

Financial Results for the Fiscal Year Ended December 31, 2020

February 16, 2021

President Shirou Tomiyasu



BOOT UP NEW JAPAN



All Japan
ISEKI FLAGSHIP MODEL
TJW/TJV/TJX/HJ/PRJ NEW



1. Outline of Financial Results for the Fiscal Year Ended December 31, 2020
2. Performance Forecast for the Fiscal Year Ending December 31, 2021
3. Domestic and Overseas Markets
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1. Outline of Financial Results for the Fiscal Year Ended December 31, 2020



Key Points on Financial Results for the Fiscal Year Ended December 31, 2020

- ✓ Sales in the first half was particularly difficult, owing to the impact of the Novel Coronavirus (COVID-19) in Japan and overseas and factors including the pullback against the last-minute demand ahead of the consumption tax increase. Sales recovered gradually in the second half. For the full year, sales were broadly in line with the previous year.
- ✓ In response to the first half decline in sales, the Company scaled back inventory and adjusted production.
 - An operating loss was recorded on a non-consolidated basis due to lower shipments and a decrease in production at the Company's manufacturing plants.
- ✓ Although consolidated net sales, operating income and ordinary income exceeded the forecast announced in August, the bottom line was a loss for the year due to the recording of an impairment loss → Regrettably, no dividend is planned.
- ✓ As a result, the Company reduced non-current assets and inventory to improve the balance sheet.

Impact of COVID-19 and Other Factors on Consolidated Business Performance

<Domestic>

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

<Overseas>

- North America : Sales declined as a result of reduced shipments of tractors to OEM partners owing to a delay in receiving engines purchased for installation in the first half. This was despite the growing demand for compact tractors by consumers staying at home due to COVID-19.
- Europe : Sales were affected by the spring lockdown but recovered from the second half onwards. In addition, sales rose as a result of unifying the accounting periods of consolidated subsidiaries (15-month accounting period) and the effect of forex fluctuations.
- China : Sales of rice transplanter were robust.
- ASEAN : In Thailand, the impact of adverse weather conditions, such as drought, has gradually diminished, but sales fell due to lower farmers' income owing to the impact of COVID-19. In Indonesia, sales declined due to the decrease in the number of bids.
- Asia : Sales in South Korea and Taiwan were strong.

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

Impact on net sales: Japan: ¥(3.3) billion, Overseas: ¥(0.9) billion, Total: ¥(4.2) billion

Outline of Consolidated Business Performance

FY2020/12 (January 1, 2020 to December 31, 2020)

(JPY bn, %)	FY2019/12		FY2020/12		YoY Change	Diff. (Target/Actual)*
	Actual	%	Actual	%		
Net Sales	149.8	100.0	149.3	100.0	(0.5)	4.8
(Domestic)	117.7	78.5	115.9	77.6	(1.8)	1.4
(Overseas)	32.1	21.5	33.3	22.4	1.2	3.3
Operating Income	2.7	1.8	2.0	1.4	(0.6)	0.9
Ordinary Income	1.1	0.7	1.7	1.1	0.5	1.5
Profit (Loss) Attributable to Owners of Parent	0.7	0.5	(5.6)	-	(6.3)	(5.8)
Average Exchange Rate (JPY)	US\$	109.3	107.0		(2.3)	0.5
	Euro	121.6	121.5		(0.1)	2.7

*Comparison with the forecast announced on August 6, 2020

Domestic Sales



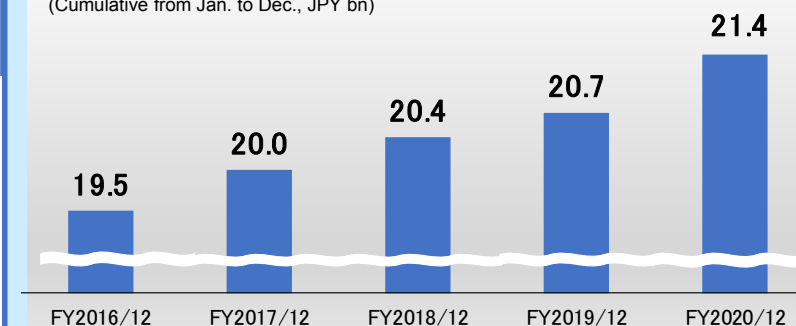
YoY
- ¥1.8 billion

Sales of agricultural machinery decreased due to the pullback against the last-minute demand ahead of the consumption tax rate increase and the impact of COVID-19. Sales declined overall, even though sales of spare parts and revenue from repair fees were strong and the construction of a large-scale facility was completed.

Main factors of YoY changes

- ✓ Sales of agricultural machinery decreased ¥4.3 billion due to the pullback against the last-minute demand ahead of the consumption tax rate increase, cancellations of exhibitions and self-restraints on sales activities owing to the impact of COVID-19.
- ✓ Sales of farming implements increased, benefiting from government subsidies for agricultural business continuity.
- ✓ Sales of spare parts and revenue from repair fees continued to be strong.
- ✓ In construction of facilities, large-scale property was successfully completed.

Sales of spare parts and revenue from repair fees
(Cumulative from Jan. to Dec., JPY bn)



(JPY bn)		FY2019/12	FY2020/12	YoY Change		Diff.
		Actual	Actual		Notes	(Target/Actual)*
Agricultural Machinery Related	Agricultural Machinery					
	Cultivating & Mowing Machinery	25.3	22.8	(2.4)	Tractors: (2.3)	(0.8)
	Planting Machinery	9.0	8.8	(0.1)		0.4
	Harvesting & Processing Machinery	18.5	16.8	(1.7)	Combine harvesters: (1.3)	± 0.0
	Subtotal	53.0	48.6	(4.3)		(0.2)
	Farming Implements	20.0	20.4	0.3		1.4
	Spare Parts	15.0	15.6	0.6		0.3
	Repair Fees	5.7	5.8	0.1		± 0.0
	Subtotal	40.8	42.0	1.1		1.8
	Total	93.8	90.6	(3.1)		1.5
Construction of Facilities		4.5	6.1	1.5		(0.1)
Others		19.3	19.1	(0.2)		± 0.0
Total		117.7	115.9	(1.8)		1.4

*Comparison with the forecast announced on August 6, 2020

Overseas Sales



YoY
¥1.2 billion

Increased sales to South Korea, Taiwan and China pushed up overall sales, although sales to North America and ASEAN decreased.

(JPY bn)	FY2019/12	FY2020/12	YoY Change		Diff. (Target /Actual)*
	Actual	Actual		Notes	
North America	12.6	12.2	(0.4)	Tractors: (0.4)	0.5
Europe	10.2	10.3	0.1	Tractors: 0.4 Lawn mowers: (0.3)	1.0
China	0.1	0.8	0.6	Rice transplanters: 0.6	0.2
ASEAN	1.6	0.7	(0.8)	Tractors: (0.6)	± 0.0
Others	3.4	4.4	0.9	Tractors: 0.2 Combine harvesters: 0.8	± 0.0
Product Sales Total	28.2	28.6	0.4		1.7
Parts & Others	3.9	4.7	0.7		1.6
Total Sales	32.1	33.3	1.2		3.3

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: Sales were affected by the spring lockdown but recovered from the second half onwards, and rose as a result of unifying the accounting periods of consolidated subsidiaries (15-month accounting period) and the effect of forex fluctuations.
- ✓ China: Increased sales due to increased shipments of semi-finished rice transplanters.
- ✓ ASEAN: Lower sales owing to unseasonable weather and a decrease in farmers' income and restrictions on sales activities due to the impact of COVID-19 in Thailand, as well as a decrease in shipments of tractors to Indonesia,
- ✓ Others: Higher sales due to increased shipments to South Korea and Taiwan.

*Comparison with the forecast announced on August 6, 2020

Operating Income

ISEKI

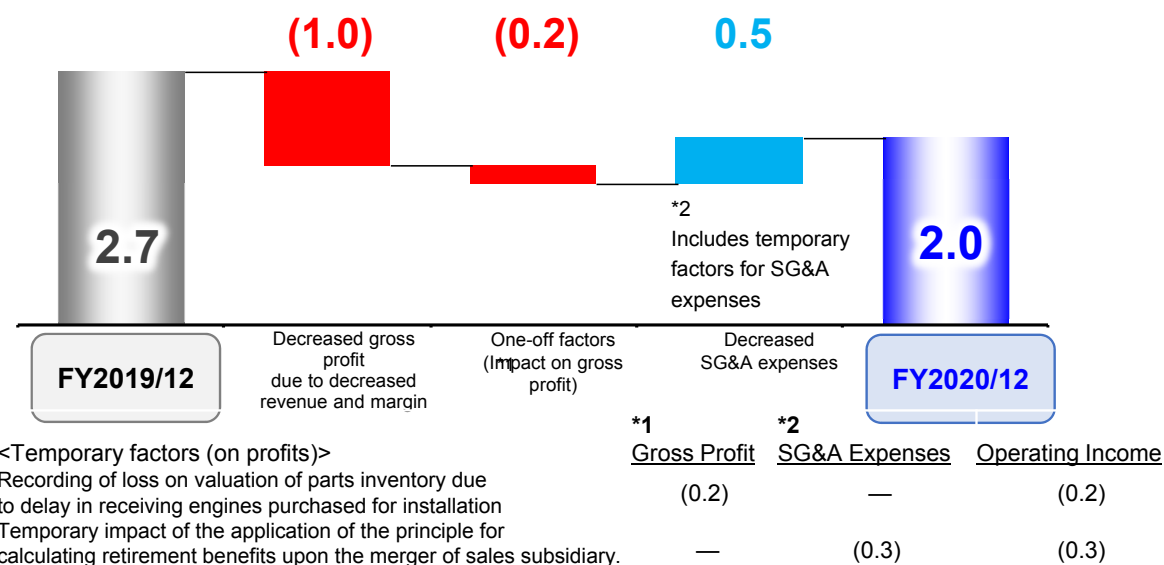
YoY
-¥0.6 billion

YoY decrease in operating income due to decrease in gross profit stemming from a revenue decline and the recording of loss on valuation of parts inventory, along with temporary expenses incurred by application of the principle for calculating retirement benefits upon the merger of a subsidiary, despite the reduction of selling, general and administrative expenses.

(JPY bn, %)	FY2019/12 Actual	FY2020/12 Actual	YoY Change	Diff. (Target/ Actual)*
Net Sales	149.8	149.3	(0.5)	4.8
Gross Profit	44.5	43.4	(1.0)	1.1
Gross Profit Margin	29.7%	29.1%	(0.6)%	(0.2)%
SG&A Expenses	41.7	41.3	(0.3)	0.1
Personnel Expenses	24.6	25.1	0.4	0.3
Other Expenses	17.0	16.2	(0.7)	(0.1)
Operating Income	2.7	2.0	(0.6)	0.9

*Comparison with the forecast announced on August 6, 2020

[Breakdown of YoY Change]



[Effect of forex fluctuations (JPY bn)]

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
0.55	0.29	0.16	0.9

Ordinary Income and Profit

Ordinary
Income YoY
¥0.5 billion

Ordinary Income: Increased profit due to reduced foreign exchange losses and a reduction in the share of loss of entities accounted for using equity method
Income before Income Taxes: Decrease in profit due to recording of impairment loss, although a gain on change in equity was reported

(JPY bn, %)	FY2019/12 Actual	FY2020/12 Actual	YoY Change	Diff. (Target/ Actual)*
Operating Income	2.7	2.0	(0.6)	0.9
Balance of Financial Income	(0.7)	(0.6)	0.0	0.0
Other Non-operating Income	(0.8)	0.3	1.1	0.5
Ordinary Income	1.1	1.7	0.5	1.5
Extraordinary Income	0.5	0.6	0.1	0.0
Extraordinary Losses	(0.3)	(9.4)	(9.1)	(9.0)
Income before Income Taxes	1.3	(7.1)	(8.4)	(7.5)
Income Taxes - Deferred	(0.5)	1.4	2.0	1.6
Profit (Loss) Attributable to Owners of Parent	0.7	(5.6)	(6.3)	(5.8)

Non-operating Income (YoY change)

Decrease in share of loss of entities accounted for using equity method ¥1.0 billion

(Reference) Related to equity method

(JPY bn, %)	FY2019/12 Actual	FY2020/12 Actual	YoY Change
Share of profit (loss) of entities accounted for using equity method (non-operating)	(1.4)	(0.4)	1.0
Gain (loss) on change in equity (extraordinary)	—	0.6	0.6

*Comparison with the forecast announced on August 6, 2020

Impairment Loss on Non-current Assets

■ Recording of Impairment Losses

- (1) Non-consolidated: Decline in the market value of land in respect of real estate leased to consolidated subsidiaries (Iseki-Matsuyama Mfg. Co., Ltd. and Iseki-Kumamoto Mfg. Co., Ltd.)
- (2) Consolidated subsidiaries: Decline in profitability of business assets owned by Iseki Matsuyama and Iseki Kumamoto caused by changes in the business environment
- (3) Consolidated financial results: Revision of impairment losses based on consolidated business earnings

[Recording Extraordinary Losses]

(JPY bn)	ISEKI & CO., LTD., Iseki Matsuyama, Iseki Kumamoto			Consolidated financial results Subtotal	Others	Consolidated financial results Total
	Non-consolidated	Non-consolidated results of consolidated subsidiaries	Consolidation adjustment			
Impairment loss on non-current assets	(10.7)	(3.5)	5.3	(9.0)	(0.3)	(9.3)
Loss on valuation of shares of subsidiaries and associates and provision of allowance for doubtful accounts	(4.9)	—	4.9	—	—	—
Total	(15.6)	(3.5)	10.2	(9.0)	(0.3)	(9.3)

■ Result

Recording of impairment losses enabled the Company to reduce non-current assets, which together with the reduction in inventory has led to an improvement in the balance sheet. In addition, this will also reduce depreciation and other expenses from 2021 onwards.

Non-Consolidated Financial Results

ISEKI

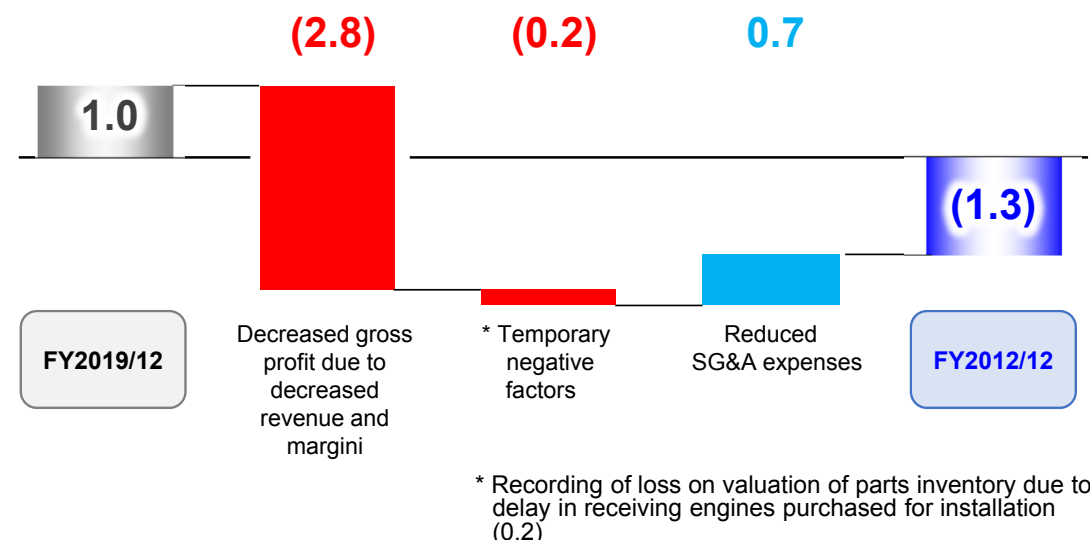
Operating
Income
YoY
-¥2.3 billion

Despite reduced SG&A expenses, profits decreased because inventory adjustment led to a decrease in shipments, which pushed down gross profit.

The bottom line was a loss due to the recording of an impairment loss.

(JPY bn, %)	FY2019/12 Actual	FY2020/12 Actual	YoY Change
Net Sales	90.0	79.2	(10.7)
(Domestic)	61.7	53.9	(7.7)
(Overseas)	28.2	25.2	(3.0)
Gross Profit	12.4	9.4	(3.0)
Gross Profit Margin	13.8%	11.9%	(2.0)%
SG&A Expenses	11.4	10.7	(0.7)
Operating Income	1.0	(1.3)	(2.3)
Ordinary Income	2.2	(0.2)	(2.4)
Profit (Loss)	1.5	(13.2)	(14.8)

[Breakdown of YoY Change]



Balance Sheet (Consolidated)



YoY
Change:

¥2.3 billion in inventories, despite measures to reduce them, and due to factors such as newly consolidated subsidiaries.
¥12.9 billion in non-current assets due to recording impairment losses

(JPY bn)	As of Dec. 2019	As of Dec. 2020	YoY Change		As of Dec. 2019	As of Dec. 2020	YoY Change
Cash & Deposits	8.4	10.7	2.3	Accounts Payable - Trade	37.7	36.8	(0.9)
Accounts Receivable - Trade	19.7	21.7	2.1	Interest-bearing Liabilities	69.3	69.3	0.0
Inventories	54.2	51.8	(2.3)	(Loans Payable)	60.9	61.6	0.7
(Merchandise & Finished Goods)	46.4	43.8	(2.5)	(Lease Obligations)	8.4	7.7	(0.7)
Other Current Assets	4.9	5.5	0.6	Other Liabilities	21.2	18.9	(2.3)
Total Current Assets	87.2	89.9	2.8	(Deferred Tax Liabilities for Land Revaluation)	5.7	4.0	(1.6)
Property, Plant and Equipment	98.3	86.2	(12.0)	Total Liabilities	128.2	125.0	(3.2)
(Land)	50.7	44.6	(6.0)	Net Assets	69.2	62.4	(6.8)
(Machinery, equipment and vehicles)	9.2	7.5	(1.7)	(Retained Earnings)	17.0	14.4	(2.5)
(Leased Assets)	8.0	5.3	(2.6)	(Revaluation Reserve for Land)	12.6	8.8	(3.7)
Intangible Assets	1.2	1.9	0.6				
Investments and Other Assets	10.7	9.1	(1.5)				
Total Non-current Assets	110.3	97.4	(12.9)				
Total Assets	197.5	187.4	(10.0)	Total Liabilities and Net Assets	197.5	187.4	(10.0)

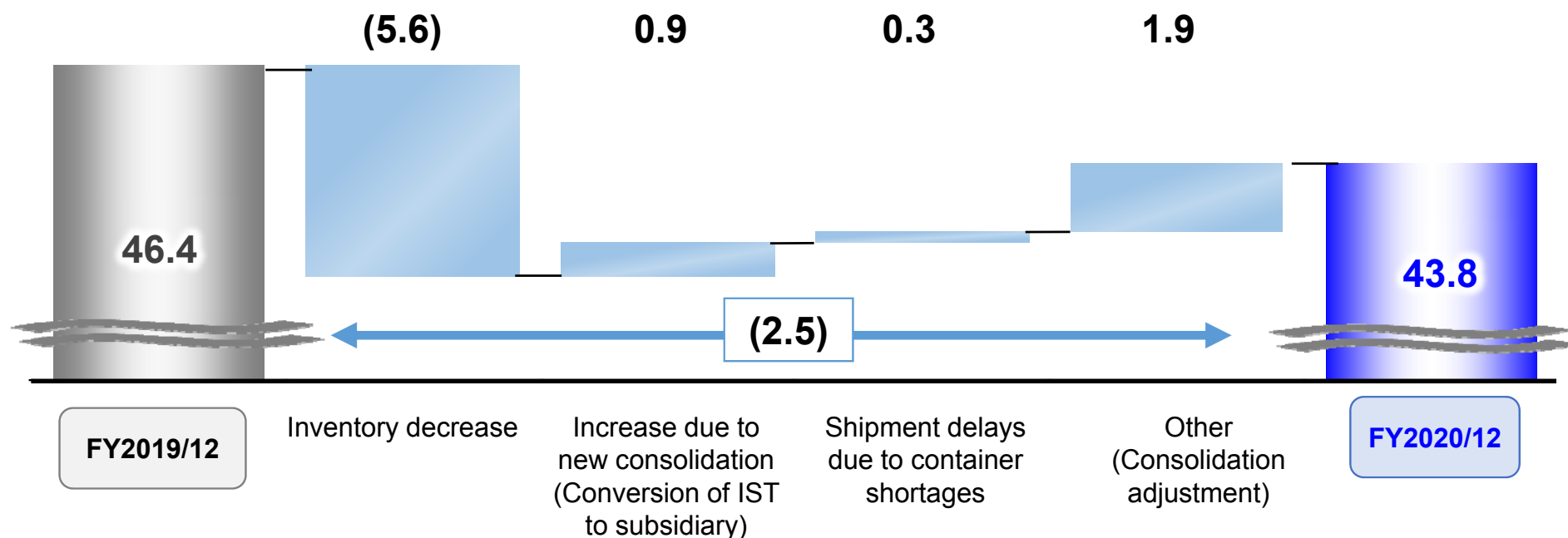
Status of Inventories

Inventories

Although the Company strived to reduce inventory, the YoY decrease did not go beyond -¥2.5 billion due to the consolidation of new subsidiaries, delays in shipments and non-deliveries due to a shortage of containers.

1. Inventories (Merchandise & Finished Goods)

(JPY bn)

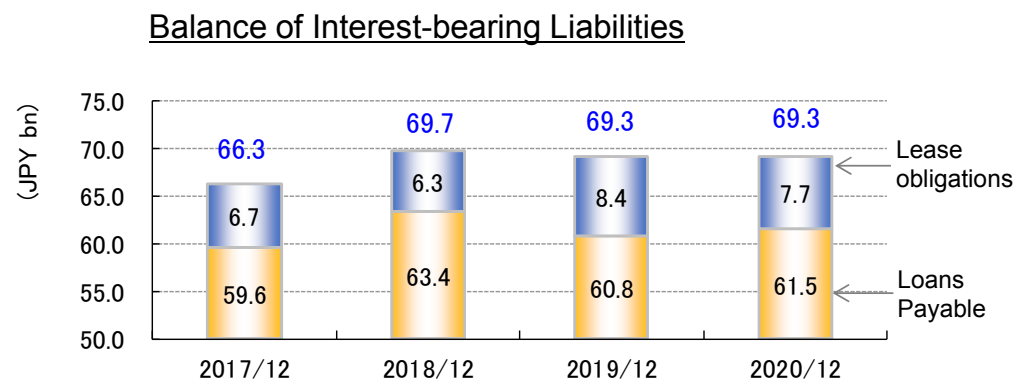


Interest-bearing Liabilities, Equity and Dividends

Interest-bearing
Liabilities,
Equity, and
Dividends

Progress being made with reducing interest-bearing liabilities, but mostly unchanged year-on-year due to increase by new consolidation
Net assets decreased due to recording a loss. Regrettably, no year-end dividend is payable.

1. Interest-bearing Liabilities, Equity



D/E ratio (times)	0.94	1.01	1.00	1.11
Equity ratio (%)	34.4%	33.4%	34.2%	32.4%
Interest-bearing liabilities (JPY bn)	66.3	69.7	69.3	69.3
Net assets (JPY bn)	70.9	68.9	69.2	62.4

2. Dividends

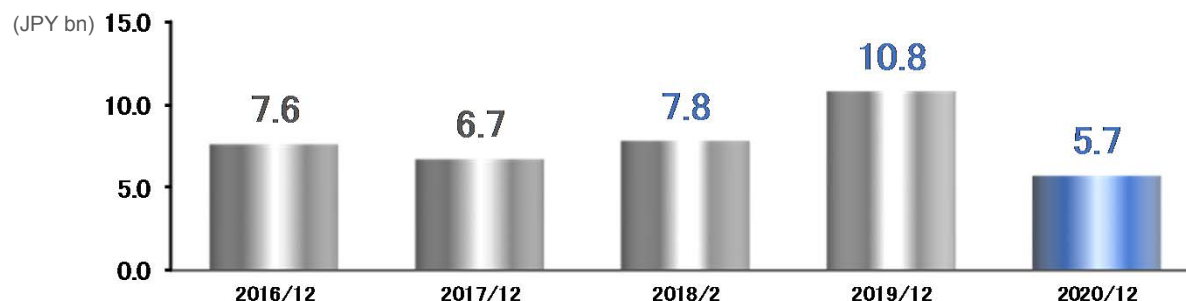
	(JPY)	
	FY2019/12 Actual	FY2020/12 Planned
Year-end dividend	30	0

Capital Investment, Depreciation and Research & Development Expenses

Capital Investment

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

1. Capital Investment (Actual)



* Property, plant and equipment and intangible assets after delivery

(Breakdown)

(JPY bn)	FY2020/12 Actual
Sales offices	1.7
New models, increaseing productivity	2.2
Information technology	0.6
Other	1.2
Total	5.7

2. Depreciation, Research & Development Expenses

(JPY bn)	FY2019/12 Actual	FY2020/12 Actual
Depreciation	6.85	6.98
Research and development expenses	1.76	1.50

Statement of Cash Flows

Cash
Flows

Cash flows from operating activities continue to be positive

(JPY bn)	FY2019/12 Actual	FY2020/12 Actual	YoY Change
Cash flows from operating activities	10.5	9.6	(0.9)
Cash flows from investing activities	(7.1)	(5.1)	2.0
Free cash flow	3.4	4.5	1.1
Cash flow from financing activities	(2.4)	(2.1)	(0.2)
Effect of exchange rate change on cash and cash equivalents	0.0	0.0	0.0
Net increase (decrease) in cash and cash equivalents	0.9	2.3	1.4

2. Performance Forecast for the Fiscal Year Ending December 31, 2021



◆ Assumptions for the business environment

- ✓ The Company assumes that although COVID-19 will continue to have an impact in Japan and overseas, it will gradually settle down due to measures such as the rollout of the vaccine, and socio-economic activities will also start to recover moderately during the fiscal year ending December 31, 2021 (FY2021/12).

Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2021



(JPY bn)		FY2017/12		FY2018/12		FY2019/12		FY2020/12		FY2021/12		YoY change
		Actual	%	Actual	%	Actual	%	Actual	%	Forecast	%	
Net Sales		158.4	100.0	156.0	100.0	149.8	100.0	149.3	100.0	153.5	100.0	4.1
(Domestic)		123.1	77.7	122.8	78.7	117.7	78.5	115.9	77.6	117.9	76.8	1.9
(Overseas)		35.3	22.3	33.2	21.3	32.1	21.5	33.3	22.4	35.6	23.2	2.2
Operating Income		4.0	2.5	3.2	2.0	2.7	1.8	2.0	1.4	3.6	2.3	1.5
Ordinary Income		4.2	2.7	2.6	1.7	1.1	0.7	1.7	1.1	3.5	2.3	1.7
Profit attributable to owners of the parent		2.8	1.8	1.1	0.7	0.7	0.5	(5.6)	-	2.4	1.6	8.0
Average Exchange Rate (JPY)	US\$	112.1		110.2		109.3		107.0		105.0		(2.0)
	Euro	126.8		130.9		121.6		121.5		123.0		1.5
Foreign Exchange Sensitivity (Operating Income Basis)	US\$									(5)		(JPY mn)
	Euro									12		

Domestic Sales Forecast

Domestic Sales

Sales are expected to increase due to improving service and support capabilities, as well as strong sales of spare parts and revenue from repair fees, in addition to sales of large machinery and smart agricultural machinery in response to structural changes in agriculture.

(JPY bn)			FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Forecast	YoY Change
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	25.3	22.8	23.8	0.9
		Planting Machinery	9.0	8.8	9.3	0.4
		Harvesting & Processing Machinery	18.5	16.8	17.8	0.9
		Subtotal	53.0	48.6	50.9	2.2
		Farming Implements	20.0	20.4	20.1	(0.3)
		Spare Parts	15.0	15.6	15.7	± 0.0
		Repair Fees	5.7	5.8	6.1	0.2
		Subtotal	40.8	42.0	41.9	(0.1)
	Total		93.8	90.6	92.8	2.1
	Construction of Facilities		4.5	6.1	5.5	(0.6)
Others			19.3	19.1	19.6	0.4
Total			117.7	115.9	117.9	1.9

Overseas Sales Forecast



Overseas Sales

Sales are expected to increase as a result of continued demand from consumers staying at home in North America and the impact of the conversion of an ASEAN distributor into a consolidated subsidiary in December 2020.

(JPY bn)	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Forecast	YoY Change
North America	13.2	12.8	13.8	0.9
Europe	12.8	13.9	14.0	± 0.0
Asia	5.5	6.2	7.4	1.1
Others	0.5	0.3	0.4	± 0.0
Total Sales	32.1	33.3	35.6	2.2

* China, ASEAN, East Asia

* Oceania and others

Notes: From FY2021/12, overseas sales will be aggregated in the following unit:

1. Change to regional classifications:
Asia: China, ASEAN, East Asia
Others: Oceania and others
2. Parts and Others will be aggregated by region

Consolidated Operating Income and Dividend Forecast

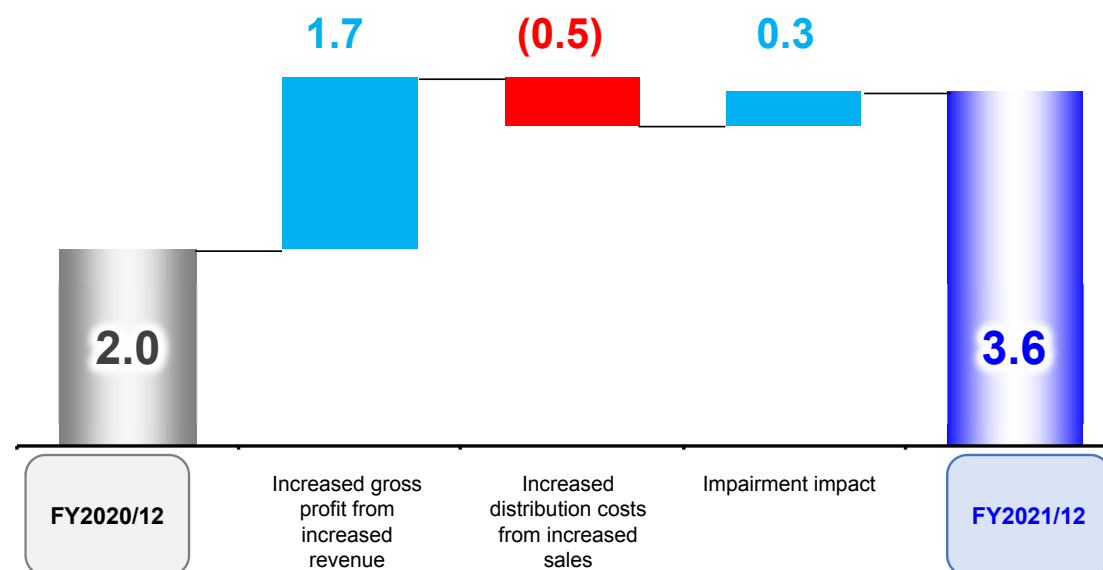
Performance Forecast

Despite an increase in SG&A expenses, operating income is expected to increase as a result of structural reforms and improved management efficiency company-wide, in addition to the increase in gross profit due to increased sales.

1. Operating Income

(JPY bn)	FY2019/12 Actual	FY 2020/12 Actual	FY 2021/12 Forecast	YoY Change
Net Sales	149.8	149.3	153.5	4.1
Gross profit	44.5	43.4	46.4	2.9
Gross Profit Margin	29.7%	29.1%	30.2%	1.1%
SG&A Expenses	41.7	41.3	42.8	1.4
Personnel Expenses	24.6	25.1	24.9	(0.2)
Other Expenses	17.0	16.2	17.9	1.6
Operating Income	2.7	2.0	3.6	1.5

[Breakdown of YoY Change]



2. Dividend Forecast

(JPY)	FY2019/12 Actual	FY2020/12 Plan	FY2021/12 Forecast
Year-end dividend	30	0	Undetermined

Domestic and Overseas Markets

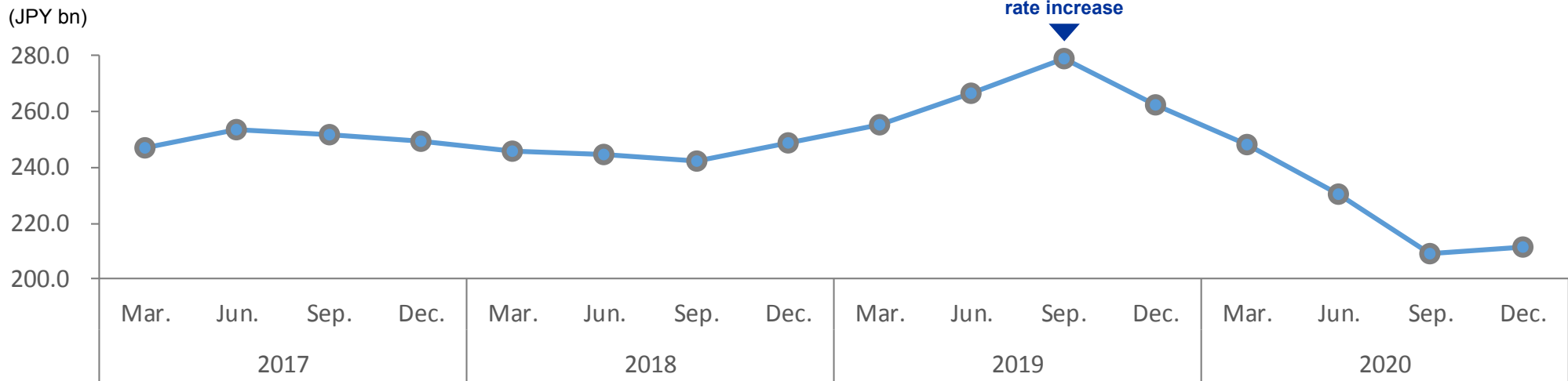


Domestic Agricultural Machinery Market Trends

Domestic Agricultural Machinery Demand
Sales remain sluggish due to the pullback in demand after the consumption tax rate increase and the impact of COVID-19. Since October, the pullback in demand after the tax increase is showing signs that it has bottomed 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

ISEKI's Sales Performance

Against the backdrop of COVID-19, sales outperformed those of a sluggish industry

YoY growth rate for 9 principal machinery categories (Moving annual total)

*ISEKI estimates

(%)		Jan.-Dec. 2018	Jan.-Dec. 2019	Jan.-Dec. 2020
Industry	(Amount of shipment)	100%	106%	81%
ISEKI	(Sales amount)	99%	95%	92%

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

Domestic Trends in Agricultural Administration

■ Primary budget allowances for agricultural machinery and facilities (Ministry of Agriculture, Forestry and Fisheries)

(JPY bn)	2019 supp.	2020 initial	Budget	2020 supp.	2021 initial	Budget
Total	92.9	72.6	165.5	417.2	75.2	492.4
● Relevant excerpts						
✓ Government subsidies for agricultural business continuity	-	-	-	121.2	-	121.2
✓ Boost wheat and soybean profitability and productivity	-	-	-	6.0	0.1	6.1
✓ Comprehensive measures for smart agriculture promotion	7.2	0.8	8.0	7.2	1.4	8.6

2020 supplementary budget is over ¥400 billion

*Data extracted, classified and estimated by ISEKI. These are not the actual names of the programs concerned.

■ Government subsidies for agricultural business continuity

Introduction of machinery and equipment for recovery and development of sales channels and continuation and transformation of business, while taking steps to protect against resurgence of COVID-19.

(e.g. Automation of human planting work through vegetable transplanters)

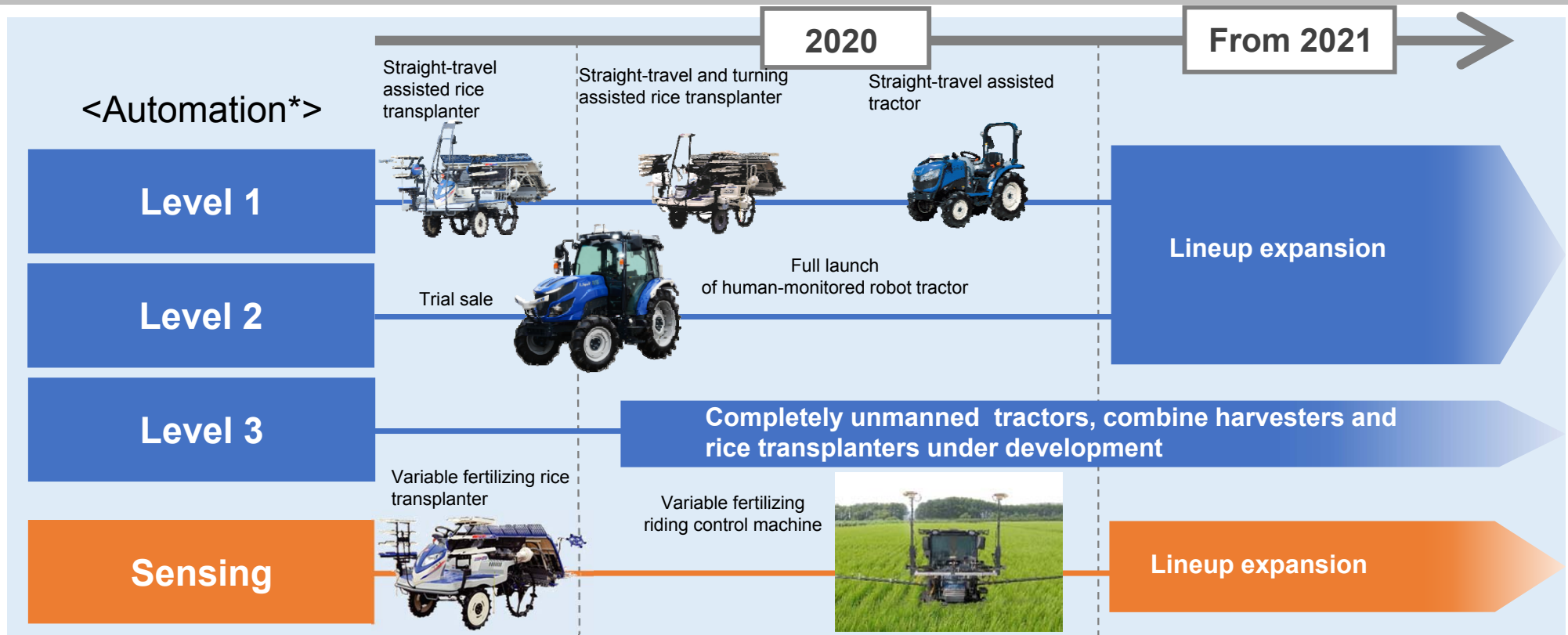
Second supplementary budget for 2020: ¥64.1 billion

+

Third supplementary budget for 2020: ¥57.1 billion

➡ More than 120,000 projects adopted following applications for first and second grant openings

Expansion of Smart Agricultural Machinery in Japan



*Automation level

Level 1	Manned riding models: steering assistance, turning assistance
Level 2	Human-monitored models: unmanned driving except for round-about plowing
Level 3	Remote monitored models: the target is completely unmanned operation, including during movement between fields

➔ Accelerate implementation and practice of smart agriculture in society

Sales Initiatives in Response to COVID-19



■ Strengthen and streamline sales activities

1. Sales support system *i-Magazine*

Cloud-based mobile sales tools that enable rapid support and better response to customers as well as improved business efficiency.



i-Magazine

2. Agricultural social media platform *i-Club*

Digital forum for creating and sharing new innovations through exchange and demonstration of expertise of specialty companies to provide solutions to issues encountered in large-scale agriculture.

3. Remote support *Anywhere i-times*

A team of dedicated staff at the Dream Agricultural Research Institute (Yume-Soken) named “*Itsudemo Dokodemo* (anytime, anywhere) ISEKI” provide online support on issues related to agricultural/cultivation technology, GAP and smart agriculture.

4. Virtual demonstrations

Practical videos of ISEKI products in action, including the flagship model, All Japan, from all over the country.

**Improving efficiency through smart sales activities
leveraging the ISEKI Group's technology and know-how**

Trends by Overseas Market



	FY2020/12 (YoY change)		FY2021/12 (Forecast)
North America	<ul style="list-style-type: none"> As demand for compact tractors increased owing to consumer lifestyle changes due to COVID-19, AGCO sales remained strong. The Company's sales growth halted by delays in the delivery of engines purchased in the first half. 		<ul style="list-style-type: none"> Sales expected to remain firm reflecting recovery from previous year's supply issues.
Europe	<ul style="list-style-type: none"> Lockdown in early spring affected the first half, but sales recovered in the second half. Consumer products were strong reflecting demand from consumers staying at home. 		<ul style="list-style-type: none"> Despite uncertainty over the impact of COVID-19, demand for landscaping is expected to recover compared to the previous year.
Asia	ASEAN	<ul style="list-style-type: none"> In Thailand and neighboring countries, sales decreased owing to a decline purchasing sentiment due to drought and COVID-19. 	<ul style="list-style-type: none"> Although it is unclear when purchasing sentiment will turn positive, the Company will strengthen customer support with a focus on IST.
	China	<ul style="list-style-type: none"> Significant increase in local sales due to policies aimed at helping people to secure food and subsidies in response to COVID-19 and replacement demand for machinery. 	<ul style="list-style-type: none"> Sales are expected to be broadly in line with the previous year against a strong market backdrop.
	East Asia (excluding China)	<ul style="list-style-type: none"> Sales in South Korea boosted by capturing demand for large-size, high-performance machinery. Sales increased in Taiwan underpinned by benefits from subsidy program. 	<ul style="list-style-type: none"> Continued strong demand expected in South Korea. Although there will be a pullback effect in Taiwan following the withdrawal of subsidies, sound potential for rice transplanters and other transplanters.

Market Trend (North America, Europe)



North America

1. Market Trends

(1000 units, %)

Category (PTO HP)	Jan. to Dec. cumulative		
	2019	2020	Differences
40 HP and lower (Compact tractors)	178.8	215.8	121%
40-100HP (Utility tractors)	66.0	74.6	113%
100HP and above	21.8	22.1	101%

(Source: statistics provided by AEM)

2. Situation of AGCO (OEM partner)

Unit sales (Jan.-Dec. 2020)

➤ Compact tractors: YoY 124%

3. Orders at ISEKI

Orders (Jan.-Mar. 2021): YoY 248%

- Risk of sales delays due to a shortage of containers for marine transportation.

Europe

1. Market Trends

- Since March, sales activities were constrained by restrictions on going out and travel, but these resumed gradually after June. Professional demand declined, but consumer demand has increased as consumers stayed at home.

2. Local Sales

Unit sales (Jan.-Dec. 2020)

➤ Local distributors: YoY 91%

3. Sales and Orders at ISEKI

Sales and orders (Jan.-Mar. 2021):

YoY 203%

- Risk of sales delays due to a shortage of containers for marine transportation.



Market Trend (Asia)

Thailand

1. Market Trends

- Purchasing sentiment declined due to a decrease in farmers' income owing to the impact of natural disasters such as droughts and floods and COVID-19. The agricultural machinery market was weak.

2. Situation of the Local Distributor, "IST Farm Machinery"

Number of units sold (Jan.-Dec. 2020)

➤ ASEAN strategy tractor: YoY 75%

- Following consolidation as the Company's subsidiary (Dec. 2020), rebuilding profit structure (increasing sales, reducing costs) to improve corporate structure.

3. Sales and Orders at ISEKI

Sales and orders (Jan.-Mar. 2021):

YoY 105%



Indonesia, Myanmar

1. Market Trends

- <Indonesia> • Government tendering postponed in the second half
- <Myanmar> • Although sales activities were constrained by COVID-19, demand for tractors grew
- Impact of the coup should be monitored.

2. Orders at ISEKI

- <Indonesia> • Decrease from the previous year due to a decrease in tendering volumes
- <Myanmar> • Sales expansion through IST which has become a subsidiary
- Political unrest is a risk factor

3. PT ISEKI INDONESIA (Manufacturing Subsidiary)

(Units, JPY bn)	2019 Results	2020 Results	2021 Plan
Production Volume	12,600	10,760	14,630
Operating Income	0.3	0.3	0.4

Market Trend (Asia)

China

1. Trends in the Agricultural Machinery Industry by Product Type

(YoY change in units, %)	Jan.-Dec. 2018	Jan.-Dec. 2019	Jan.-Dec. 2020
Rice transplanters (riding)	80.2%	108.8%	128.4%
Combine harvesters (all-purpose, auto-threshing)	78.1%	83.1%	110.1%
Tractors (medium- to large-sized)	79.2%	125.3%	136.0%

Source: China Association of Agricultural Machinery Manufacturers

2. National Government Subsidy

(RMB bn)

2015	2016	2017	2018	2019	2020	2021
23.8	23.7	18.6	18.6	18.0	18.0	14.0 (Primary)

3. Situation of Dongfeng Iseki

■ Number of units sold (Jan.-Dec. 2020)

- Rice transplanters (riding): YoY 272%
- Tractors, combine harvesters: YoY 82%
- Riding control machines: Significant increase YoY

South Korea, Taiwan

1. Market Trends

<South Korea>

- Acreage for rice is levelling off despite the aging of farmers and decrease in the number of farming households. Need for large-size, high efficiency machinery is growing as agricultural industry restructures and moves to large-scale farming. Sales growth of high-performance agricultural machinery is expected to continue.

<Taiwan>

- In 2020, as in the previous year, demand for both tractors and combine harvesters increased due to the subsidy system for purchase of large agricultural machinery. With demand pulled forward, a reactionary decline in demand is expected this year.

2. Sales at ISEKI

<South Korea>

- Sales increased YoY capturing demand for large-size, high-performance machinery.

<Taiwan>

- Significant YoY increase. Growth expected in sales of rice transplanters and vegetable transplanters this year. Monitoring pullback in demand following cessation of subsidies.

Topics



Conversion of Thai Distributor to Consolidated Subsidiary

IST Farm Machinery Co., Ltd. becomes a consolidated subsidiary

*December 2020

2013 Established as a joint venture with Mitsubishi Corporation to expand the ASEAN business

Investment ratio: Mitsubishi Corporation 80% ISEKI 20%



2020 Partial acquisition of IST shares from Mitsubishi Corporation

Investment ratio: Mitsubishi Corporation 19% ISEKI 81%



A visit to dealers under the new system

- **Integration of ISEKI operations from production through to sales**
- **Strengthened service offering through consolidation and rationalization of “ISEKI (THAILAND) Co., Ltd.,” the sales and service base of the Company’s ASEAN business**

Accelerate development of ASEAN business by fully leveraging know-how accumulated in Japanese agriculture business

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.



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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".