

Supplementary Information to Consolidated Financial Results

(January 1, 2021 – March 31, 2021)

ISEKI & CO., LTD.

May 13, 2021

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

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: ✓ Recovery from the reactionary decline after the consumption tax hike
 ✓ Support from government subsidies to agricultural business continuity

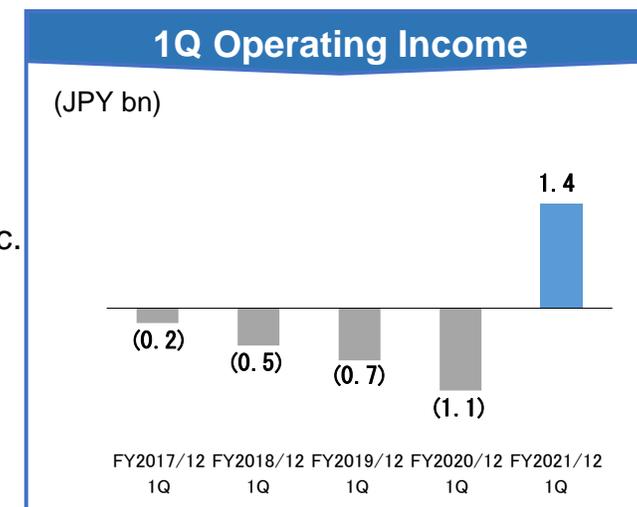
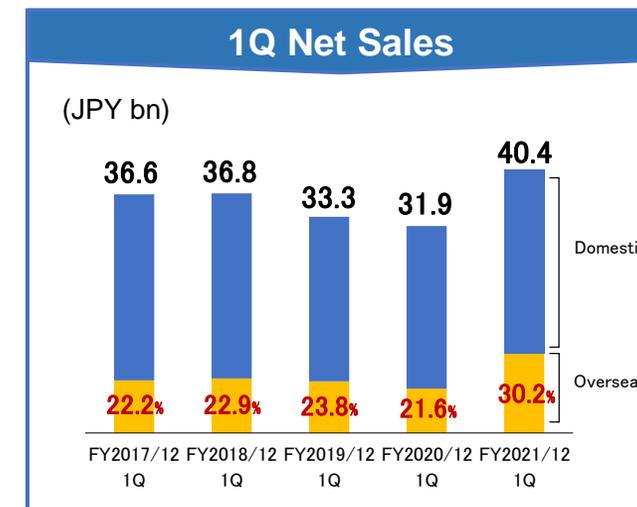
- Overseas: ✓ Increased sales in North America and Europe
 ✓ Impact from last year's accounting period unification of consolidated subsidiaries in France*

- Earnings: ✓ Gross profit buoyed by increased sales
- *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)

< 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)
Overseas	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
	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)

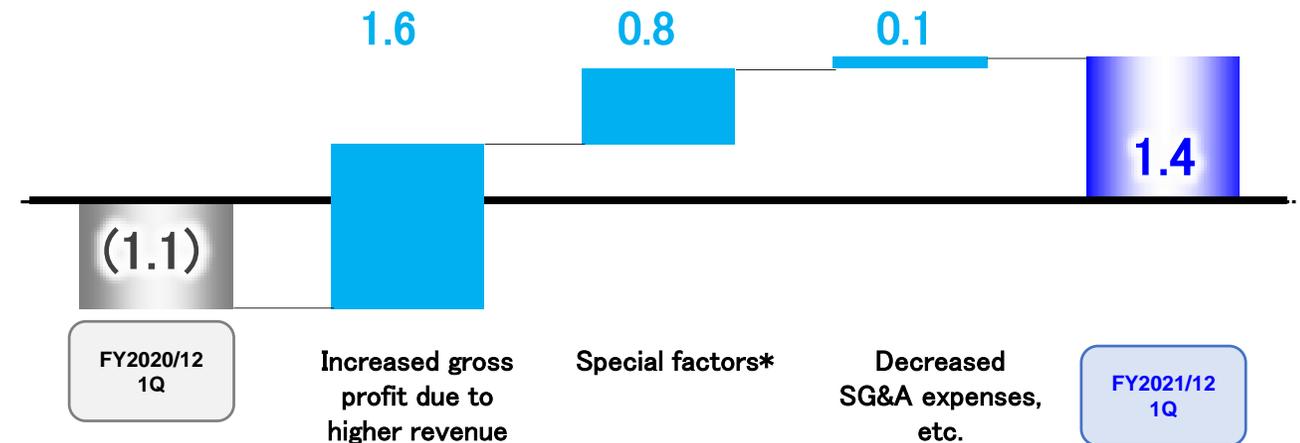
Operating Income

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
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)

2. 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

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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”.