

STRONG MARKETS, SOUND STRATEGY PACE RECORD YEAR

In any number of ways, 2021 was a year of dramatic achievement. It was a year in which John Deere reported outstanding financial results while facing major supply-chain issues and the lingering effects of a global pandemic.

Among our accomplishments, we kept our operations running, employees safe, and customers served. We added to our innovative product line by introducing new models featuring the latest technology and advanced features. The business model launched in 2020 yielded impressive results. And we made further investments to help our operations be more profitable, more focused, and more sustainable.

Demand for products of most types and sizes, across virtually all businesses and regions, was at its strongest level in many years. Sales and earnings were the highest in company history, and profitability in relation to sales was the best in modern times.

Net income for fiscal 2021 rose to \$5.96 billion, versus \$2.75 billion in the prior year. Net sales and revenues rose 24 percent to \$44.02 billion. The company's financial performance allowed it to make further investments in advanced products, technologies, and growth-oriented projects. For the year, Deere devoted \$2.5 billion to research and development and capital expenditures.

Additionally, \$3.6 billion was returned to investors through dividends and share repurchases. The quarterly dividend rate on Deere stock was increased twice during the year by a total of 38 percent, while shareholders realized a total return of 53 percent on their investment.

Late in the year, Deere's UAW-represented employees went on strike, affecting operations at many U.S. factories. The five-week work stoppage was resolved with ratification of a contract that we believe serves the interests of all parties. Other operations, including all those outside the U.S., were not significantly affected and critical customer needs continued to be met.

Unless indicated otherwise, all capitalized names of products and services are trademarks or service marks of Deere & Company.

Chairman and
CEO John May



DIVISION PERFORMANCE MOVES HIGHER

A reflection of healthy markets and the broad appeal of John Deere products, sales for all three of our equipment divisions jumped by 27 percent.

Operating profit for our largest business – Production & Precision Agriculture – rose 69 percent to \$3.33 billion. The division benefited from the success of new products such as large tractors, sprayers, and combines. Customers continued to respond positively to products featuring the latest in high-value precision technologies.

Profit for Small Agriculture & Turf more than doubled to \$2.05 billion, also reflecting positive consumer sentiment and the success of new products. Notably, Small Ag & Turf had the highest return on assets of any Deere business.

Construction & Forestry operations established new highs in sales and profit, benefiting from vibrant markets for earthmoving, forestry, and roadbuilding equipment. Helping the division were higher sales of utility and production loaders, dump trucks, and compact equipment.

Deere's financial-services unit made a substantial contribution to company earnings with net income rising 56 percent to \$881 million. Roughly half of the new equipment sold by our dealers in 2021 was financed by the company. Credit quality remained strong, and the loan and lease portfolio finished the year near \$50 billion.





6R Series tractors have set standards for performance and precision ag technology. The new generation of 6R Series tractors features 14 models ranging from 110 to 250 hp.



The new CH9 Series sugar cane harvester boosts productivity by harvesting two rows of cane simultaneously.

SKILLFULLY MANAGING YEAR'S CHALLENGES

In the face of the ongoing threat of the coronavirus pandemic, Deere employees continued their efforts to make sure our factories and parts centers kept running and our dealers and customers got the products and services needed to maintain their operations. Within our facilities, we continued with the decisive steps initiated in 2020 to ensure healthful conditions. Many employees assigned to office locations continued working remotely.

Although a shortage of parts and components was a persistent issue, we worked closely with suppliers to keep our production lines moving and avoid widespread factory interruptions.

At the same time, our dealer channel remained operational and continued to serve customers, making wide use of our digital tools. Remote diagnostic sessions between customers and dealers increased more than 35 percent.

To ensure Deere remains an employer of choice, the company announced enhancements in compensation, benefits, and work arrangements taking effect in 2022 for salaried personnel. What's more, the collective-bargaining agreement approved by our UAW-represented employees is widely viewed as setting a new standard for wage roles in our industries.

STRATEGY MAKING IMPACT

Based on Deere's performance over the past year and momentum being built for the future, it's clear our smart industrial strategy is off to a strong start and working as designed. Not only has our company achieved higher profit and profitability based in large part on changes driven by the new strategy, we also gained customers and made further technological breakthroughs.

As the strategy's centerpiece, operations were reorganized by production systems rather than by discrete products and regions. This is helping us gain a richer understanding of how our customers work. We also combined our technology resources under a chief technology officer, adding speed and efficiency to the development of innovations and products. Our focus on lifecycle solutions led to higher parts sales – which increased to \$7.8 billion – and is keeping customers connected with their



▶ New 9500 and 9600 self-propelled forage harvesters feature a powerful HarvestMotion 18.0L engine that improves the harvesting process and forage quality.



▶ New Z500 Series ZTrak mowers put a new spin on cutting grass. The mowers offer innovative roll-over protection and improved comfort and styling, as well as increased performance.

dealers. Further, by lowering structural costs, the smart industrial redesign process has had a major impact on profit margins, which shot to 17 percent (operating profit/net sales) last year.

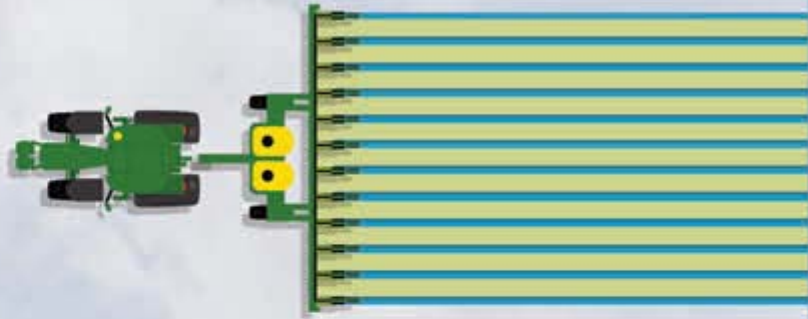
During the year, Deere made a number of investments in support of its strategy. Included was the purchase of a technology startup that specializes in adding autonomous features to existing machines and an investment in a new company dedicated to clean-engine technology. Deere also acquired a company whose advanced software helps farmers measure profit at the field level.

In another strategic action, the company announced the end of its 30-year joint venture with Hitachi for the manufacture of hydraulic excavators. As a result, Deere will take full ownership of factories in the U.S. (North Carolina), Brazil, and Canada. The move is expected to strengthen Deere's position in the excavator market and improve the financial performance of that part of our business.

In the coming year, the company plans to build on the smart industrial strategy by putting more focus on vehicle automation and autonomy, electrification, connectivity, and sustainability.

SETTING PACE IN INNOVATION

A Deere hallmark, product innovation made further strides in 2021 and earned additional recognition. A noted group of U.S. agricultural and biological engineers honored six products for their innovative design including our



The new AutoPath precision ag application is helping farmers more accurately document and follow the right path throughout the season.

high-capacity X9 combine, new two-row sugar cane harvester, and an intelligent liquid-fertilizer system that cuts down on chemical use. In addition, the John Deere X9 combine was recognized in the robotics category at the 2021 Consumer Electronics Show and saluted for innovative design by two leading international design firms.

During the year, Deere introduced two new self-propelled forage harvesters, powered by a new 18-liter John Deere engine. Other products making their debut included a line of more productive, fuel-efficient cotton harvesters, updated midsize and four-wheel-drive tractors, and a series of zero-turn commercial mowers that highlighted the company's 25th anniversary of offering zero-turn products.

Precision agriculture made further strides as more customers embraced its productivity-enhancing benefits. Sales grew for popular features that guide machines in the field and plant seeds and apply chemicals with exceptional accuracy. The first sprayers using camera technology to distinguish weeds from fallow ground came to market, resulting in far



See & Spray Select advanced spraying technology changes the game in application with its introduction on R400 and 600 Series sprayers. This spraying technology helps farmers minimize input costs by spraying only weeds when they are detected, applying up to 70% less herbicide on average.

less herbicide consumption. The John Deere Operations Center gained further popularity with customers, ending the year with more than 300 million acres of production data worldwide.

During the year, precision-technology features were added to compact track loaders and excavators, allowing operators to complete jobs with greater speed and precision. Also, enhancements were made to the company's largest dozers that improve durability and performance. The Wirtgen roadbuilding unit launched new crushers.

RESPONSIBLE CITIZENSHIP A DEERE TRADITION

Wherever we operate, Deere is dedicated to sharing with others and being a responsible corporate citizen. Charitable contributions from the company and its foundation reached \$42.5 million in 2021, a 16-percent increase over the prior year. Significant donations were made to groups that promote youth leadership and career success through agricultural education, strengthen support of black farmers, and expand sustainable agricultural practices in Brazil.

The Deere Foundation announced plans to invest \$200 million over the next decade in initiatives supporting the company's values and higher purpose, with approximately half of that amount directed to families and youth in Deere's home communities. Deere typically supplements foundation giving and is committed to making charitable contributions equal to one percent of net income over time.

As in past years, Deere employees supported their communities through extensive volunteer efforts, logging some 124,000 volunteer hours in 2021, a slight increase over the prior year.

Several developments highlighted our commitment to a fairer, more equitable society and diversity and inclusion. Among them, Deere continued its support of the LEAP coalition, a group that primarily helps black farmers secure clear title to their land. LEAP has received wide public recognition and is one of the company's highest-profile efforts in support of racial equity. In another example, Deere issued \$600 million of debt in a transaction managed by minority, female, and veteran-owned firms. It is believed to be only the second time a U.S. company has used diverse underwriters exclusively on a corporate bond sale.

Wirtgen Group machines deliver a complete end-to-end roadbuilding solution. As part of a paving "train," these machines – Wirtgen CR-series cold recycler, Vögele asphalt paver and Hamm roller – are capable of in-place cold recycling of road pavements in a single pass. This process cuts down on the amount of material used and transported, lowering CO² emissions, and contributes to reduced costs and construction times.





The 333 SmartGrade compact track loader is the first compact machine to feature fully integrated 3D grade-control technology. It touts more power and increased lift height, reach, stability, and breakout force — for more productivity and uptime, at a lower operating cost.



Deere earned further accolades in 2021 for its record of responsible citizenship. Fast Company magazine recognized Deere’s work with small farmers with an award for corporate social responsibility. For a fourth time, Deere was honored for social innovation by the American Innovation Index Awards, which focuses on corporate activities and products benefiting society. Deere also appeared in prominent listings of best employers, won recognition for having one of the world’s most valuable brands, and was cited for a 14th time for its commitment to advancing business integrity.

EMBRACING A PROMISING FUTURE

Looking ahead, we believe 2022 holds a great deal of promise. Agricultural fundamentals are positive, customer confidence is running high, and infrastructure spending is set to rise. These factors are fueling further optimism in the agricultural and construction sectors. Deere’s performance also should benefit from a more efficient organizational structure and more-focused business lineup. At the same time, supply-chain pressures are expected to remain a challenge and the coronavirus is becoming a chronic issue.

All in all, my optimism about Deere’s future has never burned brighter. We’re part of a great company that does great things. Market conditions rarely have been better, and our product lineup has never been stronger. What’s more, we have

a winning formula in the smart industrial strategy. By taking our performance to new levels, it means great things for our customers, employees, investors, and others who have a stake in our well-being. And these benefits are likely to extend many years into the future.

As a final word, we pay tribute to our more than 75,000 employees and others throughout the world whose efforts made 2021 such a successful year. To them all, we express heartfelt thanks.

On behalf of the John Deere team,

Chairman & Chief Executive Officer
December 16, 2021