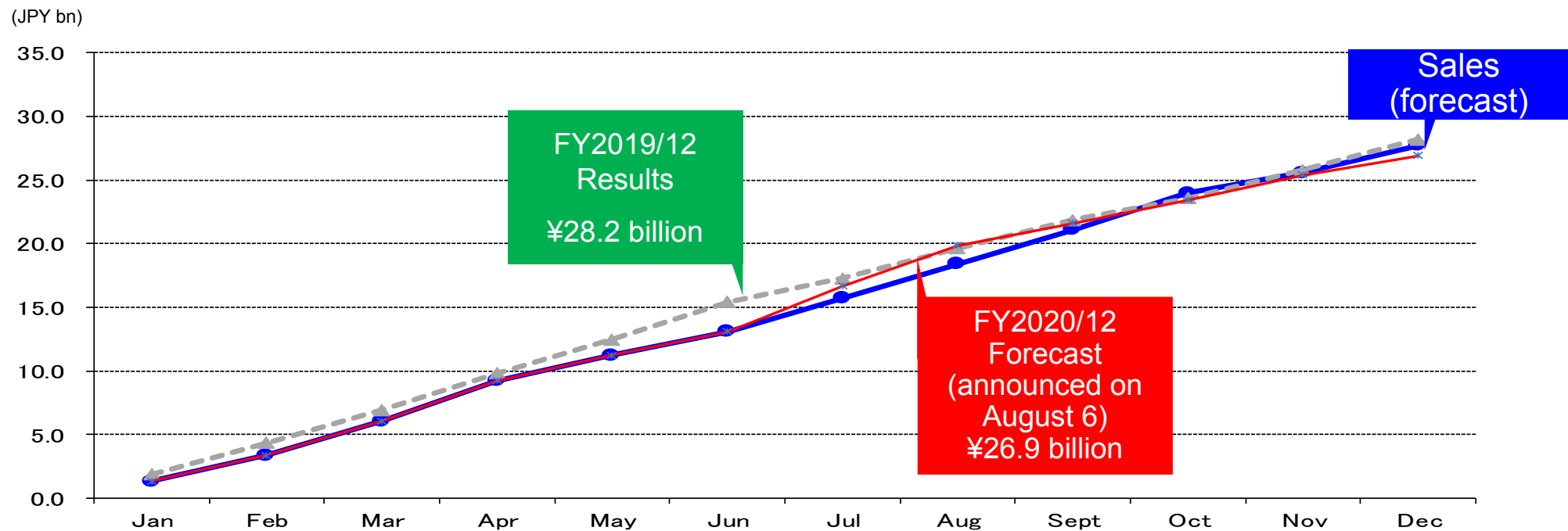
⇒ Accelerating the social implementation and practice of Smart Agriculture

Overseas Product Sales



Overseas sales

Expected to be mostly in line with the announced forecast



*Based on finished products. "Parts & Others" is not included.

Market Trend (North America)

North America

- In the compact tractor market, sales have been firm since May, thanks to changes in lifestyles due to COVID-19 and sales promotions by each company. AGCO's actual sales exceeded the market and remained strong.
- Delay in receiving engines impacted our sales in the first half, but sales will increase YoY through the launch of new products with engines made in-house and market growth in the second half.

1. Trend in the market

Category (PTO HP)	(1,000 units, %)	
	40 HP and lower (Compact tractors)	40-100 HP (Utility tractors)
Jan.-Sep. 2019	141.8	48.4
Jan.-Sep. 2020	166.3	53.6
Difference (%)	117%	111%

(1,000 units, %)	
100 HP and above	
Jan.-Sep. 2019	15.4
Jan.-Sep. 2020	14.7
Difference (%)	96%

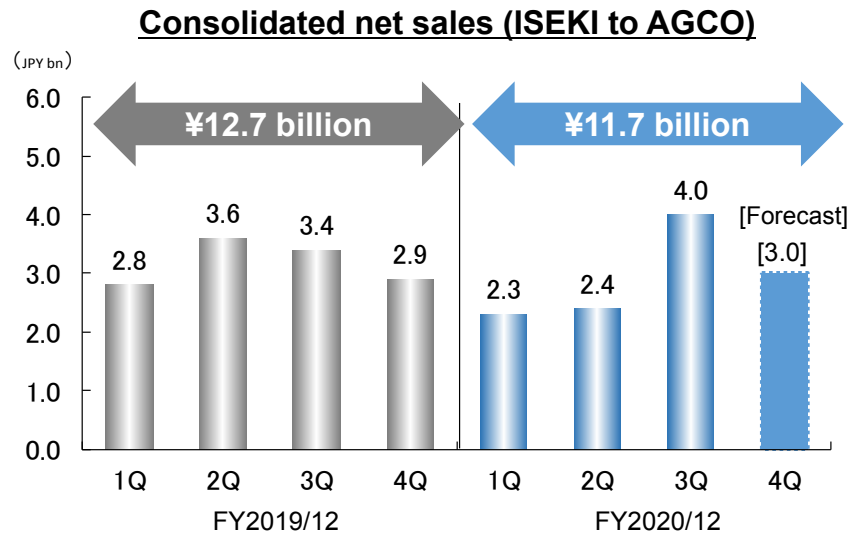
(Source: Statistics provided by AEM)

2. Situation of AGCO (OEM Partner)

- Unit sales (Jan. – Sep. 2020)
 - Compact tractors: YoY 129%
 - Utility tractors: YoY 118%

3. Sales and orders at ISEKI

Shipments/orders (Jan. – Dec. 2020): YoY 92%



Europe

From late May onward, store operations gradually resumed as the restrictions of each country were lifted and the market for consumers has been on a recovery trend. Meanwhile, recovery in demand in the market for professionals has been delayed in conjunction with movements to cut the local governments' landscaping budgets.

1. Trend in the market

<Landscaping market>

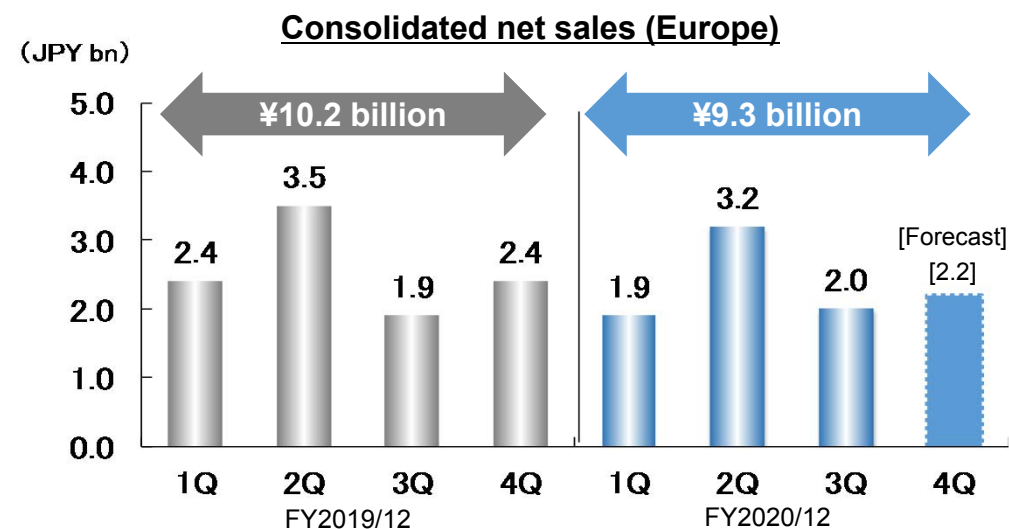
- From mid-March to early May, demand in agricultural machinery and the landscaping markets was sluggish as a result of the closure of local retailers due to the lockdown.
- From late May, local retailers gradually resumed operations. Despite the current developments toward lockdown due to another round of infections, operations will continue, being recognized as an essential business.

2. Local sales

- Unit sales (Jan. – Sep. 2020)
 - Local distributors: YoY 85%
- Local retail sales of the sales subsidiary (ISEKI France) have recovered to levels comparable to the previous year.

3. Sales and orders at ISEKI

Shipments/orders (Jan. – Dec. 2020): YoY 68%



Thailand

The drought from the end of last year has impacted the financial situation and agricultural machinery demand of farmers, but rainfall from September has been generally been on a recovery trend.

1. Trend in the market

- The drought from the end of last year has impacted the financial situation and agricultural machinery demand of farmers. Meanwhile, despite the variance by region, total rainfall has been recovering from September and a recovery in demand is anticipated.

2. Situation of the local distributor “IST Farm Machinery”

- Unit sales (Jan. – Sep. 2020)
 - ASEAN strategy tractor: YoY 75%
- New types of sales activities were accelerated and promoted, including utilization of online sales and the distributors holding more small-scale exhibitions, amid self-restraints on large-scale events. Also reinforced initiatives to improve services.

3. Initiatives of ISEKI Thailand

*ISEKI's wholly-owned subsidiary

- Reinforced sales/services support for distributors
Focused on sales promotion measures and HR development of distributors such as technological services, by collaborating with IST

4. Sales and orders at ISEKI

Shipments/orders (Jan. – Dec. 2020) : YoY 55%

ASEAN and Neighboring Regions

- In Indonesia, there will be no government tendering in the second half due to the national budget being diverted to COVID-19 measures.
- In Myanmar, although sales activities have been restricted due to the impact of COVID-19, local sales have been strong.

1. Trend in the market

<Indonesia>

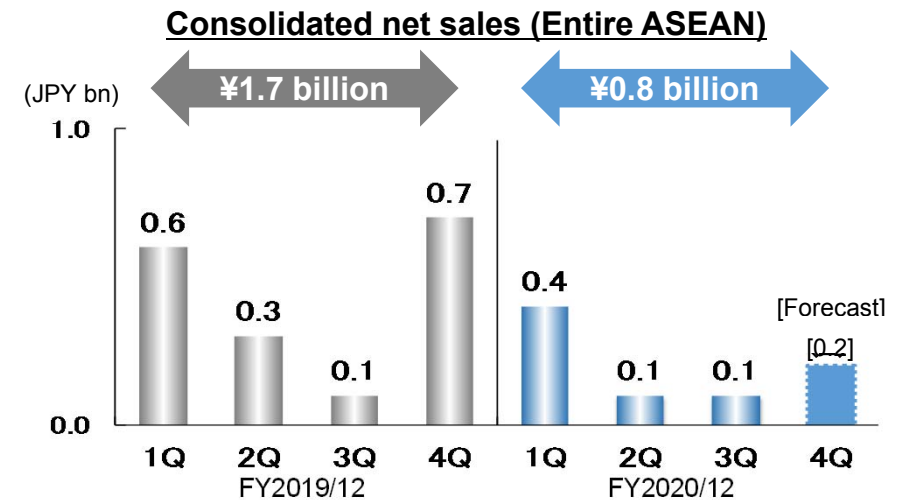
- Government tendering decreased year on year in the first half, and there will be none in the second half.

<Myanmar>

- Mechanization is being accelerated on the market, and local sales have been strong despite COVID-19.

2. Our situation

- Indonesia: Decreased sales YoY due to a lower tendering volume.
- Myanmar: Sales expansion through IST Farm Machinery



[For Myanmar]

- Tractors
- All-purpose combine harvesters



PT. ISEKI INDONESIA (Manufacturing Subsidiary)



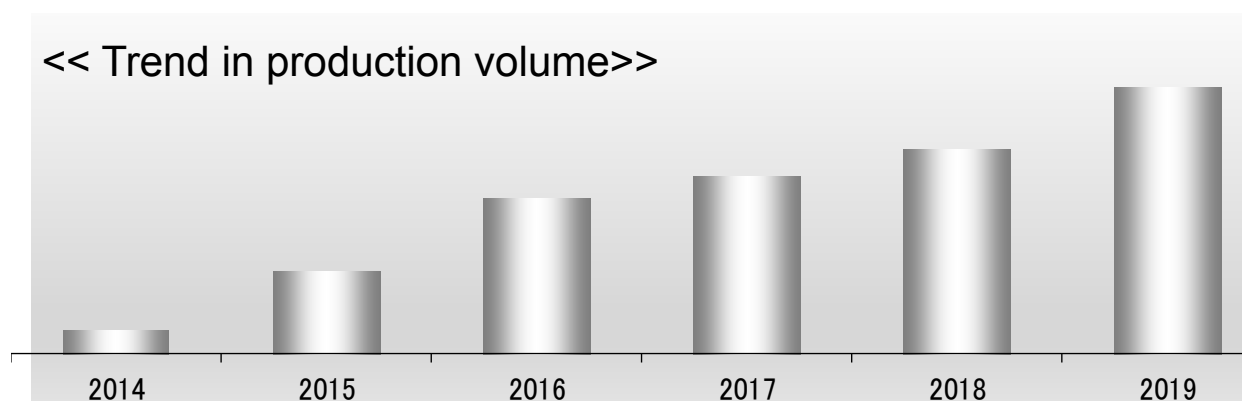
PT. ISEKI
INDONESIA

Production in Jan.-Sep. fell short of the plan due to a decrease in production for ASEAN and North America, but profits were secured due to improved productivity.
We will promote further enhancement of profitability of this subsidiary as the base station for earning abroad.

(Units, JPY bn)

	2014 Results	2015 Results	2016 Results	2017 Results	2018 Results	2019 Results	Jan. – Sep. 2020	
							Plan	Results
Production volume	1,100	3,900	7,300	8,400	9,700	12,600	10,000	7,550
Operating income	(0.3)	(0.4)	(0.3)	0.3	0.1	0.3	0.3	0.2

<< Trend in production volume >>



China

Sales of ride-on rice transplanters are robust as the government is strongly promoting grain production centered on rice to secure food, and restrictions on movement of contractors is stimulating demand for agricultural machinery in Hubei Province.

1. National government subsidy

(RMB bn)

2014	2015	2016	2017	2018	2019	2020
23.8	23.8	23.7	18.6	18.6	18.0	18.0

2. Trends in the agricultural machinery industry

By product type (YoY change, units)

(%)

	Jan. – Sep. 2018	Jan. – Sep. 2019	Jan. – Sep. 2020
Rice transplanters (ride-on)	81%	95%	137%
Combine harvesters (all-purpose, auto-threshing)	74%	84%	110%
Tractors (medium- to large-size)	77%	111%	133%

* Source: China Association of Agricultural Machinery Manufacturers

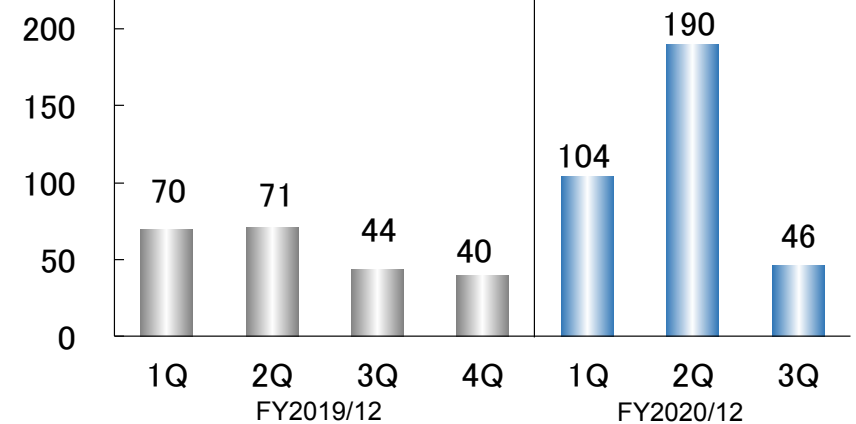
3. Situation of Dongfeng Iseki

(Jan. – Sep. 2020, number of units sold)

- Ride-on rice transplanters: YoY 308%
- Tractors: YoY 112%
- Ride-on control machines: YoY large increase

Net sales of Dongfeng Iseki (local currency based)

(RMB million)



East Asia

- South Korea: No signs of impact of COVID-19 were seen on the rice transplanter market in the spring season but there was a slight decrease YoY due to the effects of larger machinery and farmland consolidation. Meanwhile, the demand for larger, high-performance, and Japanese-made agricultural machinery is growing.
- Taiwan: Large YoY increase due to a subsidy system for purchases of large agricultural machinery.

1. Trend in the market

<South Korea>

Despite the absence of the impact of COVID-19, there was a slight decrease YoY due to the effects of larger machinery and farmland consolidation. Meanwhile, the demand for larger, high-performance, and Japanese-made agricultural machinery is growing.

<Taiwan>

Demand grew for both tractors and combine harvesters due to the subsidy system for the purchases of large agricultural machinery, implemented in 2020 as well as in 2019.



2. Situation of ISEKI

➤ South Korea:

Sales of our brand's flagship products, TJ series tractors and HJ series combine harvesters, via the sales channel of the TYM Group, a major South Korean agricultural machinery manufacturer, continued from the previous quarter.

▪ Shipments/orders (Jan. – Sep. 2020)

Rice transplanters:	YoY 87%
Combine harvesters:	YoY 162%
Tractors:	YoY 200%

➤ Taiwan:

Sales of tractors, combine harvesters, and rice transplanters through local distributors

▪ Shipments/orders (Jan. – Sep. 2020)

Tractors:	YoY 268%
Combine harvesters:	YoY 187%

3. Performance Forecast for the
Fiscal Year Ending
December 31, 2020



Performance Forecast

Although the impact of COVID-19 on the consolidated financial results of the Company has been slowly diminishing in the 3Q of the fiscal year ending December 31, 2020, Japan and other countries around the world are seeing the emergence of another round of infections and their economic impact continues to be uncertain.
 ⇒The consolidated financial results forecast, which was announced on August 6, 2020, will remain unchanged and the dividend forecast will also continue to be undetermined.

1. Consolidated Full-year Performance Forecast

(JPY bn)	FY ended Dec. 2019 Actual	FY ending Dec. 2020 *1 Forecast	YoY Change
Net Sales	149.9	144.5	(5.4)
(Domestic)	117.7	114.5	(3.2)
(Overseas)	32.2	30.0	(2.2)
Operating Income	2.7	1.1	(1.6)
Ordinary Income	1.1	0.2	(0.9)
Profit (Loss) Attributable to Owners of Parent	0.7	0.2	(0.5)

Foreign exchange rates (yen)	US\$	109	107	(2)
	Euro	122	120	(2)

*1: Forecast announced on August 6, 2020

2. Dividend Forecast

(JPY yen)	FY ended Dec. 2018 Actual	FY ended Dec. 2019 Actual	FY ending Dec. 2020 *2 Forecast
Year-end dividend	30	30	Undetermined

*2: Forecast announced on May 15, 2020.

4. Topics



Reorganizing wide-area sales companies

Until 2018
10 wide-area companies

Iseki-Hokkaido Co., Ltd. Iseki-Tokai Co., Ltd.
 Iseki-Tohoku Co., Ltd. Iseki-Kansai Co., Ltd.
 Iseki-Shinetsu Co., Ltd. Iseki-Chugoku Co., Ltd.
 Iseki-Kanto Co., Ltd. Iseki-Shikoku Co., Ltd.
 Iseki-Hokuriku Co., Ltd. Iseki-Kyushu Co., Ltd.



2019 to 2020
7 wide-area companies

Iseki-Kanto Co., Ltd., Iseki-Shinetsu Co., Ltd.

ISEKI Kanto Koshinetsu Co., Ltd.

Iseki-Kansai Co., Ltd., Iseki-Tokai Co., Ltd.

ISEKI Kansai Chubu Co., Ltd.

Iseki-Chugoku Co., Ltd., Iseki-Shikoku Co., Ltd.

ISEKI Chu Shikoku Co., Ltd.

January 2021
6 wide-area companies

ISEKI Kansai Chubu Co., Ltd.,
Iseki-Hokuriku Co., Ltd.

ISEKI Kansai Chubu Co., Ltd.



Agri Yamazaki Smart Agriculture Testing Consortium

- ✓ An experimental project for environmentally-friendly smart agriculture in the production system for high-quality rice for exports through the collaboration of industry, government, and academia and the implementation of cutting-edge technology such as robots and ICT technology.

(Members) Graduate School of Agricultural and Life Sciences, The University of Tokyo; HyperAgri, Inc.; ISEKI Kanto Koshinetsu Co., Ltd.; Ibaraki Agricultural Center; Agriculture and Forestry Office of the Ibaraki Prefectural Government Western District; Tokyo University of Agriculture; and Agri Yamazaki, Ltd.



Local workshop held in Bando City, Ibaraki Prefecture
(September 25, 2020)



Improving work efficiency through the cooperative work of ISEKI's
yield combine harvester and robot tractor

Announcement of Product Launches



- ✓ Products with in-house made engines compliant with emissions regulations
- ✓ Smart agricultural machinery utilizing robot, ICT and other technology
- ✓ Low-priced, simple-spec tractors (Advance release in October 2020)

Making an appeal to a broad audience through video streaming



Release date	Wednesday, December 9, 2020, 15:00 (tentative)
Release theme	<p>“Environmentally-friendly ISEKI engines”</p> <p>“Smart agricultural machinery/ICT contributing to sustainability”</p>
Format	<ul style="list-style-type: none"> ▪ Video streaming (of domestic products) on the official ISEKI YouTube site ▪ 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.



安心を、未来へつなぐ食料自給率1%アップ運動
FOOD ACTION NIPPON

ISEKI group is a promotional partner of FOOD ACTION NIPPON



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".