

**Financial Results for the First Quarter
Fiscal Year Ending December 31, 2021
Investor Relations Presentation Materials**

ISEKI & CO., LTD.

May 13, 2021

President Shirou Tomiyasu

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



< First Quarter Financial Results >

A Great Start to the First Year of the Mid-term Management Plan

- In a typical year, the first quarter, the off-demand season, has deficit in Operating income and others
- YoY increases to both sales and profit in current period

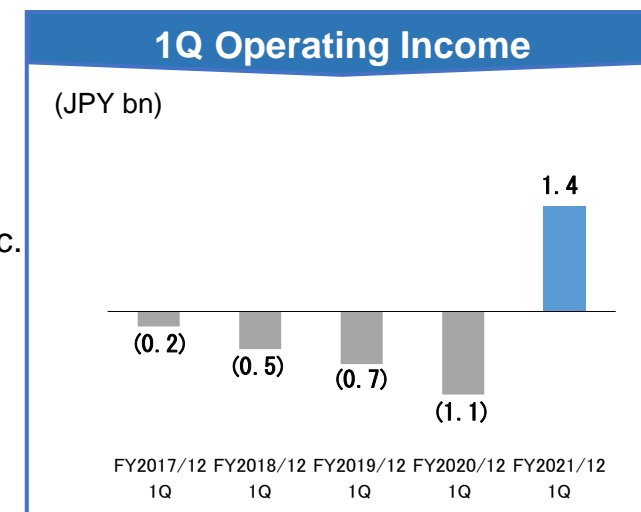
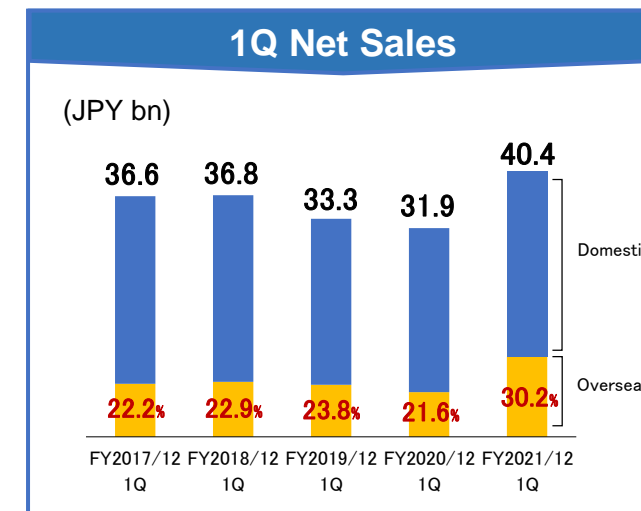
(Results Breakdown)

- | | | |
|-----------|---|---|
| Domestic: | <ul style="list-style-type: none"> ✓ Recovery from the reactionary decline after the consumption tax hike ✓ Support from government subsidies to agricultural business continuity | |
| Overseas: | <ul style="list-style-type: none"> ✓ Increased sales in North America and Europe ✓ Impact from last year's accounting period unification of consolidated subsidiaries in France* | |
| Earnings: | <ul style="list-style-type: none"> ✓ Gross profit buoyed by increased sales | <p>*Impact of unifying accounting period of consolidated subsidiaries in France</p> <ul style="list-style-type: none"> • Sept. accounting period unified to Dec. • Consolidated 1Q of previous year of Oct.-Dec. (off-demand season), consolidated current quarter of Jan.-Mar. (demand season) |

< Full-year Forecast >

Consolidated Results Forecast Unchanged from Initial Estimates

- Uncertainties remain with the Novel Coronavirus (COVID-19) containment situation and demand trends in and outside of Japan



		YoY(FY2020/12 1Q)	Current Quarter(FY2021/12 1Q)
Domestic		<ul style="list-style-type: none"> ✓ Reactionary decline after consumption tax hike ✓ Self restraint on sales activities due to COVID-19, including cancellation of exhibitions 	<ul style="list-style-type: none"> ✓ Recovery from post-consumption tax hike reactionary decline ✓ Impact of cancelled or smaller scale exhibitions, but eased compared to previous year ✓ Demand underpinned by government subsidies for agricultural business continuity
Overseas	North America	<ul style="list-style-type: none"> ✓ Compact tractor market: 9% decrease year on year ✓ Constrained sales activities of OEM partners do to restrictions on movement and other factors ✓ Delays in shipments of parts led to decreased shipments of tractors (factors unique to the Company) 	<ul style="list-style-type: none"> ✓ Compact tractor market: up 66% year on year ✓ A shortage of containers for marine transportation caused unfulfilled shipments and other backorder generation
	Europe	<ul style="list-style-type: none"> ✓ Temporary closure of local distributors' outlets due to lockdowns, and the Company also adjusted shipments 	<ul style="list-style-type: none"> ✓ Appetite to sell by retail outlets, as essential retail, led to robust results, steady sales from distributors to sales outlets ✓ Outlook uncertain for the tender business geared toward local authorities on account of the impact from COVID-19 ✓ A shortage of containers for marine transportation caused unfulfilled shipments and other backorder generation
	Asia	<ul style="list-style-type: none"> ✓ China <ul style="list-style-type: none"> ▪ Demand for agricultural machinery in Hubei Province stimulated by government policies to secure food, and labor shortages on account of travel restrictions ✓ ASEAN (Thailand) <ul style="list-style-type: none"> ▪ Low-level purchasing sentiment due to the impact of drought ✓ South Korea, Taiwan <ul style="list-style-type: none"> ▪ Large agricultural machinery demand continued, despite the impact of restrictions on activities; in Taiwan, subsidies in place for purchase of large agricultural machinery 	<ul style="list-style-type: none"> ✓ China <ul style="list-style-type: none"> ▪ Policies to secure food by national and local governments continued; subsidies from the national government increased ✓ ASEAN (Thailand) <ul style="list-style-type: none"> ▪ Low-level purchasing sentiment appears to have bottomed out, although agricultural machinery market remained soft ✓ South Korea, Taiwan <ul style="list-style-type: none"> ▪ South Korean demand for large agricultural machinery continued, Taiwan, a pullback effect with the withdrawal of subsidies

(January 1, 2021 to March 31, 2021)

(JPY bn, %)	FY2019/12		FY2020/12		FY2021/12		YoY Change
	1Q Actual	%	1Q Actual	%	1Q Actual	%	
Net Sales	33.3	100.0	31.9	100.0	40.4	100.0	8.5
(Domestic)	25.3	76.2	25.0	78.4	28.2	69.8	3.2
(Overseas)	7.9	23.8	6.8	21.6	12.2	30.2	5.3
Operating Income	(0.7)	(2.2)	(1.1)	(3.5)	1.4	3.7	2.5
Ordinary Income	(1.1)	(3.3)	(1.2)	(4.0)	2.1	5.3	3.4
Profit (Loss) Attributable to Owners of Parent	(0.4)	(1.4)	(0.4)	(1.5)	1.9	4.8	2.3
Average Exchange Rate (JPY)	US\$	110.5	109.6		104.4		(5.2)
	Euro	126.3	120.8		126.8		6.0

YoY
¥3.2 billion

Agricultural machinery and farming implements recovered from the reactionary decline following the consumption tax hike, and increased sales with demand underpinned by government subsidies for agricultural business continuity. Construction of facilities' sales declined on completion of large-scale projects in the previous year, although domestic sales increased overall.

(JPY bn)		FY2019/12	FY2020/12	FY2021/12	YoY Change		
		1Q Actual	1Q Actual	1Q Actual		Notes	
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	6.7	5.7	6.6	0.8	Tractors: 0.6
		Planting Machinery	2.2	1.7	2.5	0.8	Rice Transplanters: 0.5
		Harvesting & Processing Machinery	2.7	2.0	2.4	0.3	Combine Harvesters: 0.3
		Subtotal	11.7	9.5	11.6	2.0	
	Farming Implements	Farming Implements	4.8	4.1	5.9	1.8	
		Spare Parts	2.7	2.9	3.0	0.1	
		Repair Fees	1.0	1.1	1.1	0.0	
		Subtotal	8.6	8.2	10.2	1.9	
	Total		20.4	17.8	21.8	4.0	
	Construction of Facilities		0.5	2.6	1.4	(1.2)	
Others		4.4	4.6	5.0	0.4		
Total		25.3	25.0	28.2	3.2		

Main factors of YoY changes

- ✓ Sales of agricultural machinery and farming implements rose, having recovered from the post-consumption tax hike slump and underpinned by demand owing to government subsidies for agricultural business continuity.
- ✓ YoY easing of the impact of exhibition cancellations and shrinking scale on account of COVID-19
- ✓ Spare parts sales and repair fee revenues remained strong
- ✓ Construction of facilities sales declined due to the completion of a large-scale facility in the same period of the previous fiscal year
- ✓ Overall domestic sales increased substantially compared to the year before last

YoY
¥5.3 billion

Net sales in North America and Europe increased on higher sales, as well as the impact of unifying the accounting period of the consolidated subsidiaries in France*.
In Asia, sales in South Korea and Taiwan declined, and Thailand experienced increased sales owing to making a distributor a consolidated subsidiary

(JPY bn)	FY2019/12	FY2020/12	FY2021/12	YoY Change	
	1Q Actual	1Q Actual	1Q Actual		Notes
North America	2.8	2.3	3.9	1.5	Tractors: 1.5
Europe	2.9	2.4	5.9	3.4	Tractors: 0.5 Lawn mowers: 2.1
Asia	2.0	2.0	2.2	0.2	Tractors: 0.2
Others	0.0	0.0	0.0	0.0	
Total Sales	7.9	6.8	12.2	5.3	

Main factors of YoY changes

- ✓ **North America:** Sales increased against the backdrop of a favorable compact tractor market. Shortage of containers for marine transportation led to unfulfilled shipments and other backorder generation
- ✓ **Europe:** In addition to the impact of unifying accounting period of consolidated subsidiaries in France in the previous fiscal year*, sales increased owing to sales to stay-at-home consumers
- ✓ **Asia:** Sales declined in South Korea and Taiwan, while in Thailand, sales increased due to making a distributor into a consolidated subsidiary at the end of the previous year

*Impact of unifying accounting period of consolidated subsidiaries in France

- Sept. accounting period unified to Dec.
- Consolidated 1Q of previous year of Oct.-Dec. (off-demand season), consolidated current quarter of Jan.-Mar. (demand season)

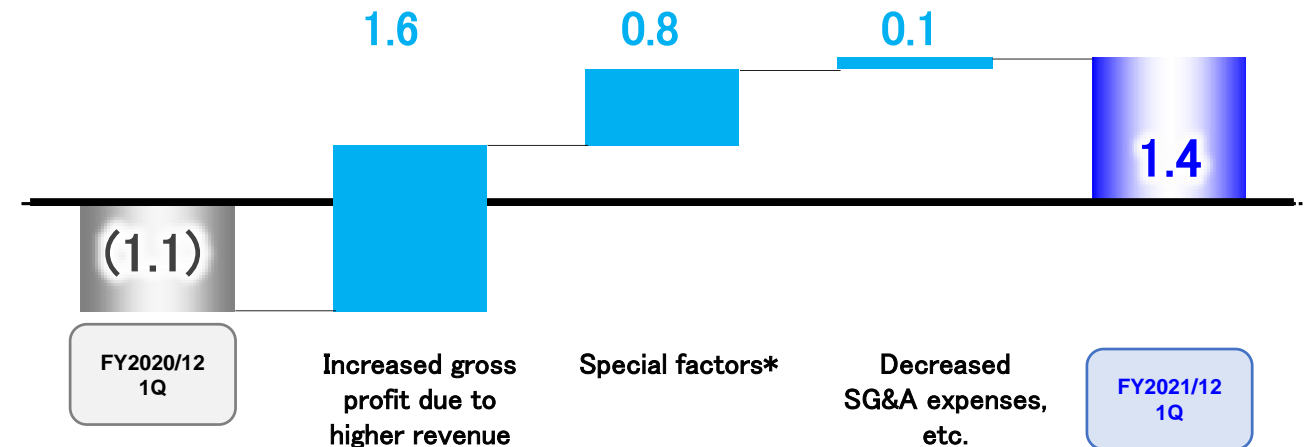
Operating Income

YoY
¥2.5 billion

In addition to increased gross profit buoyed by higher sales, operating income increased owing to special factors, including the absence of a loss on valuation of parts inventory recorded in the previous fiscal year.

(JPY bn, %)	FY2019/12 1Q Actual	FY2020/12 1Q Actual	FY2021/12 1Q Actual	YoY Change
Net Sales	33.3	31.9	40.4	8.5
Gross Profit	9.6	9.0	11.7	2.7
Gross Profit Margin	28.9%	28.2%	29.1%	0.9%
SG&A Expenses	10.3	10.1	10.3	0.1
Personnel Expenses	6.1	6.0	6.0	0.0
Other Expenses	4.2	4.0	4.2	0.1
Operating Income	(0.7)	(1.1)	1.4	2.5

[Breakdown on YoY Change]



*Special Factors

- Increased revenue on unifying accounting period of consolidated subsidiaries in France 0.4
- Absence of loss on valuation of parts inventory included in the previous fiscal year 0.3
- Decline in depreciation in line with posting an impairment loss in the previous fiscal year 0.1

[Effect of FOREX Fluctuations (JPY bn)]

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
0.18	(0.04)	(0.13)	0.01

Ordinary Income and Profit

Ordinary Income
YoY
¥3.4 billion

In addition to a favorable shift in foreign exchange gain (loss), increased profit on one-off posting of non-operating income

(JPY bn)	FY2019/12 1Q Actual	FY2020/12 1Q Actual	FY2021/12 1Q Actual	YoY Change
Operating Income	(0.7)	(1.1)	1.4	2.5
Balance of Financial Income	(0.1)	(0.1)	(0.1)	(0.0)
Other Non-Operating Income	(0.1)	0.0	0.8	0.8
Ordinary Income	(1.1)	(1.2)	2.1	3.4
Extraordinary Income	0.0	0.1	0.0	(0.1)
Extraordinary Losses	0.0	0.0	0.0	(0.0)
Income Before Income Taxes	(1.1)	(1.1)	2.0	3.2
Income Taxes - Deferred	0.7	0.7	(0.1)	(0.8)
Profit (Loss) Attributable to Owners of Parent	(0.4)	(0.4)	1.9	2.3

Non-operating Income (YoY Change)

Foreign exchange gain (loss)	¥0.3 billion
Settlement received	¥0.4 billion

(Reference) Related to Equity Method

(JPY bn)	FY2020/12 1Q Actual	FY2021/12 1Q Actual	Change
Share of profit (loss) of entities accounted for using the equity method (non-operating)	(0.07)	0.01	0.08
Gain (loss) on change in equity (extraordinary)	0.12	-	(0.12)

Balance Sheet (Consolidated)

YoY Change: Inventories, interest-bearing liabilities continue to contract

(JPY bn)	As of Mar. 31, 2020	As of Mar. 31, 2021	YoY Change		As of Mar. 31, 2020	As of Mar. 31, 2021	YoY Change
Cash & Deposits	5.9	9.0	3.0	Accounts Payable - Trade	38.3	40.1	1.7
Accounts Receivable - Trade	25.6	28.9	3.3	Interest-bearing Liabilities	79.8	71.2	(8.5)
Inventories	59.4	53.4	(5.9)	(Loans Payable)	(71.6)	63.2	(8.3)
(Merchandise & Finished Goods)	(51.4)	(45.8)	(5.6)	Other Liabilities	19.7	17.6	(2.0)
Other Current Assets	4.0	4.5	0.5	(Deferred Tax Liabilities for Land Revaluation)	(5.7)	(4.0)	(1.6)
Total Current Assets	95.0	96.1	1.0	Total Liabilities	137.9	129.0	(8.8)
Property, Plant and Equipment	97.9	85.8	(12.1)	Net Assets	67.2	64.8	(2.3)
(Land)	(50.8)	(44.6)	(6.2)	(Retained Earnings)	(15.8)	(16.4)	0.5
(Machinery, Vehicles, Leasing)	(17.0)	(12.7)	(4.2)	(Valuation Difference on Available-for-Sale Securities)	(0.3)	(0.3)	0.6
Intangible Assets	1.3	2.0	0.6	(Revaluation Reserve for Land)	(12.6)	(8.8)	(3.7)
Investments and other Assets	10.7	9.8	(0.8)	Total Liabilities and Net Assets	205.2	193.9	(11.2)
Total Non-current Assets	110.0	97.8	(12.2)				
Total Assets	205.1	193.9	(11.2)				

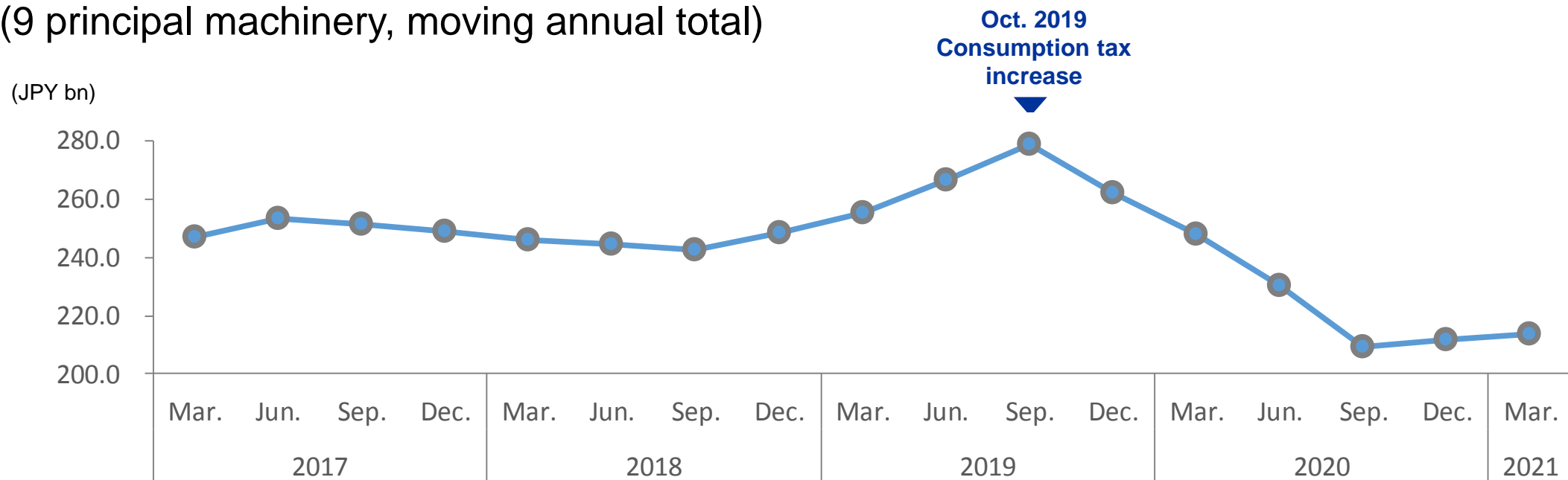
2. Domestic and Overseas Markets



Domestic Agricultural Machinery Demand

In 2020, industry-wide stagnation existed due to the reactionary decline in demand after the consumption tax rate increase and the impact of COVID-19. Currently, recovery in demand is delayed due to the prolonged impact of COVID-19, despite the present situation of demand underpinned by government subsidies for agricultural business continuity.

■ 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

- In January to March, ISEKI's sales performance rose above that of the rest of the industry owing to the effect of offering new rice transplanter products and the support given by government subsidies for agricultural business continuity

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

(%)

		Apr. 2018- Mar. 2019	Apr. 2019- Mar. 2020	Apr. 2020- Mar. 2021	Jan.-Mar., 2021
Industry	(Amount of shipment)	104%	97%	86%	104%
ISEKI	(Sales amount)	99%	91%	101%	123%

*ISEKI estimates

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

North America

1. Market Trends

(1,000 units, %)

Category (PTO HP)	Jan. to Mar. cumulative			
	2019	2020	2021	Differences
40 HP and lower (Compact tractors)	32	29	47	166%
40-100 HP (Utility tractors)	12	12	16	136%
100 HP and above	4	4	5	118%

(Source: Statistics provided by AEM)

2. Situation of AGCO (OEM partner)

Unit sales (Jan.-Mar., 2021)

➤ Compact tractors: YoY 176%



3. Shipments and Orders at ISEKI

Shipments and Orders YoY 157%

(Jan.-Jun., 2021): From year before last 175%

• Unfulfilled shipments due to shortage of containers for marine transportation

Europe

1. Market Trends

- Many distributors remained open for business despite another lockdown due to a resurgence in COVID-19, as landscaping and other equipment are essential
- While the consumer business was firm, the outlook for business tenders to local authorities was uncertain

2. Local Sales

- Unit sales (Jan.-Mar., 2021)
 - Local distributors: YoY 114%

3. Shipments and Orders at ISEKI

Shipments and Orders (Jan.-Jun., 2021):

YoY 212%

From year before last 152%



• Unfulfilled shipments due to shortage of containers for marine transportation

Thailand

1. Market Trends

There were signs that the downward trend in farmers' incomes, due to last year's drought and the impact of COVID-19, had bottomed out, although the agricultural machinery market remained anemic.

2. Situation of the Local Distributor, IST Farm Machinery

Number of Units Sold (Jan.-Mar., 2021)

- ASEAN Strategy Tractor: YoY 69%
 - Following consolidation as the Company's subsidiary, rebuilding profit structure (increasing sales, reducing costs) to improve corporate structure.

3. Shipments and Orders at ISEKI

Shipments and Orders (Jan.-Jun., 2021)

YoY: 282%

From Year Before Last: 268%



Indonesia, Myanmar

1. Market Trends

- <Indonesia> ▪ Sales decreased on COVID-19 countermeasures, despite government tenders
- <Myanmar> ▪ Sales outlet activities substantially constrained due to the coup d'état. Concerns of prolonged government instability

2. Orders at ISEKI

- <Indonesia> ▪ Decreased YoY due to a decline in the volume of tenders
- <Myanmar> ▪ Significant YoY decline on the impact of the coup d'état

3. PT. ISEKI Indonesia (Manufacturing Subsidiary)

(Units, JPY bn)	2020		2021	
	Actual	1Q Actual	Plan	1Q Actual
Production Volume	10,760	2,800	14,630	4,300
Operating Income	0.3	0.1	0.4	0.1

China

1. Trends in the Agricultural Machinery Industry by Product Type

(YoY Change in Units, %)	Jan.-Mar., 2019	Jan.-Mar., 2020	Jan.-Mar., 2021
Rice Transplanters (Riding)	68.4%	121.1%	217.9%
Combine Harvesters (All-purpose, Auto-threshing)	102.3%	46.2%	118.5%
Tractors (Medium- to Large-sized)	92.8%	85.5%	165.9%

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	17.0	19.0

3. Situation of Dongfeng Iseki. (Number of Units Sold, Jan.-Mar., 2021)

- Rice transplanters (riding): YoY 192%
- Tractors, combine harvesters: Significant increase YoY

South Korea, Taiwan

1. Market Trends

<South Korea>

- Needs are continuing to rise for large-sized, high-efficiency agricultural machinery in line with agricultural industry restructuring and moves toward large-scale farming

<Taiwan>

- A reactionary decline is expected following subsidies for the purchase of large-sized agricultural machinery

2. Shipments and Orders at ISEKI

<South Korea>

- Shipments of tractors fell due to inventory adjustments at distributors. Growth is expected for combine harvesters that address needs for large-sized, high-performance agricultural machinery.

<Taiwan>

- The impact of a reactionary decline following subsidies is leading to a YoY decrease in shipments, although this is essentially as planned.

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



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

Consolidated Financial Results Forecasts

Initial consolidated financial results forecasts remain unchanged.

⇒ Uncertainties exist concerning the containment of COVID-19 and demand trends in and outside of Japan

(JPY bn)	FY2019/12		FY2020/12		FY2021/12*		YoY Change
	Actual	%	Actual	%	Forecast	%	
Net Sales	149.8	100.0	149.3	100.0	153.5	100.0	4.1
(Domestic)	117.7	78.5	115.9	77.6	117.9	76.8	1.9
(Overseas)	32.1	21.5	33.3	22.4	35.6	23.2	2.2
Operating Income	2.7	1.8	2.0	1.4	3.6	2.3	1.5
Ordinary Income	1.1	0.7	1.7	1.1	3.5	2.3	1.7
Profit Attributable to Owners of Parent	0.7	0.5	(5.6)	-	2.4	1.6	8.0
Average Exchange Rate (JPY)	US\$	109.3	107.0		105.0		(2.0)
	Euro	121.6	121.5		123.0		1.5

*Forecast for year ending Dec. 2021: Forecast announcement on Feb. 15, 2021

4. Topics



■ Signing of Collaboration Agreement with Kisarazu City to Promote Cutting-Edge Agricultural Technology and Organic Agriculture

<Collaboration Agreement Details>

- Consulting and guidance based on the aggregation, analysis and verification of information put to use in planning and proposals for smart and organic agriculture.



- Promoting “organic community development” in Kisarazu City
- Enhancing production technology, cutting costs, and securing methods of cultivation to produce high-quality agricultural products, with the aim of realizing sustainable agriculture.



Promotion of sustainable agriculture



Environmental preservation

■ ISEKI's Activities to Support Women in Agriculture in the spotlight with METI's "FY2020 Report on the Nadeshiko Brands"

- ISEKI's efforts to contribute to the success of women in agriculture through the NOGYOJOSHI (female farmer) Project have been showcased in this report as a "Noteworthy Enterprise" for its characteristic corporate initiatives to promote the active roles of women.

<NOGYOJOSHI OEN Project Overview>

- Approximately 40% of Japan's agricultural workers are women, and they play an important role in farming and community activities
- To offer even more support for women in agriculture, ISEKI Group participates in the "NOGYOJOSHI Project," under the auspices of the Ministry of Agriculture, Forestry and Fisheries (MAFF), and holds seminars and other activities across Japan to educate on how to handle agricultural machinery
- Development of "Simple Manual of Agricultural Machinery"
- Development of agricultural machinery that is easy to operate for everyone
- Holding of online seminars during the COVID-19 pandemic



Support of women's activities in agriculture

■ Addressing electrification needs

In 2022, ISEKI will commence trial sales of compact electric tractor More for the European market, and plans to begin mass production by 2024

■ Establishment of “Green Innovation Promotion Section” (As of May 1, 2021)

With a view to realizing a de-carbonized society, the Company newly established this entity within the Development & Production Division to promote commercialization of zero-emission products and propose new R&D topics for mid- to long-term strategies for technology so as to bring about such products based on electrification or the use of hydrogen.

■ Tobe Office (Ehime), switching to renewable energy

As part of the Company’s efforts at environmental management, from April 2021, the Tobe Office, a base for R&D at the Company, will switch to relying on renewable energy for roughly 80% of its power needs in its efforts to reduce CO₂ emissions.

■ DBJ Environmental Rating – highest rating 15 consecutive times

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

*Please see News Releases on the ISEKI website for further information on the above <https://www.iseki.co.jp/news/>



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- 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.
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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”.