

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

ISEKI & CO., LTD.

November 12, 2021

President Shiro Tomiyasu

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

1. Outline of Financial Results for the Third Quarter Fiscal Year Ending December 31, 2021



<Third Quarter Financial Results>

YoY increases to both sales and profit

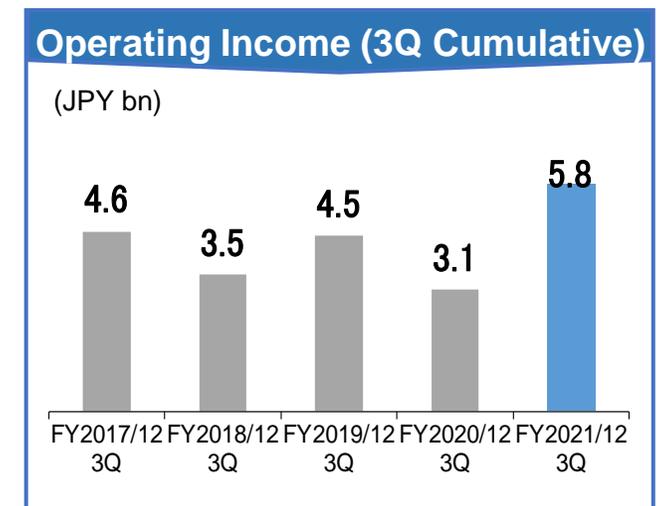
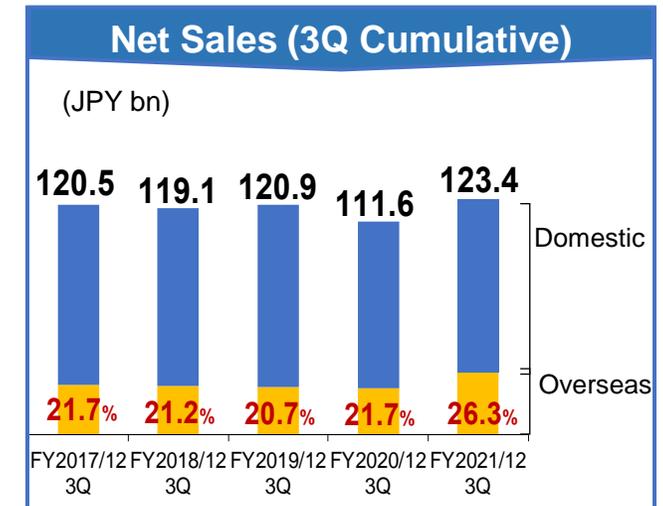
(Results Breakdown)

- Domestic:** Recovery from the reactionary decline after the consumption tax hike
Demand stimulated by government subsidies for agricultural business continuity, and a rebound since May
Decreased willingness to buy due to falling rice prices
- Overseas:** Increased demand in North America and Europe in line with lifestyle changes, but a shortage of containers for marine transportation led to unfulfilled shipments and expansions of other backorders.
In Asia, positive impact seen from making a Thai distributor a consolidated subsidiary at the end of the previous fiscal year and increased sales of production parts to China
- Earnings:** Gross profit buoyed by increased sales, but soaring raw material prices put pressure on earnings

<Full-year Forecast>

Upwardly revised sales and profit, resumed dividends (30 yen)

- Upwardly revised from the previous forecast (February) despite emergence of expected risks in Japan and overseas
- Plan to resume dividend payment of 30 yen



		YoY (FY2020/12 3Q)	Current Quarter (FY2021/12 3Q)
Domestic		<ul style="list-style-type: none"> ✓ Reactionary decline after consumption tax hike ✓ Self restraint on sales activities due to COVID-19 	<ul style="list-style-type: none"> ✓ Recovery from post-consumption tax hike reactionary decline ✓ Impact of self restraint on sales activities due to COVID-19 eased compared to previous year ✓ Demand stimulated by government subsidies for agricultural business continuity, and a rebound since May ✓ Decreased willingness to buy due to falling rice prices
Overseas	North America	<ul style="list-style-type: none"> ✓ Robust demand owing to growing demand resulting from consumers staying at home ✓ Delays in shipments of parts led to decreased shipments of tractors (temporary factors of the Company) 	<ul style="list-style-type: none"> ✓ Increased demand due to lifestyle changes ✓ A shortage of containers for marine transportation led to unfulfilled shipments and expansions of other backorders
	Europe	<ul style="list-style-type: none"> ✓ Temporary closure of local retail outlets due to lockdowns⇒the Company adjusted shipments ✓ Partial recovery seen after store operations gradually resumed from May onwards 	<ul style="list-style-type: none"> ✓ Robust demand for consumer goods newly uncovered owing to lifestyle changes ✓ Local distributors continued operations as essential retail ✓ Sales activities gradually returned to normal as vaccination progressed
	Asia	<ul style="list-style-type: none"> ✓ China <ul style="list-style-type: none"> ▪ Demand for agricultural machinery stimulated by government policies to secure food and travel restrictions ✓ ASEAN (Thailand) <ul style="list-style-type: none"> ▪ Drought affected farmers' household income and demand for agricultural machinery, but rainfall has generally recovered since September. ✓ South Korea <ul style="list-style-type: none"> ▪ Demand for large agricultural machinery continued ✓ Taiwan <ul style="list-style-type: none"> ▪ Increased demand due to subsidies for large agricultural machinery 	<ul style="list-style-type: none"> ✓ China <ul style="list-style-type: none"> ▪ Robust market continued, owing to factors including the continuation of government policies to secure food and stabilization of grain prices ✓ ASEAN (Thailand) <ul style="list-style-type: none"> ▪ Demand for agricultural machinery was on a recovery track, as the volume of agricultural produce and crop prices began to recover last year ✓ South Korea <ul style="list-style-type: none"> ▪ Demand for large agricultural machinery continued ✓ Taiwan <ul style="list-style-type: none"> ▪ A pullback effect with the withdrawal of subsidies

Outline of Consolidated Business Performance

(January 1, 2021 to September 30, 2021)

(JPY bn, %)	FY2019/12		FY2020/12		FY2021/12		YoY Change
	3Q Actual	%	3Q Actual	%	3Q Actual	%	
Net Sales	120.9	100.0	111.6	100.0	123.4	100.0	11.8
(Domestic)	95.9	79.3	87.4	78.3	90.9	73.7	3.5
(Overseas)	24.9	20.7	24.1	21.7	32.4	26.3	8.2
Operating Income	4.5	3.7	3.1	2.8	5.8	4.7	2.6
Ordinary Income	3.2	2.7	2.8	2.5	6.5	5.3	3.6
Profit (Loss) Attributable to Owners of Parent	2.1	1.8	2.4	2.2	4.7	3.9	2.3
Average Exchange Rate (JPY)	US\$	109.6	107.7		107.7		0.0
	Euro	123.2	120.6		129.6		9.0

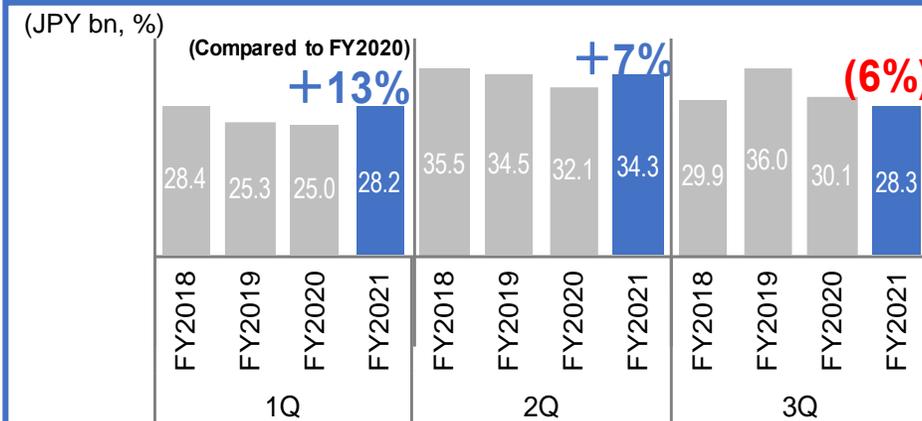
Domestic Sales

YoY
¥3.5 billion

With agricultural machinery and farming implements recovering from the reactionary decline following the consumption tax hike, and demand stimulated by government subsidies for agricultural business continuity, etc., domestic sales increased overall.

(JPY bn)		FY2018/12	FY2019/12	FY2020/12	FY2021/12	YoY Change	
		3Q Actual	3Q Actual	3Q Actual	3Q Actual		
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	21.0	21.3	17.3	18.8	1.4
		Planting Machinery	7.4	8.0	6.4	7.2	0.8
		Harvesting & Processing Machinery	13.7	14.1	11.9	11.7	(0.2)
		Subtotal	42.2	43.4	35.7	37.8	2.0
	Farming Implements	Farming Implements	16.0	17.1	15.2	17.9	2.6
		Spare Parts	11.3	11.8	11.9	11.8	(0.0)
		Repair Fees	4.1	4.3	4.4	4.5	0.1
	Subtotal	31.5	33.3	31.6	34.3	2.6	
	Total	73.7	76.7	67.4	72.1	4.7	
	Construction of Facilities	4.9	4.0	5.6	3.6	(1.9)	
Others	15.1	15.2	14.3	15.1	0.7		
Total	93.9	95.9	87.4	90.9	3.5		

Sales by Quarter



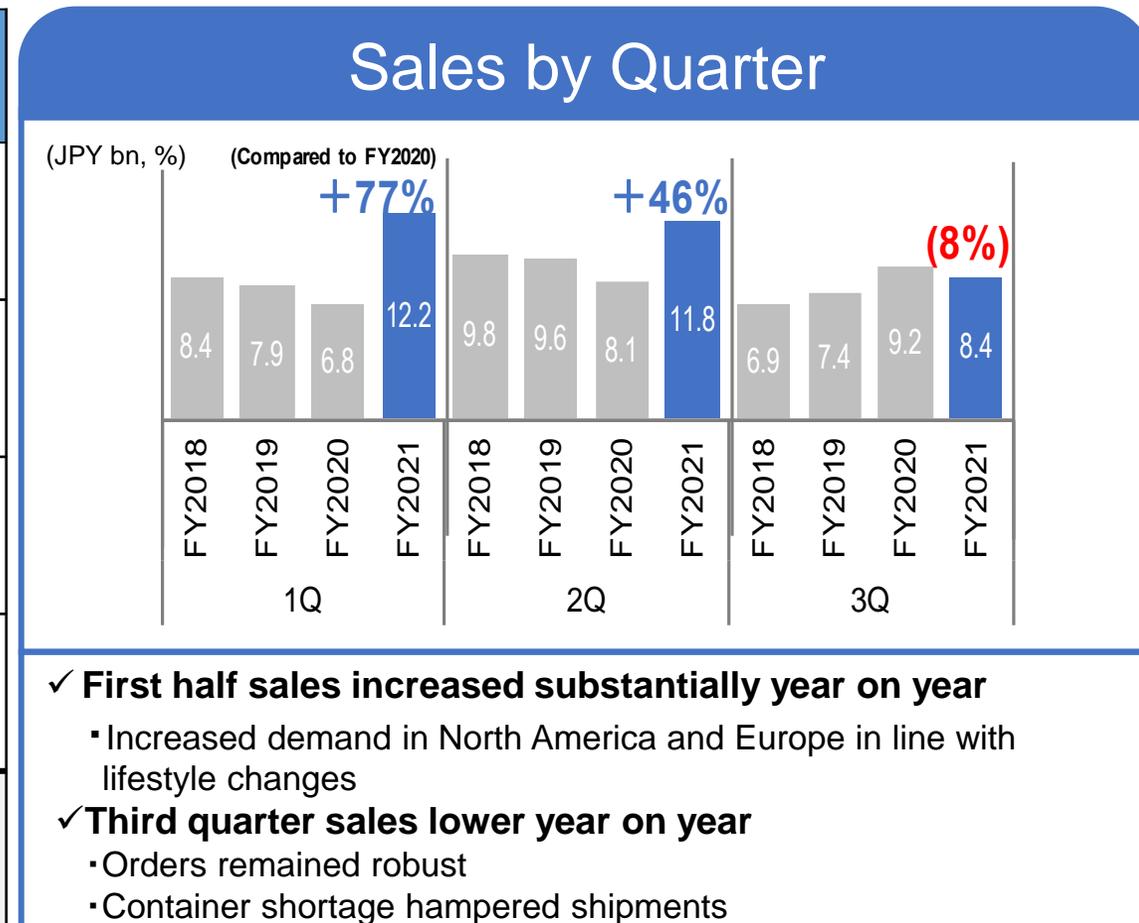
- ✓ **First half sales increased substantially year on year**
 - Recovery from reactionary decline following consumption tax hike
 - Demand stimulated by government subsidies for agricultural business continuity
- ✓ **Third quarter sales lower year on year**
 - A pullback effect with the withdrawal of government subsidies for agricultural business continuity
 - Decreased willingness to buy due to falling rice prices

Overseas Sales

YoY
¥8.2 billion

Sales in North America and Europe increased owing to rising demand in line with lifestyle changes. In Asia, making a Thai distributor a consolidated subsidiary had a positive impact (at the end of the previous fiscal year), and sales to China increased.

(JPY bn)	FY2018/12 3Q Actual	FY2019/12 3Q Actual	FY2020/12 3Q Actual	FY2021/12 3Q Actual	YoY Change
North America	8.6	10.1	9.2	11.3	2.1
Europe	10.8	9.9	9.2	13.3	4.0
Asia	5.5	4.4	5.4	7.3	1.9
Others	0.2	0.3	0.2	0.3	0.0
Total Sales	25.2	24.9	24.1	32.4	8.2



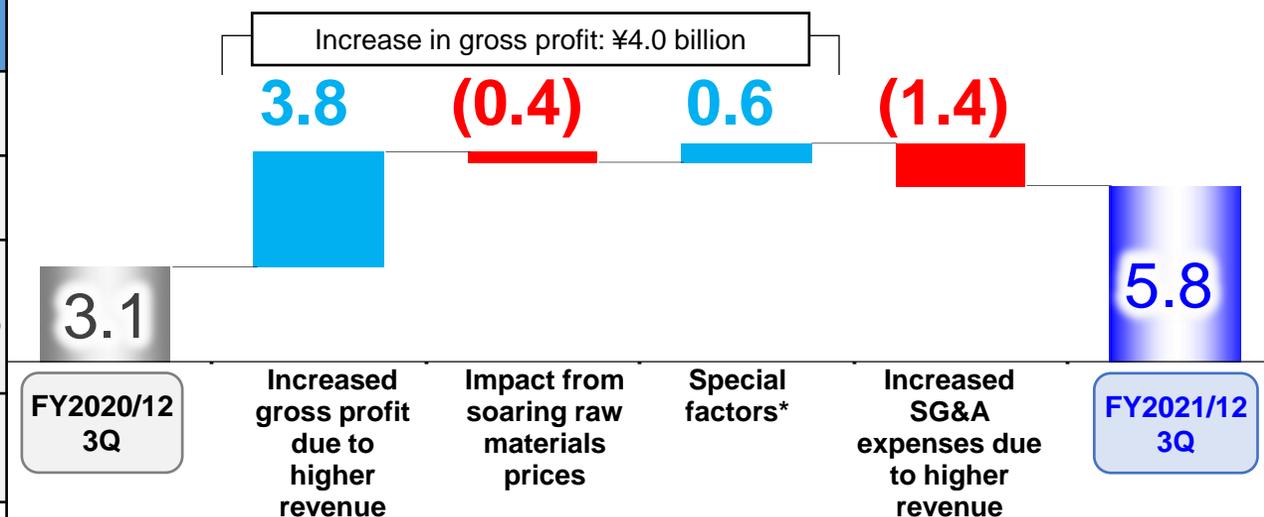
Operating Income

YoY
¥2.6 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, but soaring raw material prices are putting pressure on earnings

(JPY bn, %)	FY2018/12 3Q Actual	FY2019/12 3Q Actual	FY2020/12 3Q Actual	FY2021/12 3Q Actual	YoY Change
Net Sales	119.1	120.9	111.6	123.4	11.8
Gross Profit	35.3	35.8	33.1	37.2	4.0
Gross Profit Margin	29.7%	29.6%	29.7%	30.1%	0.4%
SG&A Expenses	31.7	31.2	29.9	31.3	1.4
Personnel Expenses	18.7	18.3	17.9	18.5	0.5
Other Expenses	13.0	12.9	11.9	12.8	0.9
Operating Income	3.5	4.5	3.1	5.8	2.6

[Breakdown of YoY Change]



*Special factors

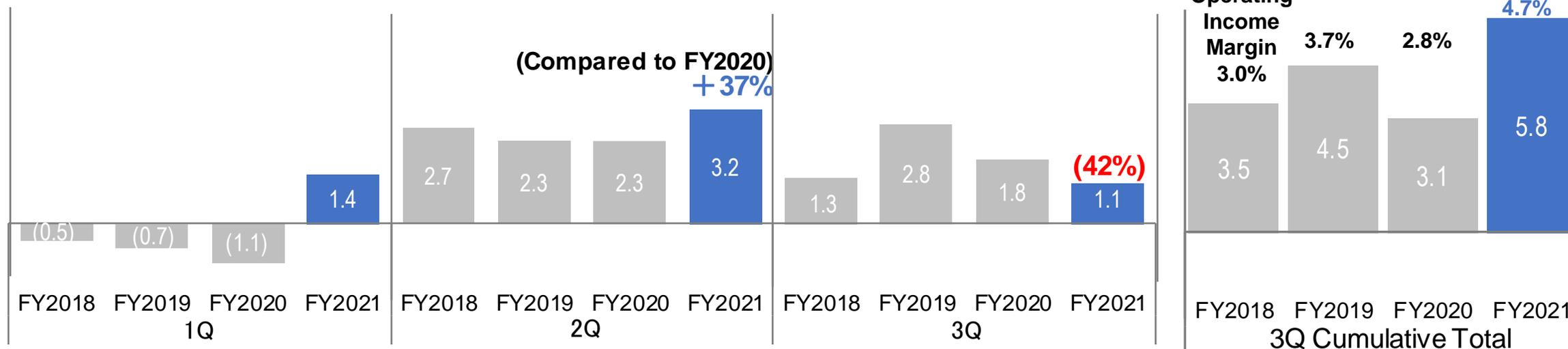
- Absence of loss on valuation of parts inventory included in the previous fiscal year 0.2
- Decline in depreciation in line with posting an impairment loss in the previous fiscal year 0.4

[Effect of FOREX Fluctuations (JPY bn)]

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
0.8	(0.5)	(0.1)	0.2

Operating Income by Quarter

(JPY bn, %)



✓ Profit in the first half increased substantially year on year

- Strong sales in Japan and overseas

✓ Third quarter sales lower year on year

- YoY decline in Japan and overseas
- Raw material price hikes in full swing

✓ 3Q cumulative

- Due to measures to stimulate demand and other factors, profitability is on an upward trend, although there are special factors in each fiscal year.

Ordinary Income and Profit

Ordinary
income YoY
¥3.6 billion

In addition to favorable shifts in foreign exchange gain (loss) and smaller share of loss of entities accounted for using the equity method, profit increased due mainly to one-off posting of non-operating income.

(JPY bn)	FY2019/12 3Q Actual	FY2020/12 3Q Actual	FY2021/12 3Q Actual	YoY Change
Operating Income	4.5	3.1	5.8	2.6
Balance of Financial Income	(0.5)	(0.5)	(0.4)	0.0
Other Non-operating Income	(0.6)	0.1	1.1	0.9
Ordinary Income	3.2	2.8	6.5	3.6
Extraordinary Income	0.1	0.6	0.0	(0.6)
Extraordinary Losses	(0.2)	(0.0)	(0.2)	(0.1)
Income Before Income Taxes	3.1	3.4	6.3	2.9
Income Taxes - Deferred	(1.0)	(1.0)	(1.5)	(0.5)
Profit (Loss) Attributable to Owners of Parent	2.1	2.4	4.7	2.3

Non-operating Income (YoY Change)	
Foreign exchange gain (loss)	¥0.3 billion
Share of loss of entities accounted for using the equity method	¥0.1 billion
Settlement received	¥0.4 billion

(Reference) Related to equity method

(JPY bn)	FY2020/12 3Q Actual	FY2021/12 3Q Actual	Change
Share of profit (loss) of entities accounted for using the equity method (non-operating)	(0.25)	(0.12)	0.13
Gain (loss) on change in equity (extraordinary)	0.65	-	(0.65)

*Entities accounted for using the equity method
 Previous fiscal year: Dongfeng Iseki, IST 2 companies
 Current fiscal year: Dongfeng Iseki 1 company

Balance Sheet (Consolidated)

YoY Change:

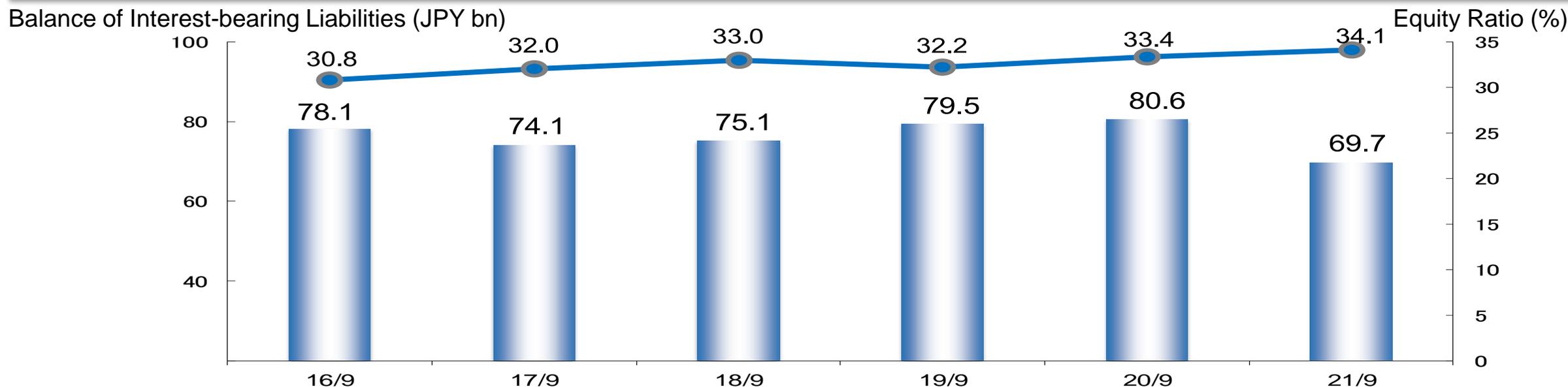
Higher sales and lower inventories this year led to improved balance of income ⇒ Cash & deposits increased
 Non-current assets decreased ⇔ Interest-bearing liabilities and capital decreased

(JPY bn)	As of Sep. 30, 2020	As of Sep. 30, 2021	YoY Change		As of Sep. 30, 2020	As of Sep. 30, 2021	YoY Change
Cash & Deposits	7.5	12.5	4.9	Accounts Payable - Trade	35.8	37.1	1.3
Accounts Receivable – Trade	33.2	31.3	(1.8)	Interest-bearing Liabilities	80.6	69.7	(10.9)
Inventories	53.4	48.2	(5.1)	(Loans Payable)	72.7	62.2	(10.4)
(Merchandise & Finished Goods)	45.6	39.9	(5.7)	Other Liabilities	19.1	18.8	(0.3)
Other Current Assets	4.2	4.2	0.0	(Deferred Tax Liabilities for Land Revaluation)	5.7	4.0	(1.6)
Total Current Assets	98.4	96.4	(2.0)	Total Liabilities	135.6	125.6	(9.9)
Property, Plant and Equipment	96.6	85.0	(11.6)	Net Assets	70.5	67.7	(2.7)
Intangible Assets	1.5	2.2	0.7	(Retained Earnings)	18.7	19.2	0.5
Investments and Other Assets	9.5	9.6	0.1	(Revaluation Reserve for Land)	12.6	8.8	(3.7)
Total Non-current Assets	107.7	97.0	(10.6)	Total Liabilities and Net Assets	206.1	193.4	(12.7)
Total Assets	206.1	193.4	(12.7)				

Equity Ratio / Interest-bearing Liabilities

Interest-bearing liabilities, D/E ratio

A decrease in loans payable led to a decrease in interest-bearing liabilities
D/E ratio improved to 1.03



Loans payable, corporate bonds	69.6	67.0	68.8	72.3	72.7	62.2
Lease obligations	8.4	7.0	6.3	7.1	7.9	7.4
Total	78.1	74.1	75.1	79.5	80.6	69.7
D/E Ratio	1.19	1.05	1.05	1.14	1.14	1.03

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

2. Domestic and Overseas Markets

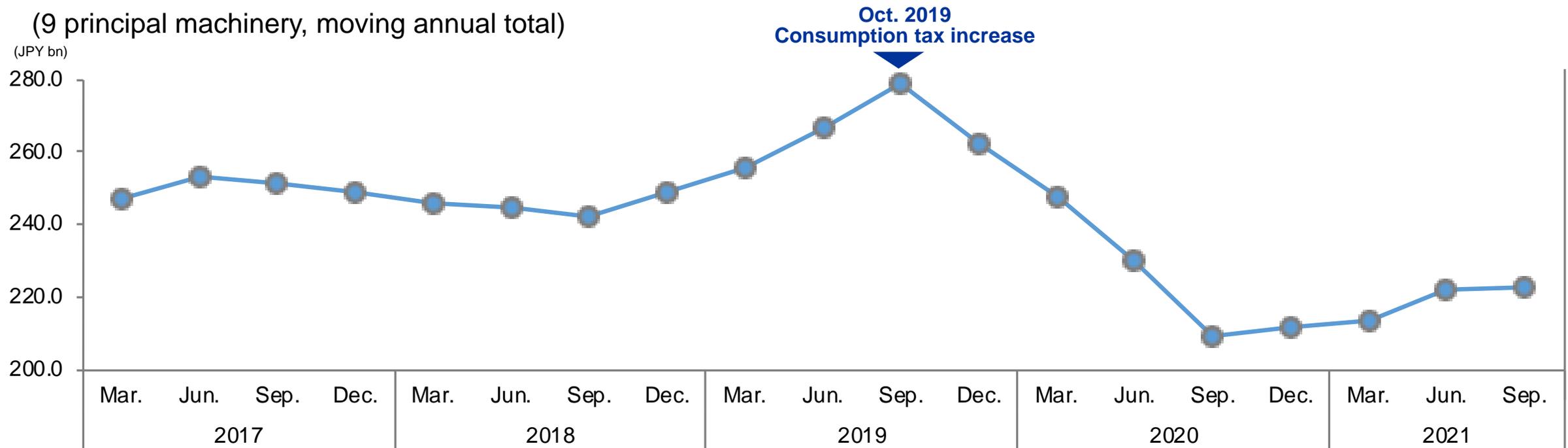


Domestic Agricultural Machine Demand

Despite a boost in demand from government subsidies for agricultural business continuity, the pace of recovery was moderate due to the prolonged impact of COVID-19 and the falling price of rice.

■ 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

ISEKI's performance trended above that of the rest of the industry, owing to sales factors including the effect of offering new rice transplanter products

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

		Oct. 2018- Sep. 2019	Oct. 2019- Sep. 2020	Oct. 2020- Sep. 2021
Industry	(Amount of shipment)	115%	75%	107%
ISEKI	(Sales amount)	105%	77%	111%

*ISEKI estimates

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

■ FY2022 Budget Estimates for Agriculture, Forestry and Fisheries

Figures in parentheses indicate the initial budget for FY2021.

General Program to Support Smart Agriculture Measures ¥3.2 billion (¥1.4 billion)

Support labor saving through an integrated mechanization system, in order to accelerate the social implementation of smart agriculture.

Project for Development and Demonstration of Technologies to Realize a Sustainable Food Systems Strategy MeaDRI ¥6.5 billion yen (–)

Promote the introduction and demonstration of superior technologies in smart agriculture.

Sustainable Management Support Subsidy ¥12.0 billion (–)

Support the introduction of agricultural machinery and facilities necessary for efforts to improve production efficiency for sustainable agriculture.

North America

1. Market Trends

(1000 units, %)

Category (PTO HP)	Jan. to Sep. cumulative			
	2019	2020	2021	YoY
40HP and lower (Compact tractors)	142	167	187	112%
40HP - 100HP (Utility tractors)	48	54	61	114%
100HP and above	15	15	19	128%

(Source: statistics provided by AEM)

2. Situation of AGCO (OEM partner)

Unit sales (Jan.-Sep. 2021)

- Compact tractors: YoY 112%



3. Shipments and Orders at ISEKI

Shipments and Orders

(Jan.-Dec. 2021): YoY 162%

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

Europe

1. Market Trends

- Robust demand for consumer goods continues owing to lifestyle changes
- With the gradual cessation of the spread of COVID-19, demand for pro goods is also expected to gradually recover.

2. Local Sales

Unit sales (Jan.-Sep. 2021)

- Local distributors: YoY 129%

3. Shipments and Orders at ISEKI

Shipments and Orders

(Jan.-Dec. 2021): YoY 235%



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

Thailand

1. Market Trends

Demand for agricultural machinery was on a recovery track, as the volume of agricultural produce and crop prices began to recover last year

2. Situation of Local Distributor, IST Farm Machinery

Number of Units Sold (Jan.-Sep. 2021)

- ASEAN Strategy Tractor: YoY 99%

3. Shipments and Orders at ISEKI

Shipments and Orders
(Jan.-Dec. 2021):

Significant YoY increase



Indonesia, Myanmar

1. Market Trends

<Indonesia> Government tenders were lower than the initial forecast, as budget was partially allocated to COVID-19 countermeasures

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

2. Orders at ISEKI (Jan.-Dec. 2021)

<Indonesia> YoY increase owing to government tenders and strengthening of general sales

Further promotion of sales centering on local brand power

<Myanmar> YoY decline on the impact of the coup d'état

Sales activities stagnated as the chaos became prolonged

3. PT. ISEKI Indonesia (Manufacturing Subsidiary)

(Units, JPY bn)	2020		2021	
	2020 Actual	Jan.-Sep. Actual	2021 Plan	Jan.-Sep. Actual
Production Volume	10,760	7,550	14,630	11,300
Operating Income	0.3	0.2	0.4	0.2

China

1. Market Trends

Trends in the Chinese Agricultural Machinery Industry by Product Type

(YoY Change in Units, %)	Jan.-Sep. 2019	Jan.-Sep. 2020	Jan.-Sep. 2021
Rice Transplanters (Riding)	89%	137%	133%
Combine Harvesters (All-purpose, Auto-threshing)	82%	110%	89%
Tractors (Medium- to Large-sized)	106%	133%	109%

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.-Sep. 2021)

- Rice transplanters (riding): YoY 100%
- Tractors, combine harvesters: YoY 123%

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 large-sized agricultural machinery continued; a pullback effect with the withdrawal of subsidies

2. Shipments and Orders at ISEKI

Shipments and Orders (Jan.-Dec.2021): YoY 86%

<South Korea> In line with market trends, large-sized, high-efficiency combine harvesters performed well. Shipments of tractors fell due to inventory adjustments at distributors

<Taiwan> Shipments decreased YoY due to the impact of a reactionary decline with the withdrawal of subsidies and the COVID 19 pandemic, but remained almost as planned

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



<Predictions on the business environment>

- ✓ The spread of COVID 19 is coming under control, but economic activity remains disrupted, and we need to be wary of a sixth wave of infections.
- ✓ Demand will be stimulated by government subsidies for agricultural business continuity but there will be decreased willingness to buy due to the falling price of rice
- ✓ Raw material price hikes will be in full swing

	Incorporated Risks
Domestic	<ul style="list-style-type: none"> ✓ Reactionary pullback after demand stimulated by government subsidies for agricultural business continuity, etc. ✓ Decreased willingness to purchase due to lower price of rice ✓ Production delays due to delays in delivery of parts
Overseas	<ul style="list-style-type: none"> ✓ Shortage of containers leads to unfulfilled shipments and expansions of other backorders
Cost aspect	<ul style="list-style-type: none"> ✓ Raw material price hikes are in full swing

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

Consolidated
Financial Results
Forecasts

Upward revision of both sales and profits
Resumption of dividend payment of 30 yen

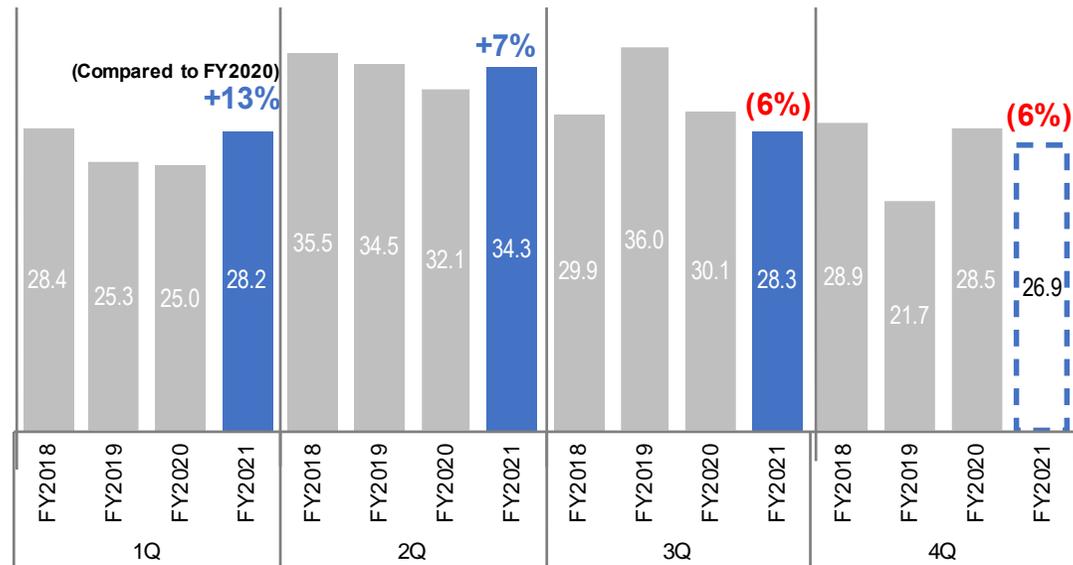
*1 Announced Feb. 15, 2021

*2 Announced Nov. 12, 2021

(JPY bn)		FY2018/12 Actual	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Forecast*1	FY2021/12 Forecast*2	YoY Change	Change from previous forecast
Net Sales		155.9	149.8	149.3	153.5	159.0	9.6	5.5
	(Domestic)	122.8	117.7	115.9	117.9	117.9	1.9	0.0
	(Overseas)	33.1	32.1	33.3	35.6	41.1	7.7	5.5
Operating Income		3.1	2.7	2.0	3.6	4.0	1.9	0.4
Operating Income Margin		2.0%	1.8%	1.4%	2.3%	2.5%	1.1%	0.2%
Ordinary Income		2.6	1.1	1.7	3.5	4.7	2.9	1.2
Profit Attributable to Owners of Parent		1.0	0.7	(5.6)	2.4	3.4	9.0	1.0
Average Exchange Rate (JPY)	US\$	110.2	109.3	107.0	105.0	108.0	1.0	3.0
	Euro	130.9	121.6	121.5	123.0	130.0	8.5	7.0
Year-end Dividend (JPY)		30.0	30.0	0.0	Undetermined	30.0	30.0	—

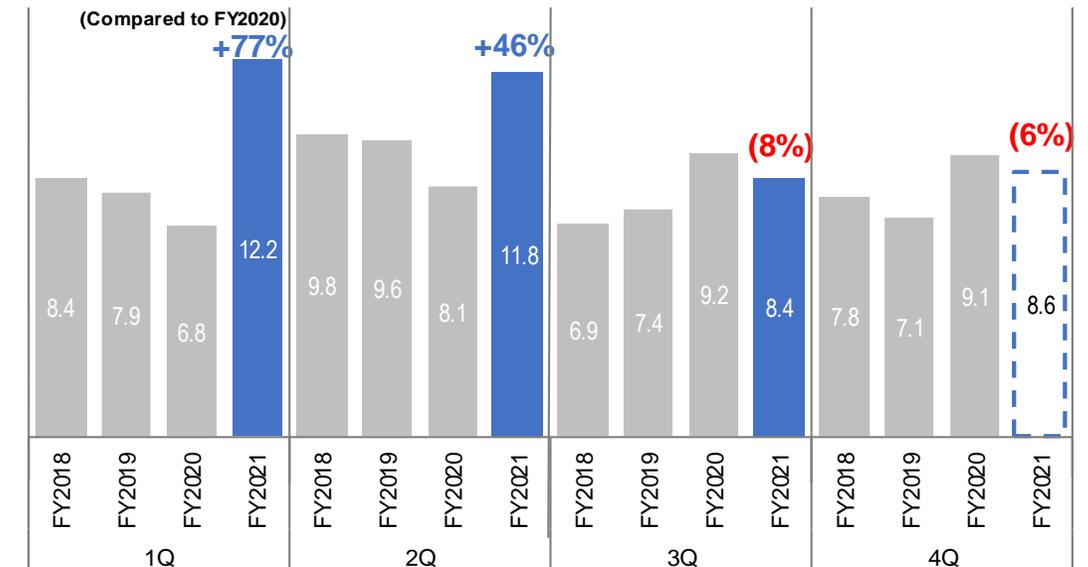
Domestic Sales

(JPY bn, %)



Overseas Sales

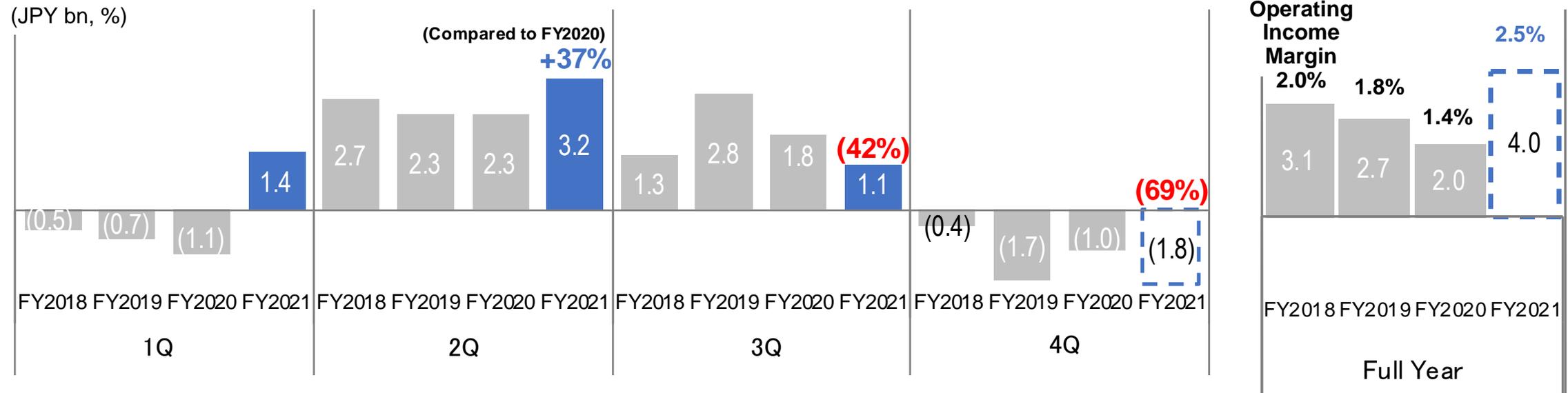
(JPY bn, %)



✓ Sales in the fourth quarter are expected to be lower year on year both in Japan and overseas

- Reactionary decline with the withdrawal of government subsidies for agricultural business continuity
- Decreased willingness to buy due to lower price of rice
- Stagnant shipments due to the container shortage

Operating Income by Quarter



- ✓ YoY decline in sales in the fourth quarter
- ✓ Full-year targets for the first year of the Mid-Term Management Plan are expected to be achieved.

4. Topics



■ Application for Selection in the New "Prime Market" Segment

- ✓ ISEKI was confirmed to satisfy the criteria for listing on the Prime Market according to the results of the initial assessment of compliance with the listing maintenance criteria for the new market segments by the Tokyo Stock Exchange.
- ✓ At a meeting of the Board of Directors held on August 31, 2021, it was resolved to select the "Prime Market" from among the new market segments. ISEKI's application for selection in the new market segment is currently pending.

■ Formulation of the Iseki Group Health Management Declaration (Oct. 2021)

- ✓ Maintain and improve the health of each and every employee by implementing measures based on the three pillars of health below.
Promote health management to improve engagement and achieve sustainable growth for the Group.
- ✓ Basic Health Policy
 1. Physical health (individual guidance based on health examination results, implementation and dissemination of health promotion measures, thorough safety education and prevention of occupational accidents)
 2. Mental health (reinforcement of line care and self-care, encouragement of communication among employees, establishment of external consultation services)
 3. Lifestyle health (maintaining work-life balance, promoting use of paid leave system)

*For details, please refer to the News page on ISEKI's website (in Japanese only). <https://www.iseki.co.jp/news/>

■ Received the “2021 Special Development Award” from The Japanese Society of Agricultural Machinery and Food Engineers

<Award Details> **Development of Sanae PRJ and PR Rice Transplanters (Riding)**

Equipped with the industry's first "Operesta Turn" function

ISEKI's unique straight-travel and turning assistance system provides straight-travel and turning assistance operations during planting.

This enables both skilled and inexperienced farmers alike to work efficiently.

In this way ISEKI is supporting large-scale agriculture!



Sanae PRJ8 flagship model in ISEKI's All Japan series

New Product Announcement

- ✓ Smart agricultural machinery utilizing robot, ICT and other technology
- ✓ Field and vegetable cropping machinery for large-scale production that is expanding
- ✓ Strengthening services that contribute to the resolution of issues facing agricultural managers



Making an appeal to a broad audience through video streaming

Release date	Wednesday, December 8, 2021 (to be confirmed)
Release theme	Providing the best solutions for realizing the agriculture of our dreams
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.



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”.