

# **Supplementary Information to Consolidated Financial Results**

**(January 1, 2023 – December 31, 2023)**

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**ISEKI & CO., LTD.**

**February 14, 2024**

1. Outline of Financial Results for the Fiscal Year Ended December 31, 2023
2. Performance Forecast for the Fiscal Year Ending December 31, 2024



**Solution Provider**

for Agriculture & Landscape

# 1. Outline of Financial Results for the Fiscal Year Ended December 31, 2023



## <Financial Results for the FY Ended Dec. 2023>

**Sales increased and operating income decreased year on year. Overseas sales hit a record high for the third consecutive year. Year-end dividend: 30 yen per share**

**Domestic:** Sales rose partially due to increases in maintenance revenues and construction of facilities

**Overseas:** Sales hit a record high. Sales increased mainly in Europe.

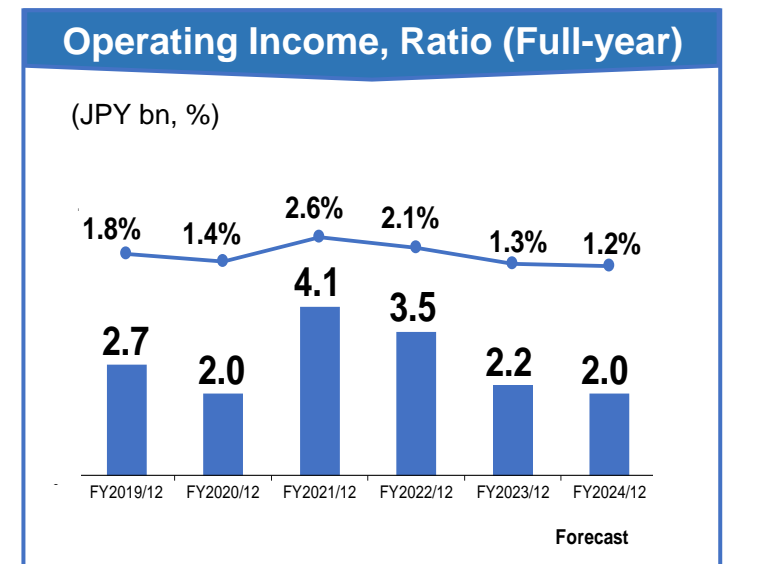
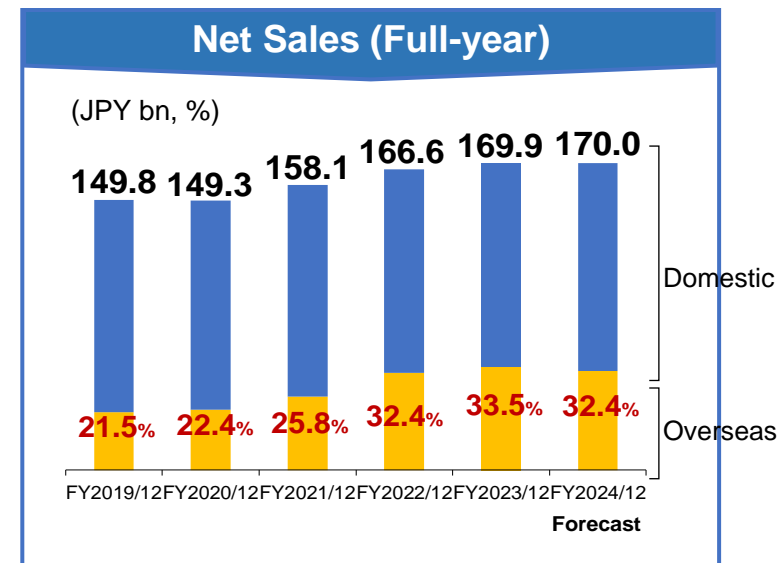
**Earnings:** Gross profit increased mainly due to the effect of price revisions, but operating income decreased due to higher SG&A expenses

## <Forecast for the FY Ending Dec. 2024>

**Net sales will remain flat, and operating income will decrease**  
**Year-end dividend: 30 yen per share**

**Net sales:** Overseas, there will be temporary inventory adjustment in Korea, but it will be covered by an increase in domestic sales

**Profits:** Net sales will be almost flat, but operating income will decrease due to higher SG&A expenses



# Outline of Consolidated Business Performance

(January 1, 2023 to December 31, 2023)

(JPY bn, %)

		FY2019/12	FY2020/12	FY2021/12	FY2022/12	FY2023/12	YoY Change	Diff. (Target /Actual)*
		Actual	Actual	Actual	Actual	Actual		
Net Sales		149.8	149.3	158.1	166.6	<b>169.9</b>	3.2	0.9
(Domestic)		117.7	115.9	117.3	112.6	<b>113.0</b>	0.4	(0.9)
(Overseas)		32.1	33.3	40.7	53.9	<b>56.8</b>	2.8	1.8
Gross Profit		44.5	43.4	46.8	49.8	<b>50.3</b>	0.4	
Gross Profit Margin		29.7%	29.1%	29.6%	29.9%	<b>29.6%</b>	(0.3)%	
Operating Income		2.7	2.0	4.1	3.5	<b>2.2</b>	(1.2)	(0.2)
Operating Margin		1.8%	1.4%	2.6%	2.1%	<b>1.3%</b>	(0.8)%	(0.2)%
Ordinary Income		1.1	1.7	4.6	3.7	<b>2.0</b>	(1.6)	(0.2)
Profit (Loss) Attributable to Owners of Parent		0.7	(5.6)	3.1	4.1	<b>0.0</b>	(4.0)	(0.4)
Average Exchange Rate (JPY)								
US\$		109.3	107.0	109.0	131.3	<b>139.4</b>	8.1	0.1
Euro		121.6	121.5	129.8	136.9	<b>148.6</b>	11.7	0.3

\* Difference from the forecast announced on 14th November 2023

YoY  
JPY0.4 billion  
increase

**Sales increased due to growth in maintenance revenues and construction of facilities, despite lower sales of agricultural machinery**

(JPY bn)		FY2019/12	FY2020/12	FY2021/12	FY2022/12	FY2023/12	YoY Change	Diff. (Target /Actual)*
		Actual	Actual	Actual	Actual	Actual		
Agricultural Machinery Related	Agricultural Machinery							
	Cultivating & Mowing Machinery	25.3	22.8	23.9	22.9	22.0	(0.8)	
	Planting Machinery	9.0	8.8	9.0	7.9	7.2	(0.6)	
	Harvesting & Processing Machinery	18.5	16.8	16.6	16.0	15.7	(0.3)	
	Subtotal	53.0	48.6	49.6	46.9	45.0	(1.8)	(0.5)
Agricultural Machinery Related	Farming Implements	20.0	20.4	22.0	20.5	20.4	0.0	(0.4)
	Spare Parts	15.0	15.6	15.3	15.6	16.0	0.3	0.0
	Repair Fees	5.7	5.8	5.9	5.8	6.0	0.1	0.0
	Subtotal	40.8	42.0	43.3	42.0	42.5	0.4	(0.3)
	Total	93.8	90.6	93.0	88.9	87.5	(1.3)	(0.9)
	Construction of Facilities	4.5	6.1	4.2	4.3	5.5	1.1	0.0
	Others	19.3	19.1	20.1	19.3	19.9	0.6	0.0
	Total	117.7	115.9	117.3	112.6	113.0	0.4	(0.9)

## Main factors of YoY changes

- ✓ Demand remained weak, and sales in agricultural machinery decreased
- ✓ Maintenance revenues (spare parts sales and repair fee revenues) grew, which are a pillar in reform of revenue and cost structure
- ✓ Construction of facilities increased due to large-scale construction

\* Difference from the forecast announced on 14th November 2023

YoY  
JPY2.8 billion  
increase

**Sales hit a record high for the third consecutive year. Sales increased mainly in Europe.**

(JPY bn)	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Actual	FY2022/12 Actual	FY2023/12 Actual	YoY Change	Diff. (Target /Actual)*
North America	13.2	12.8	15.1	19.5	14.2	(5.2)	0.2
Europe	12.8	13.9	15.9	25.1	33.2	8.1	1.2
Asia	5.5	6.2	9.1	8.6	8.1	(0.4)	0.3
Others	0.5	0.3	0.5	0.6	1.1	0.4	0.0
<b>Total sales</b>	<b>32.1</b>	<b>33.3</b>	<b>40.7</b>	<b>53.9</b>	<b>56.8</b>	<b>2.8</b>	<b>1.8</b>

## Main factors of YoY changes

- ✓ **North America:** Adjustment phase continued in compact tractors market, which led to decreased sales
- ✓ **Europe:** Sales increased due to firm demand from retailers even after the price hikes, as well as ISEKI Germany becoming a consolidated subsidiary in the second half of the previous fiscal year
- ✓ **Asia:** Sales decreased due to failure to cover a decline in shipments for Korea mainly because of falling rice prices, despite higher shipments of parts for production to China

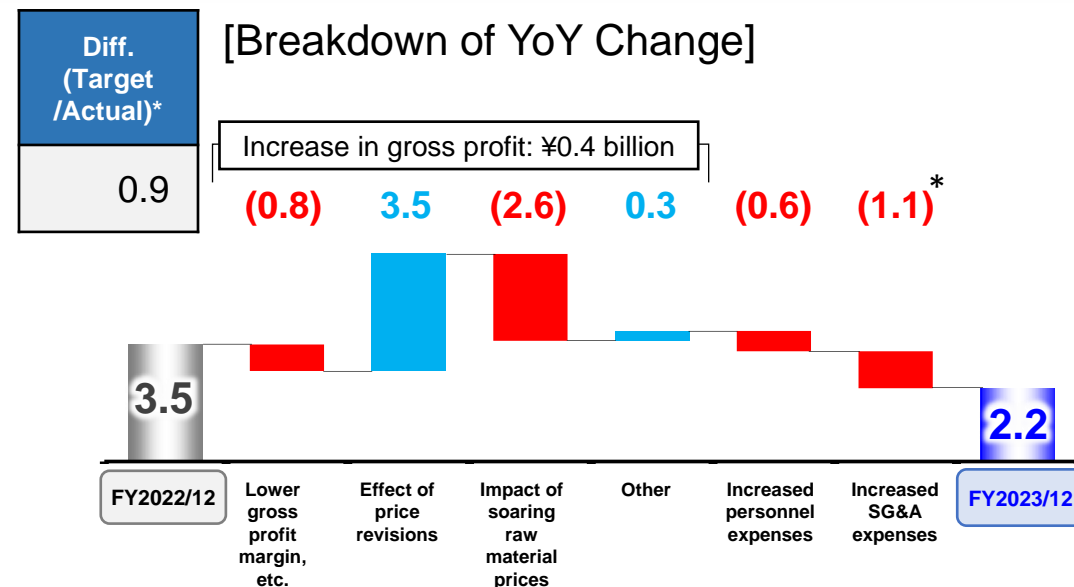
\* Difference from the forecast announced on 14th November 2023



YoY  
JPY1.2 billion  
decrease

**Gross profit increased mainly due to the effect of price revisions, but operating income decreased due to higher SG&A expenses**

(JPY bn, %)	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Actual	FY2022/12 Actual	FY2023/12 Actual	YoY Change
Net Sales	149.8	149.3	158.1	166.6	<b>169.9</b>	3.2
Gross Profit	44.5	43.4	46.8	49.8	<b>50.3</b>	0.4
Gross Profit Margin	29.7%	29.1%	29.6%	29.9%	<b>29.6%</b>	(0.3)%
SG&A Expenses	41.7	41.3	42.6	46.3	<b>48.1</b>	1.7
Personnel Expenses	24.6	25.1	25.2	26.4	<b>27.8</b>	1.4
Other Expenses	17.0	16.2	17.4	19.9	<b>20.2</b>	0.2
Operating Income	2.7	2.0	4.1	3.5	<b>2.2</b>	(1.2)
Operating Margin	1.8%	1.4%	2.6%	2.1%	<b>1.3%</b>	(0.8)%



**[Effect of FOREX Fluctuations (JPY bn)]**

	Net Sales	Cost of Sales	SG&A Expenses	Operating Income
(JPY bn)	3.1	(2.2)	(0.6)	0.3
(%)				(0.2)%

\* Difference from the forecast announced on 14th November 2023



# Ordinary Income & Profit

Ordinary income  
YoY  
JPY1.6 billion  
decrease

**Ordinary income: Financial expenses rose due to increased interest-bearing liabilities, despite an increase in foreign exchange gains.**

**Income before income taxes: Absence of extraordinary items in the same period of the previous year (The impact of ISEKI Germany becoming a consolidated subsidiary; a gain on change in equity related to a Chinese associate accounted for using the equity method; and impairment losses)**

(JPY bn)	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Actual	FY2022/12 Actual	FY2023/12 Actual	YoY Change
Operating Income	2.7	2.0	4.1	3.5	2.2	(1.2)
Balance of Financial Income	(0.7)	(0.6)	(0.6)	(0.7)	(1.4)	(0.7)
Other Non-operating Income	(0.8)	0.3	1.1	0.9	1.3	0.3
Ordinary Income	1.1	1.7	4.6	3.7	2.0	(1.6)
Extraordinary Income	0.5	0.6	0.0	3.3	0.0	(3.3)
Extraordinary Losses	(0.3)	(9.4)	(0.4)	(1.9)	(0.2)	1.6
Income Before Income Taxes	1.3	(7.1)	4.3	5.2	1.9	(3.3)
Income Taxes - Deferred	(0.5)	1.4	(1.1)	(1.1)	(1.8)	(0.7)
Profit (loss) Attributable to Owners of Parent	0.7	(5.6)	3.1	4.1	0.0	(4.0)

Diff. (Target /Actual)*
(0.2)

[Main Components of Other Non-operating Income]

(JPY bn)	FY2022/12 Actual	FY2023/12 Actual
Foreign exchange gains	0.6	0.9
Share of loss of entities accounted for using equity method	(0.5)	(0.5)

(0.2)
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[Main Components of Extraordinary Income/Losses]

(JPY bn)	FY2022/12 Actual	FY2023/12 Actual
Impact of ISEKI Germany becoming a consolidated subsidiary	0.7	-
Gain on change in equity (Dongfeng ISEKI in China)	2.5	-
Impairment loss	(1.7)	0.0

(0.4)
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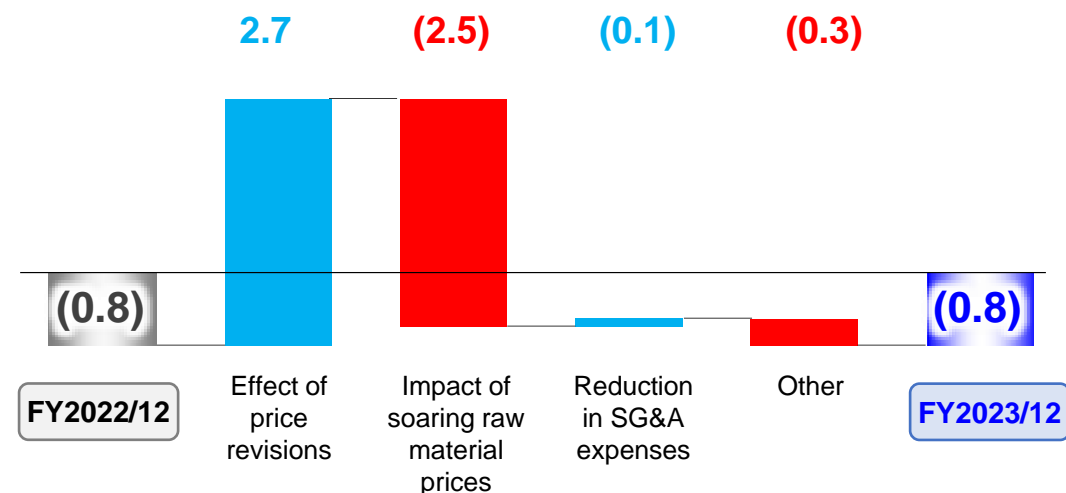
\* Difference from the forecast announced on 14th November 2023

Operating  
income YoY  
JPY0.0 billion  
change

**Operating income was at the same level as in the previous year partly due to price revisions, despite the continued impact of soaring raw material prices**

(JPY bn, %)	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Actual	FY2022/12 Actual	FY2023/12 Actual	YoY Change
Net Sales	90.0	79.2	91.7	97.4	<b>97.0</b>	(0.3)
Domestic	61.7	53.9	59.8	58.0	<b>60.3</b>	2.2
Overseas	28.2	25.2	31.9	39.3	<b>36.7</b>	(2.6)
Gross Profit	12.4	9.4	12.1	11.7	<b>11.6</b>	(0.1)
Gross Profit Margin	13.8%	11.9%	13.3%	12.0%	<b>12.0%</b>	0.0%
SG&A Expenses	11.4	10.7	11.3	12.5	<b>12.4</b>	(0.1)
Operating Income	0.9	(1.3)	0.8	(0.8)	<b>(0.8)</b>	0.0
Ordinary Income	2.2	(0.2)	3.8	1.2	<b>1.1</b>	(0.1)
Profit	1.5	(13.2)	2.9	(0.1)	<b>0.9</b>	1.0

[Breakdown of YoY Change]



## YoY Change

**Inventories increased due to lower sales of domestic agricultural machinery, as well as a build-up of inventories for Europe that were at a low level**

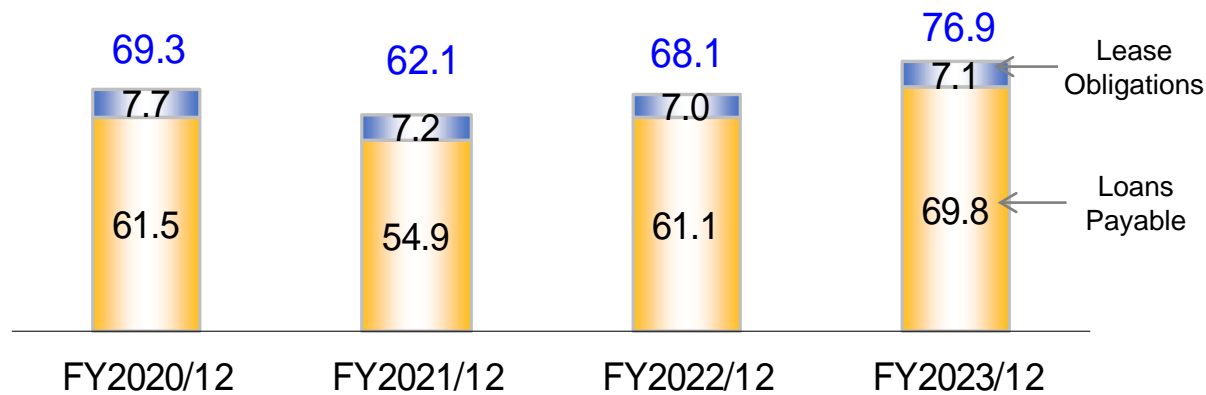
(JPY bn)	As of Dec. 31, 2022	As of Dec. 31, 2023	YoY Change		As of Dec. 31, 2022	As of Dec. 31, 2023	YoY Change
Cash & Deposits	10.7	<b>9.9</b>	(0.8)	Accounts Payable – Trade	45.4	<b>41.7</b>	(3.7)
Accounts Receivable – Trade	27.5	<b>26.9</b>	(0.6)	Interest-bearing Liabilities	68.1	<b>76.9</b>	8.7
Inventories	65.3	<b>72.8</b>	7.5	(Loans Payable)	61.1	<b>69.8</b>	8.7
(Merchandise & Finished Goods)	53.5	<b>62.0</b>	8.5	Other Liabilities	20.4	<b>24.2</b>	3.7
(Work in Progress)	10.3	<b>9.1</b>	(1.2)				
Other Current Assets	5.7	<b>5.6</b>	0.0				
<b>Total Current Assets</b>	<b>109.4</b>	<b>115.3</b>	<b>5.9</b>	<b>Total Liabilities</b>	<b>134.1</b>	<b>142.8</b>	<b>8.7</b>
Property, Plant and Equipment	83.9	<b>84.5</b>	0.6	Net Assets	72.3	<b>74.2</b>	1.8
Intangible Assets	2.3	<b>2.4</b>	0.1	(Retained Earnings)	21.1	<b>20.4</b>	(0.6)
Investments and Other Assets	10.8	<b>14.7</b>	3.8				
<b>Total Non-current Assets</b>	<b>97.0</b>	<b>101.7</b>	<b>4.7</b>				
<b>Total Assets</b>	<b>206.4</b>	<b>217.1</b>	<b>10.6</b>	<b>Total Liabilities and Net Assets</b>	<b>206.4</b>	<b>217.1</b>	<b>10.6</b>

Interest-bearing liabilities, equity, dividend

**Interest-bearing liabilities increased in line with the increase in inventories**  
**Year-end dividend to be 30 yen per share**

## 1. Interest-bearing liabilities & Equity

Balance of Interest-bearing Liabilities (JPY bn)



## 2. Dividend

(JPY)

	FY2022/12 Actual	FY2023/12 Plan
Year-end Dividend	30	30

D/E Ratio	1.1	0.9	0.9	1.0
Equity Ratio	32.4%	34.5%	32.9%	31.9%
Interest-bearing Liabilities (JPY bn)	69.3	62.1	68.1	76.9
Net Assets (JPY bn)	62.4	66.5	72.3	74.2

## Cash flows

**Cash flows from operating activities were ¥(2.4) billion due to an increase in inventories**

(JPY bn)	FY2019/12 Actual	FY2020/12 Actual	FY2021/12 Actual	FY2022/12 Actual	FY2023/12 Actual	YoY Change
<b>Cash flows from operating activities</b>	<b>10.5</b>	<b>9.6</b>	<b>14.2</b>	<b>(3.3)</b>	<b>(2.4)</b>	<b>0.9</b>
Profit before income taxes	1.3	(7.1)	4.3	5.2	1.9	(3.3)
Depreciation	6.8	6.9	6.5	6.1	5.6	(0.4)
Impairment loss, gain on bargain purchase, loss (gain) on step acquisitions, loss (gain) on change in equity	0.1	8.6	0.1	(1.5)	0.0	(1.5)
Decrease (increase) in trade receivables	3.5	(1.8)	0.4	(5.1)	1.2	6.3
Decrease (increase) in inventories	(0.7)	3.2	2.4	(11.4)	(6.3)	5.0
Increase (decrease) in trade payables	(1.8)	(0.8)	2.1	5.4	(4.5)	(9.9)
<b>Cash flows from investing activities</b>	<b>(7.1)</b>	<b>(5.1)</b>	<b>(2.0)</b>	<b>(2.9)</b>	<b>(5.4)</b>	<b>(2.4)</b>
Purchase of property, plant and equipment and intangible assets	(8.3)	(6.6)	(4.6)	(4.8)	(5.7)	(0.9)
<b>Free Cash Flow</b>	<b>3.4</b>	<b>4.5</b>	<b>12.1</b>	<b>(6.3)</b>	<b>(7.8)</b>	<b>(1.5)</b>
<b>Cash flows from financing activities</b>	<b>(2.3)</b>	<b>(2.1)</b>	<b>(8.3)</b>	<b>2.0</b>	<b>6.7</b>	<b>4.6</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>0.9</b>	<b>2.3</b>	<b>4.0</b>	<b>(4.1)</b>	<b>(0.8)</b>	<b>3.2</b>

## 2. Performance Forecast for the Fiscal Year Ending December 31, 2024





# Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2024

Consolidated  
Financial Results  
Forecasts

**Net sales will be almost flat, but operating income will decrease due to higher SG&A expenses. Year-end dividend: 30 yen per share**

(JPY bn, %)		FY2019/12	FY2020/12	FY2021/12	FY2022/12		FY2023/12		FY2024/12		YoY Change
		Actual	Actual	Actual	Actual	%	Actual	%	Forecast	%	
Net Sales		149.8	149.3	158.1	166.6	100.0	169.9	100.0	<b>170.0</b>	<b>100.0</b>	0.0
(Domestic)		117.7	115.9	117.3	112.6	67.6	113.0	66.5	<b>115.0</b>	<b>67.6</b>	1.9
(Overseas)		32.1	33.3	40.7	53.9	32.4	56.8	33.5	<b>55.0</b>	<b>32.4</b>	(1.8)
Operating Income		2.7	2.0	4.1	3.5	2.1	2.2	1.3	<b>2.0</b>	<b>1.2</b>	(0.2)
Ordinary Income		1.1	1.7	4.6	3.7	2.3	2.0	1.2	<b>1.0</b>	<b>0.6</b>	(1.0)
Profit (loss) Attributable to Owners of Parent		0.7	(5.6)	3.1	4.1	2.5	0.0	0.0	<b>0.4</b>	<b>0.2</b>	0.3
Average Exchange Rate (JPY)	US\$	109.3	107.0	109.0	131.3		139.4		<b>140.0</b>		0.6
	Euro	121.6	121.5	129.8	136.9		148.6		<b>150.0</b>		1.4
Year-end Dividend (JPY)		30	0	30	30		30		<b>30</b>		—



# Domestic Sales Forecast

## Domestic Sales

Sales are expected to increase due to higher sales of large-sized machinery, the effect of introducing new products, and the effect of price revisions

(JPY bn)		FY2019/12	FY2020/12	FY2021/12	FY2022/12	FY2023/12	FY2024/12	YoY Change
		Actual	Actual	Actual	Actual	Actual	Forecast	
Agricultural Machinery Related	Agricultural Machinery	53.0	48.6	49.6	46.9	45.0	46.0	0.9
	Faming Implements	20.0	20.4	22.0	20.5	20.4	21.0	0.5
	Spare Parts	15.0	15.6	15.3	15.6	16.0	16.4	0.3
	Repair Fees	5.7	5.8	5.9	5.8	6.0	6.3	0.2
	Subtotal	40.8	42.0	43.3	42.0	42.5	43.7	1.1
	Total	93.8	90.6	93.0	88.9	87.5	89.7	2.1
	Construction of Facilities	4.5	6.1	4.2	4.3	5.5	5.3	(0.2)
	Others	19.3	19.1	20.1	19.3	19.9	20.0	0.0
	Total	117.7	115.9	117.3	112.6	113.0	115.0	1.9

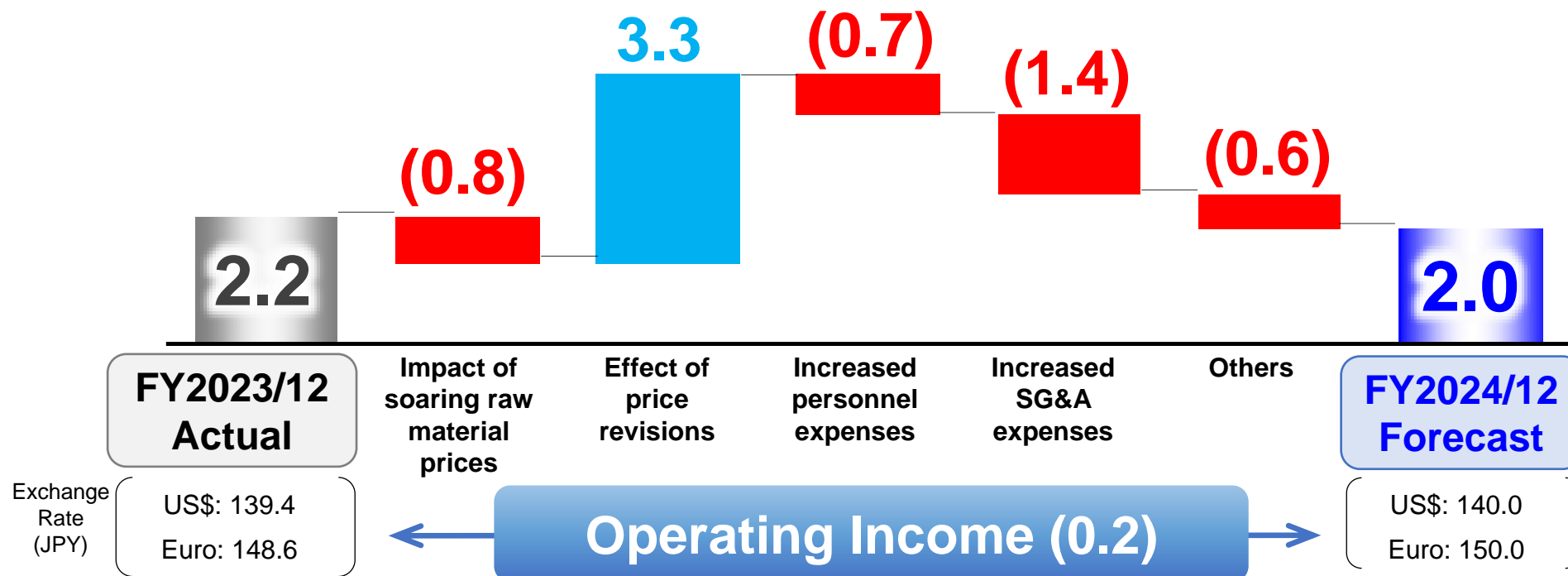
## Overseas Sales

Sales in North America will increase primarily due to the effect of price increase and promotion measures and sales in Europe will remain strong, but in Asia, there will be temporary inventory adjustment at Korean local agents; sales as a whole are expected to decrease

(JPY bn, %)	FY2019/12	FY2020/12	FY2021/12	FY2022/12	FY2023/12	FY2024/12	YoY Change
	Actual	Actual	Actual	Actual	Actual	Forecast	
North America	13.2	12.8	15.1	19.5	14.2	<b>16.0</b>	1.7
Europe	12.8	13.9	15.9	25.1	33.2	<b>32.0</b>	(1.2)
Asia	5.5	6.2	9.1	8.6	8.1	<b>6.4</b>	(1.7)
Others	0.5	0.3	0.5	0.6	1.1	<b>0.6</b>	(0.5)
Total Sales	32.1	33.3	40.7	53.9	56.8	<b>55.0</b>	(1.8)

**YoY JPY(0.2) billion** Gross profit will increase due to the effect of price revisions, but operating income is expected to decrease due to higher SG&A expenses

(JPY bn, %)	FY2022/12		FY2023/12		FY2024/12		YoY Change	
	Actual	%	Actual	%	Actual	%	Actual	%
Operating Income	3.5	2.1	2.2	1.3	<b>2.0</b>	<b>1.2</b>	(0.2)	(0.1)%



- 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**