



Financial Results for the Fiscal Year Ended December 31, 2021

ISEKI & CO., LTD.

February 17, 2022

1. Outline of Financial Results for the Fiscal Year Ended December 31, 2021
2. Domestic and Overseas Markets
3. Performance Forecast for the Fiscal Year Ending December 31, 2022
4. Progress of Mid-term Management Plan



Solution Provider

for Agriculture & Landscape

1. Outline of Financial Results for the Fiscal Year Ended December 31, 2021

Key Points

<Financial Results For the FY Ended Dec. 2021 >

Increase in both sales & profits Almost in line with the forecast

Domestic : Recovery from the reactionary decline after the consumption tax hike
Demand stimulated by government subsidies for agricultural business continuity and a drop

Overseas : Overseas sales reached a record high
A shortage of shipping containers for North America & Europe led to unfulfilled shipments and expansions of backorders

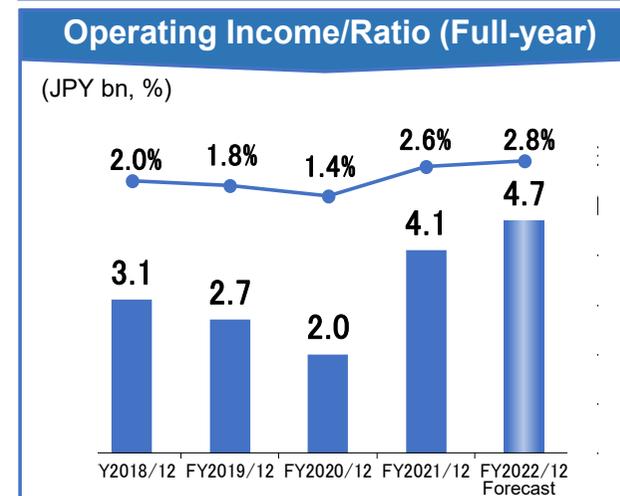
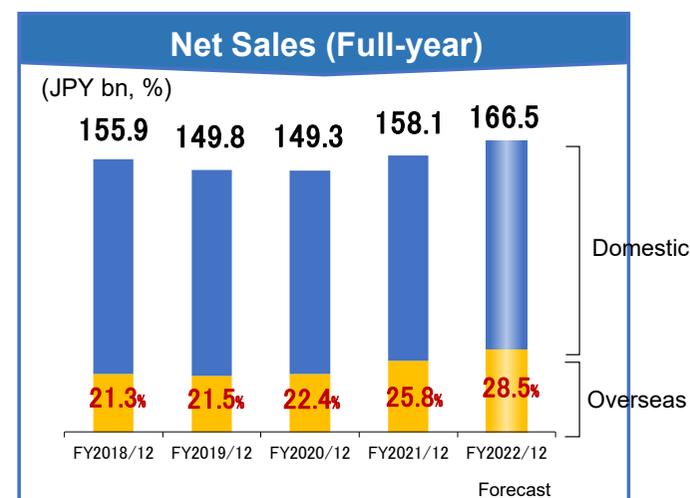
Profits : Increase in gross profit thanks to higher sales
However, soaring raw material prices put pressure on earnings

<Forecast For the FY Ending Dec. 2022 >

Increase in net sales & operating income Year-end dividend:30 yen per share

Net Sales : Increase from the previous fiscal year, mainly due to overseas sales

Profits : Increase in gross profit due to higher sales due to our structural reforms and efforts to improve management efficiency, in spite of pressure on earnings due to the sharp rise in raw material prices



Business Environment

		FY Ended Dec. 2020	FY Ended Dec. 2021
Overseas	Domestic	<ul style="list-style-type: none"> ✓ Reactionary decline after consumption tax hike ✓ Restraint on sales activities due to COVID-19 	<ul style="list-style-type: none"> ✓ Recovery from post-consumption tax hike reactionary decline ✓ Impact of restraint on sales activities due to COVID-19 eased compared to the previous year ✓ Demand stimulated by government subsidies for agricultural business continuity, and a rebound ✓ Decreased willingness to buy due to falling rice prices
	North America	<ul style="list-style-type: none"> ✓ Robust demand resulting from stay-at-home demand ✓ Delays in delivery of parts led to a decrease in shipments (temporary factor) 	<ul style="list-style-type: none"> ✓ Increased demand due to lifestyle changes ✓ A shortage of shipping containers led to unfulfilled shipments and expansions of backorders.
	Europe	<ul style="list-style-type: none"> ✓ Sales affected by the lockdown in the spring season, but showed recovery from the second half. 	<ul style="list-style-type: none"> ✓ Robust demand for consumer products newly generated owing to lifestyle changes ✓ Sales activities gradually returned to normal thanks to progress in vaccination & reduction of the newly infected. => Professional market demand gradually recovered.
	Asia	<ul style="list-style-type: none"> ✓ China Demand for agricultural machinery stimulated by government policies to secure food and travel restrictions ✓ ASEAN (Thailand) - Drought affected farmers' household income & agricultural machinery demand. - Rainfall has generally recovered since Sep. ✓ South Korea Demand for large agricultural machinery continued ✓ Taiwan Increased demand due to subsidies for large agricultural machinery 	<ul style="list-style-type: none"> ✓ China Steady strong market due to continued government policies to secure food & stabilize grain prices. ✓ ASEAN (Thailand) Robust demand due to the government's measures & subsidies to stimulate the market demand ✓ South Korea Demand for large agricultural machinery continued ✓ Taiwan A pullback effect with the withdrawal of subsidies

Outline of Consolidated Business Performance

(January 1, 2021 to December 31, 2021)

(JPY bn, %)	FY2018/12	FY2019/12	FY2020/12		FY2021/12		YoY Change	Diff. (Target /Actual)*
	Actual	Actual	Actual	%	Actual	%		
Net Sales	155.9	149.8	149.3	100.0	158.1	100.0	8.8	(0.8)
(Domestic)	122.8	117.7	115.9	77.6	117.3	74.2	1.4	(0.5)
(Overseas)	33.1	32.1	33.3	22.4	40.7	25.8	7.3	(0.3)
Operating Income	3.1	2.7	2.0	1.4	4.1	2.6	2.0	0.1
Ordinary Income	2.6	1.1	1.7	1.1	4.6	3.0	2.9	(0.0)
Profit (Loss) Attributable to Owners of Parent	1.0	0.7	(5.6)	-	3.1	2.0	8.8	(0.2)
Average Exchange Rate (JPY)	US\$	110.2	109.3	107.0	109.0		2.0	1.0
	Euro	130.9	121.6	121.5	129.8		8.3	(0.2)

* Difference from the forecast announced on 12th November 2021

Domestic Sales

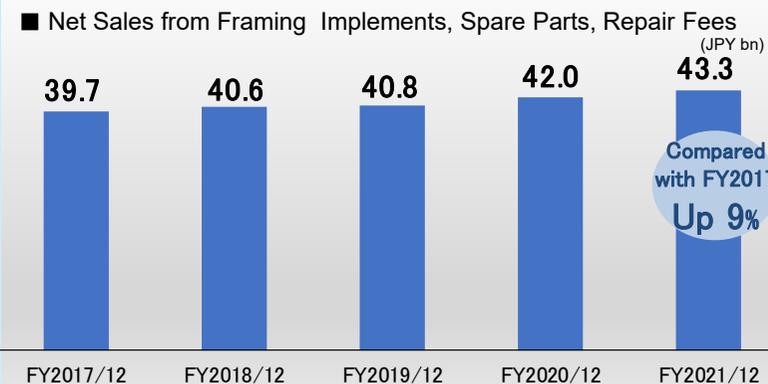
YoY
JPY1.4 billion

Domestic sales increased due to a recover from the reactionary decline following the consumption tax hike, and demand stimulated by government subsidies for agricultural business continuity, etc.,

(JPY bn)		FY2018/12	FY2019/12	FY2020/12	FY2021/12	YoY Change	Diff. (Target /Actual)*
		Actual	Actual	Actual	Actual		
Agricultural Machinery Related	Agricultural Machinery						
	Cultivating & Mowing Machinery	27.4	25.3	22.8	23.9	1.0	0.1
	Planting Machinery	9.1	9.0	8.8	9.0	0.2	(0.2)
	Harvesting & Processing Machinery	19.9	18.5	16.8	16.6	(0.2)	(0.2)
	Subtotal	56.5	53.0	48.6	49.6	1.0	(0.3)
	Farming Implements	20.2	20.0	20.4	22.0	1.5	0.2
	Spare Parts	14.8	15.0	15.6	15.3	(0.2)	(0.2)
	Repair Fees	5.5	5.7	5.8	5.9	0.0	(0.1)
	Subtotal	40.6	40.8	42.0	43.3	1.3	(0.1)
	Total	97.1	93.8	90.6	93.0	2.3	(0.4)
Construction of Facilities	5.6	4.5	6.1	4.2	(1.8)	(0.2)	
Others	19.9	19.3	19.1	20.1	1.0	0.2	
Total	122.8	117.7	115.9	117.3	1.4	(0.5)	

Main factors for changes (In comparison with the previous year)

- ✓ Agricultural machinery & Framing Implements: Increased due to a recover from the reactionary decline from the consumption tax hike, and demand stimulated by government subsidies etc.,
- ✓ Framing Implements, Spare Parts, Repair Fees: Continue growing strong



* Difference from the forecast announced on 12th November 2021

Overseas Sales

YoY
JPY7.3 billion

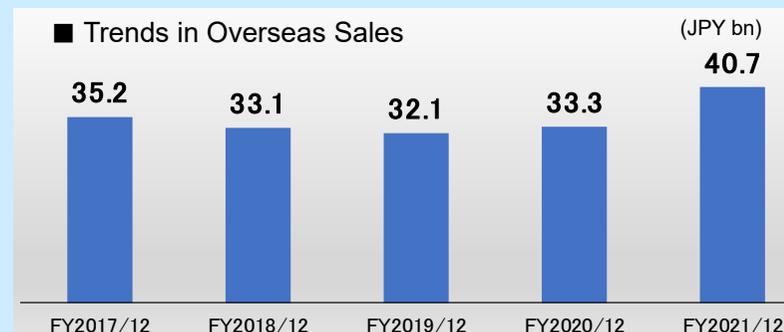
Overseas sales reached a record high
North America & Europe: a shortage of shipping containers led to unfulfilled shipments & expansions of backorders

(JPY bn)	FY2018/12 Actual	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Actual	YoY Change
North America	11.5	13.2	12.8	15.1	2.3
Europe	13.8	12.8	13.9	15.9	1.9
Asia	7.3	5.5	6.2	9.1	2.9
Others	0.4	0.5	0.3	0.5	0.1
Total Sales	33.1	32.1	33.3	40.7	7.3

Diff. (Target /Actual)*
0.1
(0.2)
(0.2)
0.0
(0.3)

Main factors for changes (In comparison with the previous year)

- ✓ North : Sales increased on the back of a robust market for compact tractors driven by changes in lifestyle
- ✓ Europe : Sales increased due to strong demand, especially for consumer products newly generated by lifestyle changes
- ✓ Asia : Sales increased due to the consolidation of a distributor in Thailand at the end of the previous fiscal year and an increase in shipments of production parts to China.



* Difference from the forecast announced on 12th November 2021

Operating Income

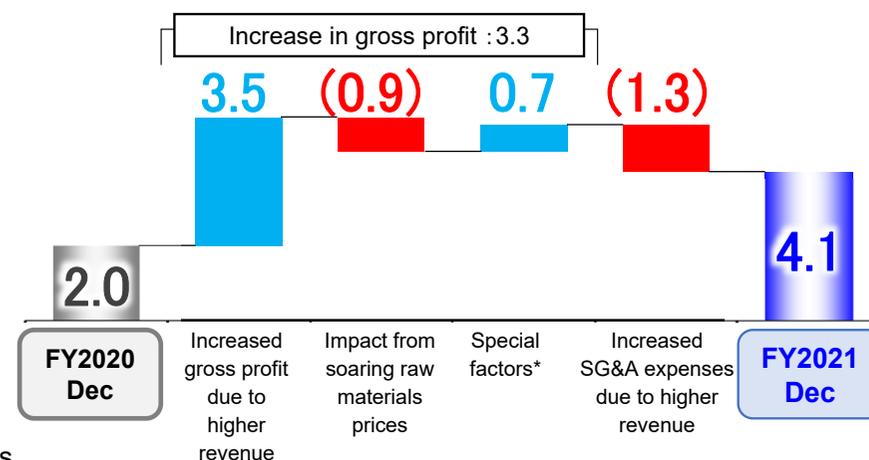
YoY
JPY2.0 billion

In addition to an increase in gross profit resulting from higher sales, operating income increased due to the absence of a loss on valuation of parts inventory recorded in the previous fiscal year. However, soaring raw material prices put pressure on earnings.

(JPY bn, %)	FY2018/12 Actual	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Actual	YoY Change
Net Sales	155.9	149.8	149.3	158.1	8.8
Gross Profit	45.9	44.5	43.4	46.8	3.3
Gross Profit Margin	29.5%	29.7%	29.1%	29.6%	0.5%
SG&A Expenses	42.7	41.7	41.3	42.6	1.3
Personnel Expenses	25.3	24.6	25.1	25.2	0.1
Other Expenses	17.4	17.0	16.2	17.4	1.1
Operating Income	3.1	2.7	2.0	4.1	2.0

Diff. (Target /Actual)*
(0.8)

[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 : 0.5

[Effect of FOREX Fluctuations (JPY bn)]

0.1

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
0.6	(0.5)	(0.1)	(0.0)

* Difference from the forecast announced on 12th November 2021

Ordinary Income & Profit

Ordinary
income YoY
JPY2.9billion

Ordinary Income: Increased due to favorable shifts in foreign exchange gain (loss) & decrease in share of loss of entities accounted for using the equity method, as well as a temporary recording of non-operating income
Income Before Income Taxes: Increased due to an absence of an impairment loss on fixed assets recorded in the previous fiscal year.

(JPY bn)	FY2018/12 Actual	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Actual	YoY Change
Operating Income	3.1	2.7	2.0	4.1	2.0
Balance of Financial Income	(0.7)	(0.7)	(0.6)	(0.6)	0.0
Other Non-operating Income	0.2	(0.8)	0.3	1.1	0.8
Ordinary Income	2.6	1.1	1.7	4.6	2.9
Extraordinary Income	0.1	0.5	0.6	0.0	(0.5)
Extraordinary Losses	(0.5)	(0.3)	(9.4)	(0.4)	9.0
Income Before Income Taxes	2.2	1.3	(7.1)	4.3	11.4
Income Taxes - Deferred	(1.1)	(0.5)	1.4	(1.1)	(2.6)
Profit (Loss) Attributable to Owners of Parent	1.0	0.7	(5.6)	3.1	8.8

Diff. (Target /Actual)*
0.1
(0.0)
(0.0)
(0.2)

Non-operating Income (YoY Change)	
Foreign exchange gain (loss)	0.4
Decrease in share of loss of entities accounted for using the equity method	0.1
Settlement received	0.4
Absence of gain on change in equity	(0.6)
Decrease in impairment loss	9.0

(Reference)

	FY2020/12 Actual	FY2021/12 Actual	YoY Change
Share of profit (loss) of entities accounted for using the equity method (non-operating)	(0.46)	(0.32)	0.14
Gain (loss) on change in equity (extraordinary)	0.65	—	(0.65)

Entities accounted for using the equity method
FY2020: 2 companies(Dongfeng Iseki, IST Farm Machinery)
FY2021 :1 company (Dongfeng Iseki)

* Difference from the forecast announced on 12th November 2021

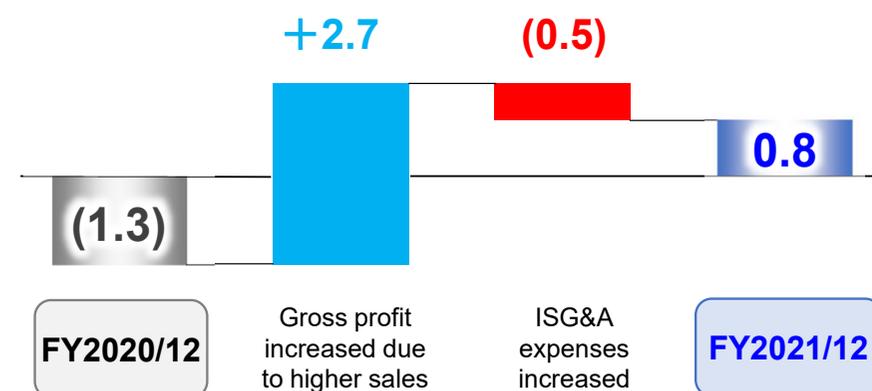
Non-Consolidated Financial Results

Ordinary income YoY
¥2.2 billion

Profit increased due to higher sales both in Japan and overseas
Profit: The Company recorded profit in the current fiscal year compared with the loss in the previous fiscal year caused by an impairment loss

(JPY bn, %)	FY2018/12 Actual	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Actual	YoY Change
Net Sales	93.1	90.0	79.2	91.7	12.5
Domestic	65.7	61.7	53.9	59.8	5.8
Overseas	37.4	28.2	25.2	31.9	6.6
Gross Profit	12.3	12.4	9.4	12.1	2.7
Gross Profit Margin	13.2%	13.8%	11.9%	13.3%	1.4%
SG&A Expenses	11.8	11.4	10.7	11.3	0.5
Operating Income	0.5	0.9	(1.3)	0.8	2.2
Ordinary Income	2.4	2.2	(0.2)	3.8	4.0
Profit	1.8	1.5	(13.2)	2.9	16.6

[Breakdown of YoY Change]



Balance Sheet

YoY Change

Cash & deposits increased due to decreases in accounts receivable – trade and inventories and an increase in accounts payable – trade

Interest-bearing liabilities decreased due to an increase in net assets and a decrease in other current assets and non-current assets

(単位:億円)

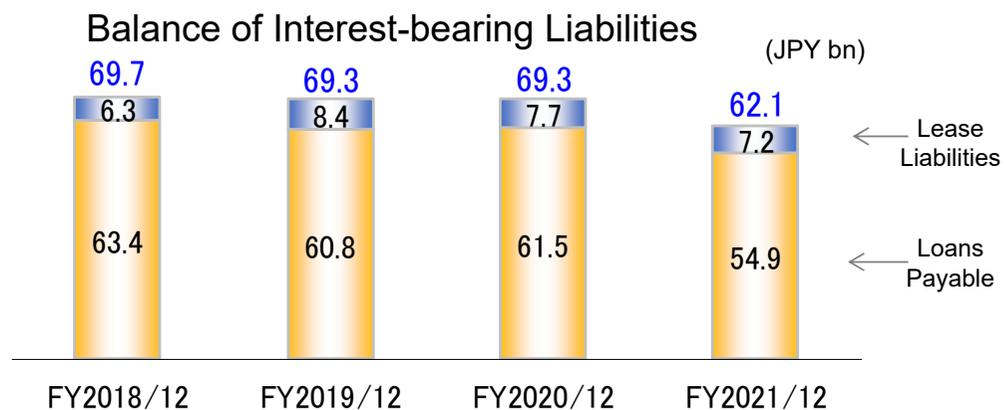
	As of Dec. 31, 2020	As of Dec 31, 2021	YoY Change		As of Dec. 31, 2020	As of Dec 31, 2021	YoY Change
Cash & Deposits	10.7	14.8	4.0	Accounts Payable - Trade	36.8	39.2	2.4
Accounts Receivable – Trade	21.7	21.5	(0.2)	Interest-bearing Liabilities	69.3	62.1	(7.1)
Inventories	51.8	49.8	(1.9)	(Loans Payable)	61.5	54.9	(6.6)
(Merchandise & Finished Goods)	43.8	41.5	(2.3)	Other Liabilities	18.7	19.6	0.8
Other Current Assets	5.5	4.8	(0.7)	(Deferred Tax Liabilities for Land Revaluation)	4.0	4.0	0.0
Total Current Assets	89.9	91.1	1.1	Total Liabilities	125.0	121.1	(3.8)
Property, Plant and Equipment	86.2	84.9	(1.3)	Net Assets	62.4	66.5	4.1
Intangible Assets	1.9	2.2	0.3	(Retained Earnings)	14.4	17.6	3.1
Investments and Other Assets	9.1	9.3	0.1	(Revaluation Reserve for Land)	8.8	8.8	0.0
Total Non-current Assets	97.4	96.5	(0.8)	Total Liabilities and Net Assets	187.4	187.6	0.2
Total Assets	187.4	187.6	0.2				

Equity Ratio / Interest-bearing Liabilities / Dividend

Interest-bearing liabilities, D/E ratio
Capital ratio
Dividend

D/E ratio improved to below 1.0 owing to a decrease interest-bearing liabilities
Year-end dividend to be resumed at 30 yen per share

1. interest-bearing liabilities & Equity



2. Dividend

(JPY)

	FY2020/12 Actual	FY2021/12 Plan
Year-end Dividend	0	30

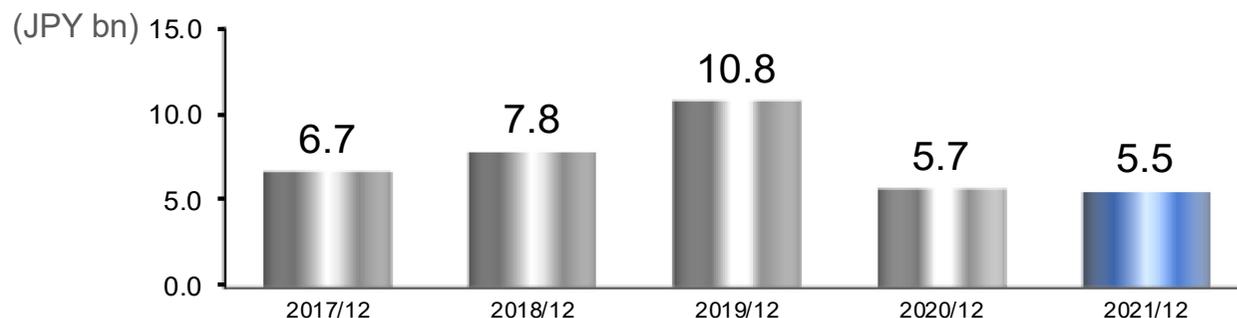
D/E Ratio	1.0	1.0	1.1	0.9
Equity Ratio	33.4%	34.2%	32.4%	34.5%
interest-bearing liabilities (JPY bn)	69.7	69.3	69.3	62.1
Net Assets (JPY bn)	68.9	69.2	62.4	66.5

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)	FY2021/12 Actual
Sales offices	2.4
New models, increasing productivity	1.2
Information technology	0.4
Other	1.5
Total	5.5

2. Depreciation, Research & Development Expenses

(JPY bn)	FY2020/12 Actual	FY2021/12 Actual
Depreciation	6.98	6.56
Research & development expenses	1.50	1.27

Cash Flows

Cash Flows

Cash flows from operating activities were ¥14.2 billion due to positive contributions from accounts receivable – trade, inventories, and accounts payable – trade

Aim to generate ¥60 billion yen in cumulative cash flows from operating activities over the period of the Mid-Term Management Plan (2021-2025)

	FY2017/12 Actual	FY2018/12 Actual	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Actual	YoY Change
Cash flows from operating activities	3.3	7.6	10.5	9.6	14.2	4.5
Profit before income taxes	3.8	2.2	1.3	(7.1)	4.3	11.4
Depreciation	7.0	6.7	6.8	6.9	6.5	(0.4)
Impairment loss	0.2	0.1	0.1	9.3	0.1	(9.1)
Decrease (increase) in trade receivables	(0.1)	1.8	3.5	(1.8)	0.4	2.2
Decrease (increase) in inventories	(3.8)	(0.2)	(0.7)	3.2	2.4	(0.8)
Increase (decrease) in trade payables	(1.9)	(1.0)	(1.8)	(0.8)	2.1	2.9
Cash flows from investing activities	(5.2)	(9.9)	(7.1)	(5.1)	(2.0)	3.1
Purchase of property, plant and equipment and intangible assets	(5.6)	(6.8)	(8.3)	(6.6)	(4.6)	1.9
Free Cash Flow	(1.9)	(2.3)	3.4	4.5	12.1	7.6
Cash flows from financing activities	(4.2)	1.9	(2.3)	(2.1)	(8.3)	(6.1)
Net increase (decrease) in cash and cash equivalents	(6.1)	(0.4)	0.9	2.3	4.0	1.6

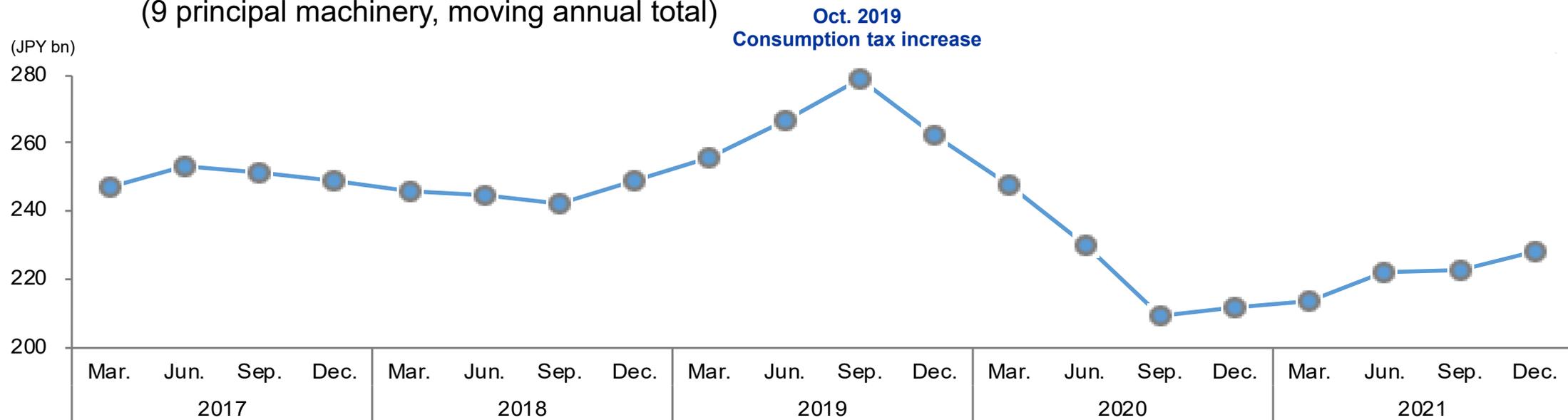
2. Domestic and Overseas Markets

Domestic Agricultural Machinery Market Trends

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

- Increased sales of large machinery offset decreased sales of small- and medium-sized machinery
- "All Japan Series," important large machinery that we focus on, performed well

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

		Jan.–Dec. 2020	Jan.–Dec. 2021
Industry	(Amount of shipment)	81%	108%
ISEKI	(Sales amount)	92%	101%

Sales of the All Japan series

- Tractors (TJW, TJV, TJX)
- Rice transplanters (PRJ8)
- Combine harvesters (HJ)

YoY growth rate **112%**
(Based on the number of units)

*ISEKI estimates

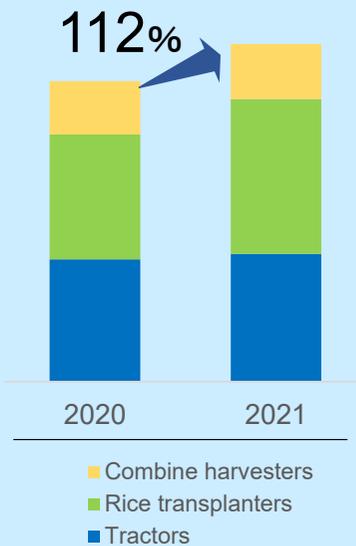
*9 principal machinery: Tractors, combine harvesters, rice transplanters, tillers, drying machines, rice huskers, binders, harvesters, treatment

Large Agricultural Machinery

- ✓ With the rice transplanter included, ISEKI's "All Japan" series of flagship models is now complete
- Sales of the products, especially those of the new rice transplanter, are robust



All Japan series performance
(number of units)

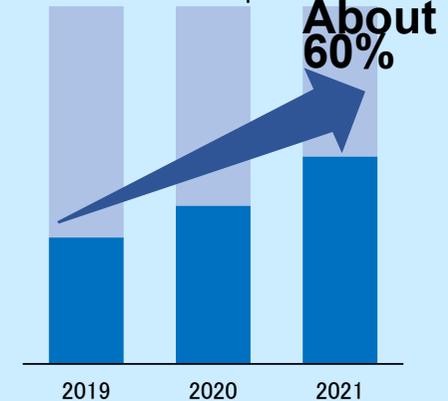


Smart Agricultural Machinery

- ✓ About 60% of the 8-row class rice transplanters have straight-travel assisted specs



Percentage of 8-row class
transplanters with straight-travel
assisted specs



- Reduce greenhouse gas emissions as well
- Introduction of automatic steering systems to agricultural machinery
- Reduce fuel consumption by **13%**
(compared with previous models)

Source: "Strategy for Sustainable Food Systems, MeaDRI" and "Basis for Amount of Reduction from Countermeasures in the Plan for Global Warming Countermeasures"

Domestic Trends in Agricultural Administration

■ Budget for agriculture, forestry and fisheries: Budget for agricultural machinery and facilities remains almost unchanged from previous years

<<Primary budget allowances for agricultural machinery and facilities>>

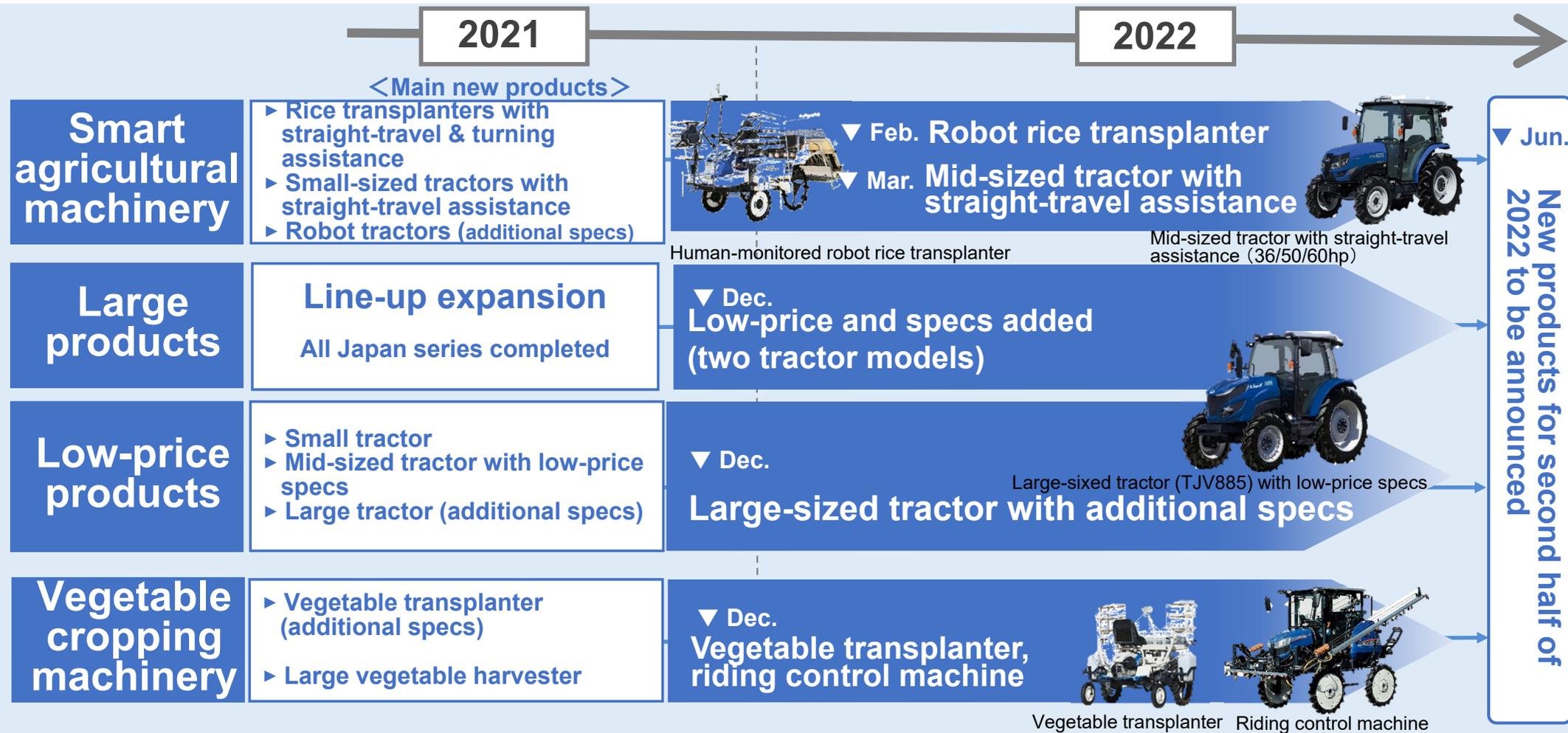
Classification*		Project name (outline)	Budget
Initial	Revised		
○	○	Smart agriculture comprehensive promotion measures as part of the Project for Development and Demonstration of Technologies to Realize a Sustainable Food Systems Strategy MeaDRI	¥6.3 bn
	○	Support for productivity improvement of agriculture, forestry, and fishery workers who will lead the next generation (smart technology)	¥10.0 bn
	○	Power-up Project for Local Production Bases	¥31.0 bn
	○	Special Project for Strengthening Profitability of Livestock and Dairy Farming (Livestock Clusters)	¥61.7 bn
○		Sustainable Production Enhancement Project	¥1.0 bn
○	○	Boosting wheat and soybean profitability and productivity	¥3.4 bn
○		Subsidy for comprehensive support for building strong agriculture	¥12.6 bn
○	○	Comprehensive measures to promote a Sustainable Food Systems Strategy MeaDRI	¥3.3 bn
○	○	Subsidy for Supporting Efficient Use of Farmland, Paddy Field Renovation Project	¥3.1 bn
○	○	Emergency support for the establishment of a sustainable field crop production system, and support for sweet resource crop production	¥17.2 bn

- ✓ Accelerate the social implementation of smart agriculture
- ✓ Improve productivity
- ✓ Create production bases in production areas
- ✓ Reduce environmental impact

*Classification: "Initial" – FY2022 Initial Budget, "Revised" – FY2021 Revised Budget

Domestic Product Development (Key Products)

Mid-Term Management Plan:
Selection & Concentration



Agricultural Business Solutions Portal Site “Amoni”

Portal site for agricultural producers that agriculture-related manufacturers (41 companies*) participate in, where a wide range of information on topics including agricultural management, cultivation and advanced technology can be accessed all at once, on top of information on the products and technologies of the manufacturers. *As of January 31, 2022

<Most-viewed content since the opening in July 2021>

- Demonstration, verification
- Weather forecast, rain radar
- Forecast for growth of wetland rice, cumulative temperature forecast

✓ Popular content useful for spring work is available to all users. ISEKI aims to increase the number of users.

✓ ISEKI is working to improve content such as video demonstrations and is promoting mainly large agricultural machinery even amid the COVID-19 pandemic



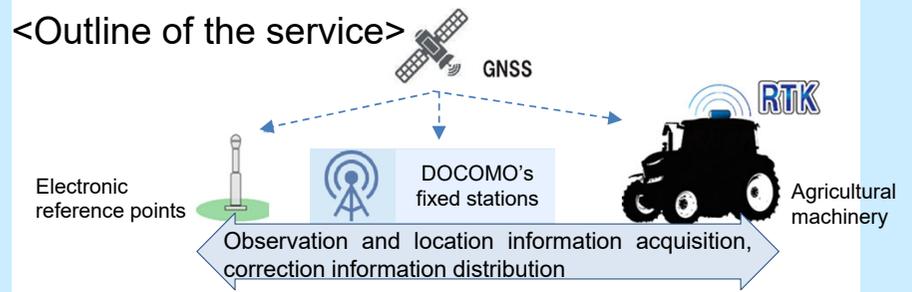
<https://amoni.iseki.co.jp/>

ISEKI's IoT, High-Precision, GNSS Location Information Service

In January 2022, ISEKI launched inexpensive <High-precision GNSS Correction Service>. Users can sign a contract only for a month when they use it.

- Data obtained by using electronic reference points and satellite positioning data from docomo reference stations owned by NTT DCOMO, INC.

<Outline of the service>



For promotion of the spread of robot tractors and high-precision automatic steering systems

✓ No upfront investment required

✓ ¥3,300 per month

(Users can sign a contract only for a month when they use it.)



ISEKI's robot tractor and robot rice transplanter

■ Promote smart agriculture and environment-friendly agriculture through collaboration with local governments and private companies

✓ **Niigata City (Niigata Pref.)** from Jan. 2022

Promotion of sustainable agriculture utilizing advanced technology



✓ **Yamagata Design Co. Ltd. (Yamagata Pref.)** from Feb. 2022

Urban development through establishment of an environment-friendly agriculture model



✓ **Three-way collaboration with Shimane Pref. and Hamada City**

from Feb. 2022

Creating organic rice production areas for sustainable development



✓ **Tsukubamirai City (Ibaraki Pref.)**

from Mar. 2020

Promotion of agriculture utilizing advanced technology

✓ **Yukimai Design Co. Ltd. (Tokyo Pref.)** from Jun. 2021

Concluded a business alliance with the aim of popularization and development of organic agriculture by utilizing automatic weed suppression robots

✓ **Kisarazu City (Chiba Pref.)** from Mar. 2021

Promotion of agriculture utilizing advanced technology and organic farming



North America

1. Market Trends

(1000 units, %)

Category (PTO HP)	Jan. to Dec. cumulative			
	2019	2020	2021	YoY
40HP and lower (Compact tractors)	179	216	237	110%
40HP - 100HP (Utility tractors)	66	75	83	111%
100HP and above	22	22	28	125%

(Source: statistics provided by AEM)

2. Situation of AGCO (OEM partner)

Unit sales (Jan.-Dec. 2021)

- Compact tractors: YoY 109%



3. Shipments and Orders at ISEKI

Shipments and Orders

(Jan.-Mar. 2022): Significant YoY increase

(including order backlog from previous fiscal year)

- 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
- As government restrictions to stem the transmission of COVID-19 were eased in various countries, demand for pro goods has recovered to the pre-pandemic level

2. Local Sales

Unit sales (Jan.-Dec. 2021)

- Local distributors: YoY 116%



3. Shipments and Orders at ISEKI

Shipments and Orders

(Jan.-Mar. 2022): Significant YoY increase

(including order backlog from previous fiscal year)

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

Thailand

1. Market Trends

The market is firm due to government measures to stimulate demand and provide subsidies.

2. Situation of Local Distributor, IST Farm Machinery

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

- ASEAN Strategy Tractor: YoY 107%

3. Shipments and Orders at ISEKI

Shipments and Orders

(Jan.-Mar. 2022):

Significant YoY increase

Indonesia, Myanmar

1. Market Trends

<Indonesia> Government tenders for tractors in 2021 remain almost unchanged from 2020

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

2. Orders at ISEKI (Jan.- Mar. 2022)

<Indonesia> Orders in the first half are expected to remain almost unchanged YoY

<Myanmar> Sales activities stagnated as the chaos due to the coup d'état became prolonged

3. PT. ISEKI Indonesia (Manufacturing Subsidiary)

(Units, JPY bn)	2020 Actual	2021 Actual	2022 Plan
Production volume	10,760	15,680	17,170
Operating income	0.3	0.3	0.3

China

1. Market Trends

Trends in the Chinese Agricultural Machinery Market by Product Type

(YoY Change in Units, %)	Jan.-Dec. 2019	Jan.-Dec. 2020	Jan.-Dec. 2021
Rice transplanters (riding)	109%	128%	126%
Combine harvesters (all-purpose, auto-threshing)	83%	110%	118%
Tractors (medium- to large-sized)	125%	136%	105%

Source: China Association of Agricultural Machinery Manufacturers

2. National Government Subsidy

(RMB bn)

2016	2017	2018	2019	2020	2021	2022
23.7	18.6	18.6	18.0	17.0	19.0	Not announced

3. Dongfeng Iseki (Unit Sales, Jan.-Dec. 2021)

- Rice transplanters (riding): YoY 92%
- Tractors, combine harvesters: YoY 128%

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 tractors and combine harvesters significantly decreased due to a pullback effect with the withdrawal of subsidies

2. Shipments and Orders at ISEKI (Jan.-Mar. 2022)

<South Korea> Same level YoY mainly due to new large-sized and highly efficient rice transplanters

<Taiwan> Shipments decreased YoY. Expectations for rice transplanters and vegetable transplanters

3. Performance Forecast for the Fiscal Year Ending December 31, 2022

<Predictions on the business environment>

- ✓ Although the impact of COVID-19 remains both in Japan and overseas, we assume that the the Omicron variant will be under control by the end of the first half of the year, and that social and economic activities will gradually recover.
- ✓ Despite the impact on the sales of ISEKI Groups will be limited, the risks of supply chain disruptions and delay in production will continue.

Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2022



Consolidated
Financial Results
Forecasts

Increase both in net sales & operating income
Year-end Divided: 30 yen per share

(JPY bn)	FY2018/12		FY2019/12		FY2020/12		FY2021/12		FY2022/12		YoY Change
	Actual	Actual	Actual	%	Actual	%	Forecast	%			
Net Sales	155.9	149.8	149.3	100.0	158.1	100.0	166.5	100.0	8.3		
(Domestic)	122.8	117.7	115.9	77.6	117.3	74.2	119.0	71.5	1.6		
(Overseas)	33.1	32.1	33.3	22.4	40.7	25.8	47.5	28.5	6.7		
Operating Income	3.1	2.7	2.0	1.4	4.1	2.6	4.7	2.8	0.5		
Ordinary Income	2.6	1.1	1.7	1.1	4.6	3.0	4.6	2.8	(0.0)		
Profit Attributable to Owners of Parent	1.0	0.7	(5.6)	—	3.1	2.0	3.1	1.9	(0.0)		
Average Exchange Rate (JPY)	US\$	110.2	109.3	107.0	109.0	110.0	1.0				
	Euro	130.9	121.6	121.5	129.8	130.0	0.2				
Year-end Dividend (JPY)	30	30	0	30	30	0					

Domestic Sales Forecast

Domestic Sales

In addition to stable revenue from spare parts & repair fees, sales are expected to increase due to our strengthened sales promotion of large-sized machinery & smart farming machinery that respond to the structural changes in agriculture as well as after-sales services & support

(JPY bn)		FY2018/12	FY2019/12	FY2020/12	FY2021/12	FY2022/12	YoY Change
		Actual	Actual	Actual	Actual	Forecast	
Agricultural Machinery Related	Agricultural Machinery	56.5	53.0	48.6	49.6	51.6	1.9
	Farming Implements	20.2	20.0	20.4	22.0	21.4	(0.6)
	Spare Parts	14.8	15.0	15.6	15.3	15.7	0.3
	Repair Fees	5.5	5.7	5.8	5.9	6.2	0.2
	Subtotal	40.6	40.8	42.0	43.3	43.3	(0.0)
Total		97.1	93.8	90.6	93.0	94.9	1.8
Construction of Facilities		5.6	4.5	6.1	4.2	4.4	0.1
Others		19.9	19.3	19.1	20.1	19.7	(0.4)
Total		122.8	117.7	115.9	117.3	119.0	1.6

Overseas Sales Forecast

Overseas Sales

Sales increased owing to a growing market demand driven by lifestyle changes in North America & Europe

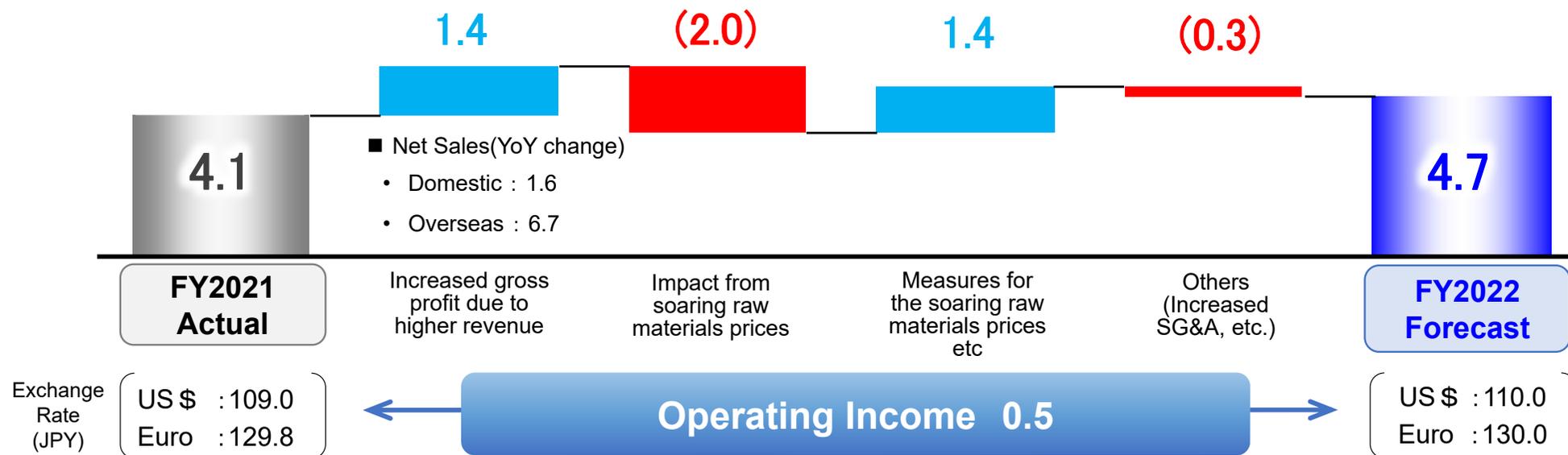
(JPY bn)	FY2018/12 Actual	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Actual	FY2022/12 Forecast	YoY Change
North America	11.5	13.2	12.8	15.1	18.8	3.6
Europe	13.8	12.8	13.9	15.9	17.4	1.4
Asia	7.3	5.5	6.2	9.1	10.8	1.6
Others	0.4	0.5	0.3	0.5	0.5	0.0
Total Sales	33.1	32.1	33.3	40.7	47.5	6.7

Main Factors for Changes in Operating Profit Forecast

YoY
JPY 5.0billion

Increase in gross profit due to higher sales due to our structural reforms and efforts to improve management efficiency, in spite of pressure on earnings due to the sharp rise in raw material prices

(JPY bn, %)	FY2020/ 12		FY2021/ 12		FY2022/ 12		YoY Change	
	Actual	%	Actual	%	Forecast	%	Diff.	%
Operating Income	2.0	1.4	4.1	2.6	4.7	2.8	0.5	0.2



4. Progress of Mid-term Management Plan

(Corporate Philosophy)

We strive to contribute to the creation the prosperous and sustainable society through "providing innovative products and higher quality of services to the customers"

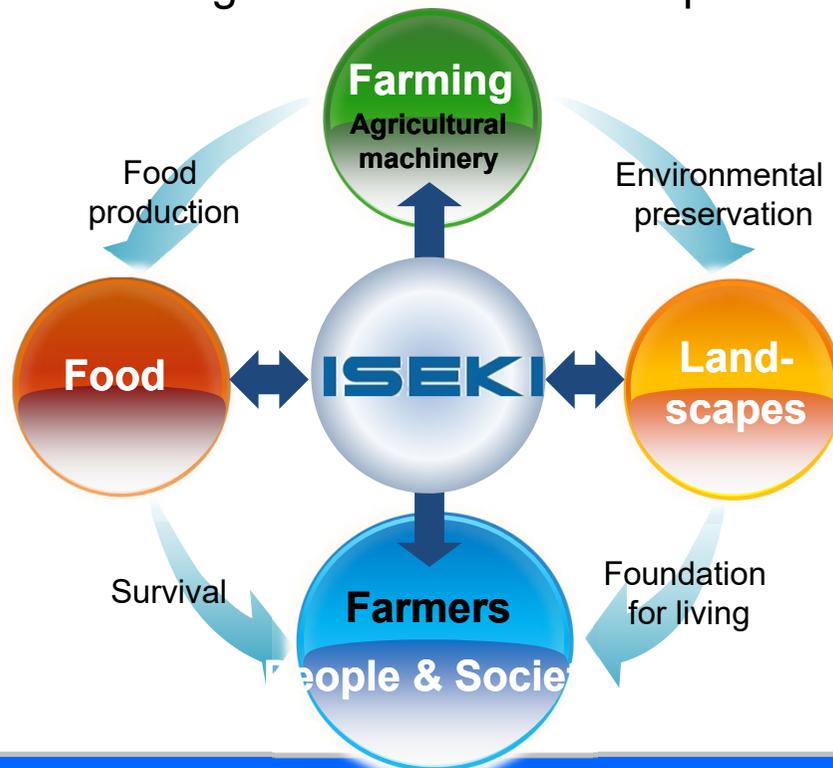
(Long-Term Vision)
To be solution provider for
"Agriculture and landscape"

~Founding Philosophy~
To free farmers from exhausting labor

(Long-term Vision)

To be solution provider for "Agriculture and landscape"

Supporting "the farming full of dreams" and "beautiful landscapes, Creating the sustainable future of "Agriculture and Landscape"



SDGs to be realized by the ISEKI Group through its business

Toward realization of a sustainable society

- ✓ Supporting resilient agriculture
- ✓ Landscaping for livable villages and towns
- ✓ Environmental conservation for a recycling-oriented society



(Positioning of the plan)

ISEKI's 100th anniversary in 2025—laying the foundations for the next 100 years

(Basic strategies)

1 Providing the best solutions

- We will focus on providing not only products but also services from tangible to intangible.

(Targets)

Customers

2 Increasing corporate value by strengthening profitability and governance

- We will make profitable corporate structure that can surely raise profits beyond sales ups and downs

Employees,
shareholders,
suppliers

Points of the Basic Strategies

■ Direction of the basic strategies and initiatives

Providing the best solutions

Focus on providing services in addition to products in a transition from products to services.

Selection & concentration

Resource concentration

- Product development and sales strategy integrating domestic, overseas, and development & production

Business model transformation

Focus on service provision

- Promotion based on information (digital transformation)
- Adapt to the new normal
- Further increase revenue from maintenance

Increase corporate value by strengthening earnings and governance

Transformation to a muscular structure that can reliably generate earnings without being affected by sales

Improving profitability

Toward an operating margin of 5%

- Structural reform through the establishment of an optimal production system
- Improve management efficiency from the perspective of group-wide optimization
- Financial and capital strategies

ESG

Meaning of our existence Pursuit of sustainability

- Strengthen initiatives by reviewing ESG materiality and contribute to the SDGs

- Perspective according to business
- Introduction of an in-house company system

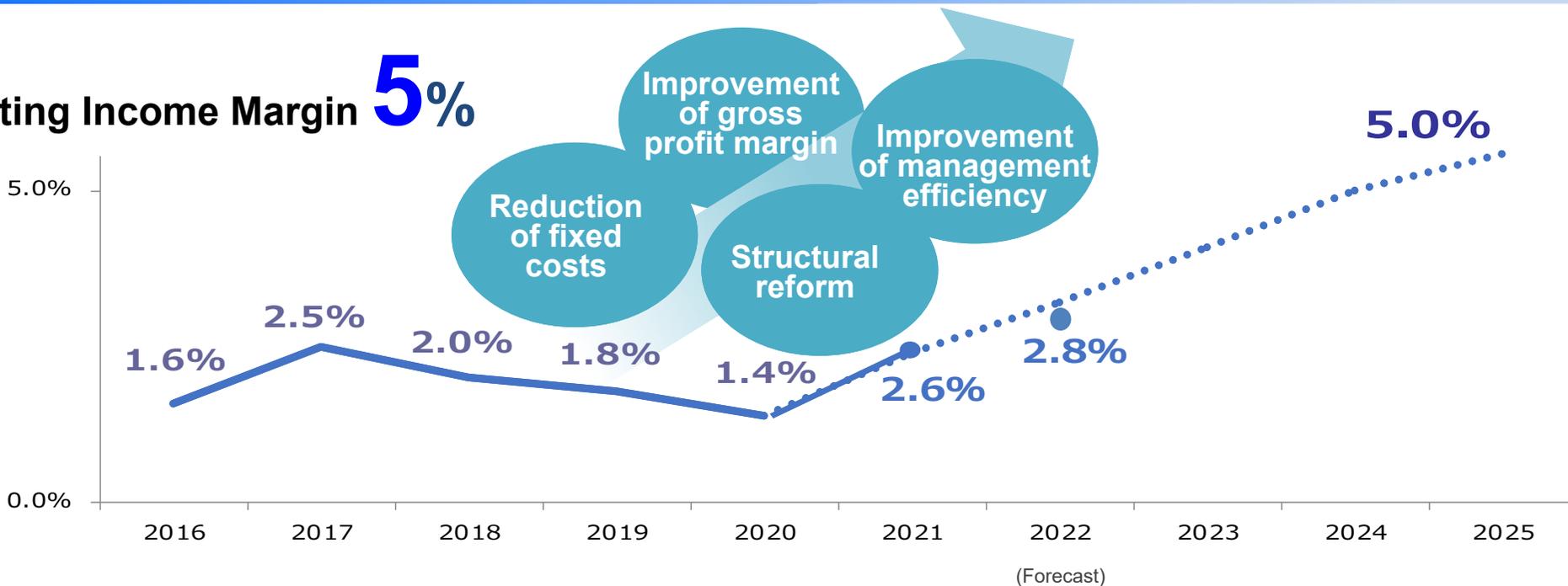
} Visualization of unprofitable businesses

- Full utilization of personnel throughout the group ⇒ Optimal allocation of personnel

Progress of Mid-Term Management Plan (Summary)



Operating Income Margin **5%**



Providing the best solutions

Domestic: Despite the impact of demand fluctuations, measures were implemented almost as planned.
Overseas: Demand increased significantly and exceeded the plan.

Strengthening profitability and governance

Improved profitability: Occurrence of issues and risks that were not initially anticipated.
Production impacted by supply chain disruptions, soaring raw material prices, etc.
⇒ Effects of the measures for soaring raw material prices are expected to be visible from the second half of 2022

Progress of Mid-Term Management Plan



1. Providing the Best Solutions <<Selection & Concentration / Domestic>>

Important measures	Progress
<p>✓ Expand large-scale customers</p> <ul style="list-style-type: none"> • Increase sales of the All Japan series 	<ul style="list-style-type: none"> • 2021 results (units sold basis): 112% YoY Growth mainly of rice transplanters, but also in tractors and combine harvesters
<p>✓ Smart strategy</p> <ul style="list-style-type: none"> • Increase sales of smart agricultural machinery 	<ul style="list-style-type: none"> • Expanded the lineup of smart agricultural machinery <p>2021: Rice transplanters with straight-travel and turning assistance began operation for commercial use. Ratio of such products among 8-row class products sold rose to 60%</p> <p>2022: Launched 36, 50, and 60 hp tractors with straight-line travel assistance, following small-sized models (Mar.) Began selling robot rice transplanters (Feb.)</p>
<p>✓ Reform of revenue & cost structure</p> <ul style="list-style-type: none"> • Increase operating income margin of sales companies • Promote the development of large-scale bases 	<ul style="list-style-type: none"> • Revenue from work equipment, spare parts, and repairs remained steady. • Established "ISEKI Hokkaido Sorachi Chuo Sales Office," one of the Group's largest maintenance factories



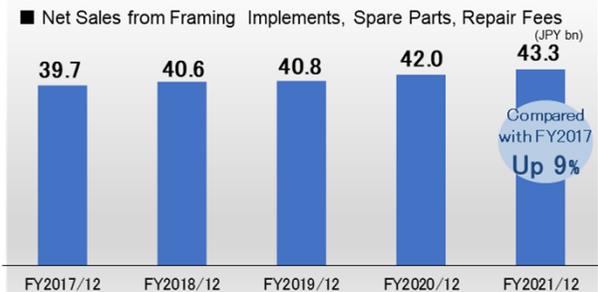
Large, 1,360 m2 maintenance plant for large-sized agricultural machinery

Progress of Mid-Term Management Plan

1. Providing the Best Solutions <<Selection & Concentration / Overseas>>

Important measures	Progress
<p>✓ North America</p> <ul style="list-style-type: none"> Support development of AGCO's brand strategy 	<p>Improved environmental performance by installing ISEKI's in-house engines</p> <ul style="list-style-type: none"> Strong sales of models equipped with ISEKI's engines 
<p>✓ Europe</p> <ul style="list-style-type: none"> Enhance products through electrification 	<ul style="list-style-type: none"> 2022: Limited sales of small-sized electric tractors (mowers) (mass production is scheduled to start by 2024)
<p>✓ Asia</p> <ul style="list-style-type: none"> Build a foundation with IST as the starting point Launch large-sized, high-performance agricultural machinery 	<ul style="list-style-type: none"> The plan was not achieved in the first year of consolidation. The foundation will be further strengthened. In South Korea, sales of large combine harvesters are robust. Sales of tractors and rice transplanters are also provided. 

1. Providing the Best Solutions <<Business Model Transformation>>

Important measures	Progress												
<p>✓ Digital transformation, responding to the new normal</p> <ul style="list-style-type: none"> • Improve service capability 	<ul style="list-style-type: none"> • Opened Agricultural Business Solutions Portal Site “Amoni” • Virtual demonstrations • Introduced “i-Magazine,” a support tool for centralized service information management 												
<p>✓ Ancillary services</p> <ul style="list-style-type: none"> • Domestic: Expand parts, repair fees, and farming implements • Overseas: Establish parts and service business 	<ul style="list-style-type: none"> • Steady growth (¥43.3 billion: 109% compared with 2017) • Thailand: Strengthened dealer sales and service support through IST ⇒ Parts sales increased 107% YoY <div data-bbox="1547 906 2145 1198">  <table border="1"> <caption>Net Sales from Framing Implements, Spare Parts, Repair Fees (JPY bn)</caption> <thead> <tr> <th>Fiscal Year</th> <th>Net Sales (JPY bn)</th> </tr> </thead> <tbody> <tr> <td>FY2017/12</td> <td>39.7</td> </tr> <tr> <td>FY2018/12</td> <td>40.6</td> </tr> <tr> <td>FY2019/12</td> <td>40.8</td> </tr> <tr> <td>FY2020/12</td> <td>42.0</td> </tr> <tr> <td>FY2021/12</td> <td>43.3</td> </tr> </tbody> </table> </div>	Fiscal Year	Net Sales (JPY bn)	FY2017/12	39.7	FY2018/12	40.6	FY2019/12	40.8	FY2020/12	42.0	FY2021/12	43.3
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Progress of Mid-Term Management Plan



2. Strengthen profitability and governance to increase corporate value <<Improve profitability>>

Important measures	Progress
<p>✓ Structural reforms & improvement of management efficiency</p> <ul style="list-style-type: none"> • Create the optimal production system • Improve business and management efficiency 	<ul style="list-style-type: none"> • Consolidated production engineering departments and subcontracting management operations of manufacturing plants at headquarters • Reviewed domestic/external production classification (from 2022) / plan to reorganize production classification (from 2023) • Expanded overseas production bases (started expanding the Indonesia plant in 2022) ⇒ Expanded production capacity • Implemented shared services and centralized management of suppliers (centralized purchasing), reduced fixed costs
<p>✓ Financial & capital strategy</p> <ul style="list-style-type: none"> • Generate cash flows • Capital investment (within the scope of depreciation) • Reduce interest-bearing liabilities • Shareholder returns 	<ul style="list-style-type: none"> • Operating CF of ¥14.2 billion / 5-year cumulative target of ¥60.0 billion through increased revenue and inventory reduction • Capital investment (acquisition of fixed assets): ¥5.5 billion, depreciation: ¥6.5 billion • Interest-bearing liabilities decreased ¥7.1 billion due to favorable FCF, etc. D/E ratio of 0.9 times • Plan to resume dividend payment (¥30 per share)

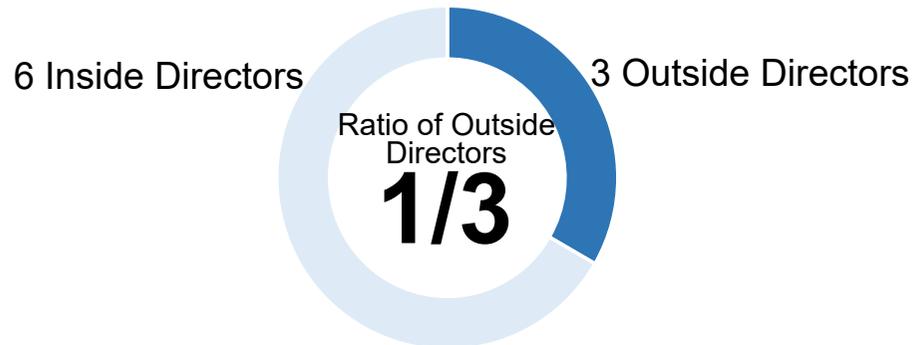
Progress of Mid-Term Management Plan



2. Strengthen profitability and governance to increase corporate value <<ESG>>

Important measures	Progress
<p>✓ Environment (E): Conservation</p> <ul style="list-style-type: none"> • Increase sales of environment-friendly designs (eco products) • Promote environmental management (reduce environmental impact) 	<ul style="list-style-type: none"> • Reviewing the medium- to long-term environmental targets; new target are to be announced in 2022 • Ratio of eco-products in domestic sales: 39.8% (2021: units sold basis) • Reduced CO₂ emissions in production activities by 18.7% (compared to 2013)
<p>✓ Society (S): Improve brand value</p> <ul style="list-style-type: none"> • Supply chain management 	<ul style="list-style-type: none"> • Revised the CSR procurement guidelines, conducted a CSR procurement survey
<p>✓ Society (S): Enhance engagement</p> <ul style="list-style-type: none"> • Enhance employee engagement 	<ul style="list-style-type: none"> • Introduced a telecommuting system and regional limited employee system • Enhanced engagement by promoting health management
<p>✓ Corporate governance (G): Increase corporate value</p> <ul style="list-style-type: none"> • Strengthen ESG framework 	<ul style="list-style-type: none"> • Increased the ratio of Outside Directors (aiming for 1/3) *Subject to approval at the Ordinary General Meeting of Shareholders scheduled for March 2022 • Introduced a performance-linked stock compensation plan • Established the Sustainability Committee and the Green Innovation Promotion Section

<<Ratio of Outside Directors in the New Board of Directors>>



<<New Representative Director>>

Hajime Odagiri

Representative Director & Senior Corporate Executive Officer
General Division Manager, Development & Production Division

⇒Rejuvenate the Company through a generational change and strengthen the management structure

<<Introduced a performance-linked stock compensation plan>>

- ✓ Composed of basic remuneration, performance-linked and evaluation remuneration, and performance-linked stock-based remuneration
- ⇒ Clarify the link between the remuneration of management and business performance, including over the medium and long term, and shareholder value, and make the remuneration system function as a sound incentive.

Subject to approval at the Ordinary General Meeting of Shareholders scheduled for March 30, 2022

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.



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”.

食から日本を考える。

**NIPPON
FOOD
SHIFT**