



Supplementary Information to Consolidated Financial Results

(January 1, 2024 – June 30, 2024)

ISEKI & CO., LTD.

August 9, 2024

- 1. Outline of Financial Results for the Second Quarter
Fiscal Year Ending December 31, 2024**
- 2. Performance Forecast for the Fiscal Year Ending
December 31, 2024**

1 . Outline of Financial Results for the Second Quarter Fiscal Year Ending December 31, 2024

Key Points

<Second Quarter Financial Results>

Both sales and operating income decreased despite overseas growth

Results were higher than last year's 2Q on a quarterly basis

Overseas: Continued growth in Europe
Net sales reaching a new record high

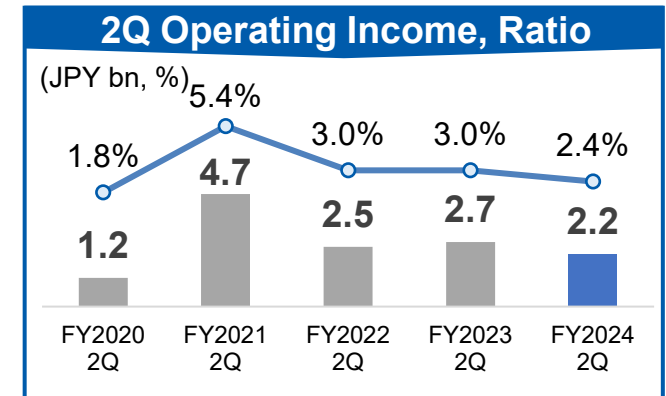
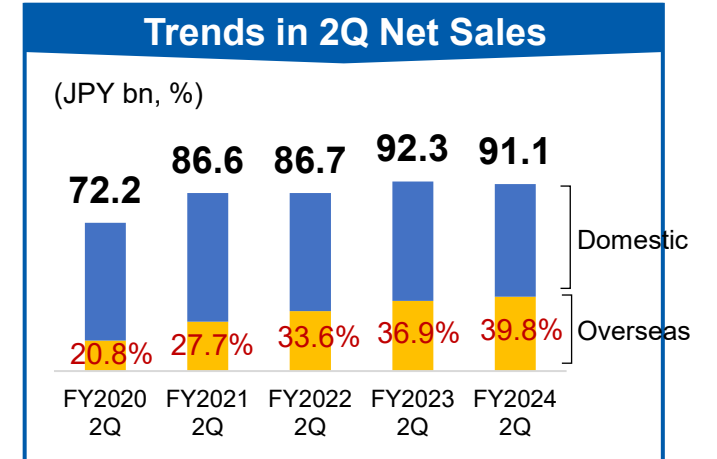
Domestic: Sales mainly of agricultural machinery decreased

Earnings: Decline in operating income due to lower sales and production
Bottom line in the red due to impairment losses associated with structural reforms

Quarterly: Operating income remained in the black despite lower sales and lower operating income in 1Q
Higher sales and higher operating income in 2Q

<Full-year Forecast>

No revision to forecast announced on July 18



(JPY bn)

	Quarterly	FY23/12	FY24/12	Change
1Q	Net sales	45.8	43.9	(1.9)
	Operating income	1.6	0.7	(0.9)
2Q	Net sales	46.5	47.1	0.6
	Operating income	1.0	1.4	0.4

Outline of Consolidated Business Performance

(JPY bn,%) (January 1, 2024 to June 30, 2024)	FY2020/12	FY2021/12	FY2022/12	FY2023/12	FY2024/12	YoY Change	
	2Q Actual	2Q Actual	2Q Actual	2Q Actual	2Q Actual		
Net Sales	72.2	86.6	86.7	92.3	91.1	(1.2)	
(Domestic)	57.2	62.6	57.5	58.2	54.8	(3.4)	
(Overseas)	14.9	24.0	29.1	34.1	36.2	2.1	
Gross Profit	21.4	25.7	25.1	27.2	26.9	(0.3)	
Gross Profit Margin	29.7%	29.8%	29.0%	29.5%	29.5%	0%	
Operating Income	1.2	4.7	2.5	2.7	2.2	(0.5)	
Operating Margin	1.8%	5.4%	3.0%	3.0%	2.4%	(0.6)%	
Ordinary Income	1.0	5.5	3.3	3.0	2.4	(0.5)	
Profit (Loss) Attributable to Owners of Parent	0.9	4.1	2.5	1.9	(0.6)	(2.5)	
Average Exchange Rate (JPY)	US\$	108.5	106.8	119.2	133.6	150.3	16.7
	Euro	119.7	129.1	131.6	143.8	162.0	18.2

Domestic Sales

(JPY bn)		FY2020/12	FY2021/12	FY2022/12	FY2023/12	FY2024/12	YoY Change	
		2Q Actual	2Q Actual	2Q Actual	2Q Actual	2Q Actual		
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	13.3	14.7	14.3	12.9	12.3	(0.5)
		Planting Machinery	5.5	6.4	5.5	5.1	4.4	(0.6)
		Harvesting & Processing Machinery	4.3	4.8	5.4	5.7	4.4	(1.3)
		Subtotal	23.1	25.9	25.3	23.8	21.2	(2.6)
		Farming Implements	10.6	13.5	10.9	11.0	11.2	0.1
		Spare Parts	7.1	7.2	7.2	7.5	7.6	0.1
		Repair Fees	2.7	2.8	2.8	2.8	2.9	0.0
		Subtotal	20.6	23.6	21.0	21.4	21.7	0.3
	Total		43.8	49.6	46.3	45.2	42.9	(2.2)
	Construction of Facilities		3.0	1.9	1.2	2.4	1.3	(1.0)
Others		10.3	11.0	9.8	10.5	10.5	0.0	
Total		57.2	62.6	57.5	58.2	54.8	(3.4)	

Main factors of YoY changes

- Decreases mainly in agricultural machinery and construction of facilities

Agricultural machinery:

The YoY increase in April-June could not offset the decrease in January-March

Farming implements/spare parts/repair fees:

Strong performance continued

Construction of facilities:

Sales declined due to the absence of large facility projects in the period

Overseas Sales

(JPY bn)	FY2020/12 2Q Actual	FY2021/12 2Q Actual	FY2022/12 2Q Actual	FY2023/12 2Q Actual	FY2024/12 2Q Actual	YoY Change
North America	5.0	7.8	8.4	7.4	6.3	(1.1)
Europe	6.4	10.8	14.2	21.0	26.2	5.1
Asia	3.4	5.1	6.1	4.6	3.1	(1.4)
Others	0.1	0.2	0.3	0.9	0.5	(0.3)
Total sales	14.9	24.0	29.1	34.1	36.2	2.1

Overseas sales ratio	20.8%	27.7%	33.6%	36.9%	39.8%	2.9%
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Main factors of YoY changes

- Net sales reaching a new record high

North America:

Adjustment phase continued in compact tractors market, which led to decreased sales

Europe:

Increased sales of purchased products and solid capture of demand for landscaping products led to sales growth

Asia:

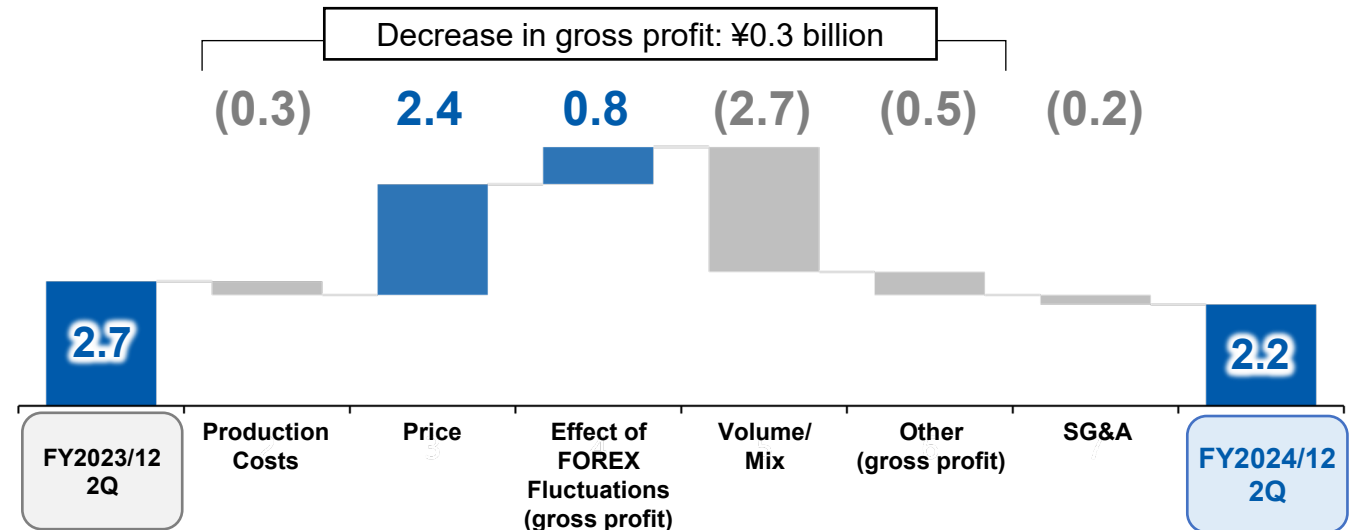
Weakening demand in ASEAN and Korea led to a decline in orders and a decrease in sales

Operating Income

- Gross profit decreased (lower sales and production, mainly of domestic agricultural machinery)
- SG&A expenses increased (effect of FOREX fluctuations)

(JPY bn, %)	FY2023/12 2Q Actual	FY2024/12 2Q Actual	YoY Change
Net Sales	92.3	91.1	(1.2)
Gross Profit	27.2	26.9	(0.3)
Gross Profit Margin	29.5%	29.5%	0.0%
SG&A Expenses	24.5	24.7	0.1
Personnel Expenses	13.7	13.9	0.1
Other Expenses	10.7	10.7	0.0
Operating Income	2.7	2.2	(0.5)
Operating Margin	3.0%	2.4%	(0.6)%

[Breakdown of YoY Change]



[Effect of FOREX Fluctuations (JPY bn)]

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
2.7	(1.9)	(0.4)	0.4

Ordinary Income & Profit

- As impairment losses associated with Project Z structural reforms were recognized, the profit lines below income before income taxes decreased to a larger extent than operating income

(JPY bn)	FY2020/12 2Q Actual	FY2021/12 2Q Actual	FY2022/12 2Q Actual	FY2023/12 2Q Actual	FY2024/12 2Q Actual	YoY Change
Operating Income	1.2	4.7	2.5	2.7	2.2	(0.5)
Balance of Financial Income	(0.3)	(0.3)	(0.3)	(0.8)	(0.7)	0.1
Other Non-operating Income	0.1	1.1	1.0	1.1	1.0	(0.1)
Ordinary Income	1.0	5.5	3.3	3.0	2.4	(0.5)
Extraordinary Income	0.6	0.0	0.0	0.0	0.0	0.0
Extraordinary Losses	(0.1)	(0.1)	(0.2)	(0.1)	(2.3)	(2.2)
Income Before Income Taxes	1.6	5.4	3.1	2.9	0.2	(2.7)
Income Taxes - Deferred	(0.6)	(1.2)	(0.6)	(0.9)	(0.8)	0.1
Profit (loss) Attributable to Owners of Parent	0.9	4.1	2.5	1.9	(0.6)	(2.5)

Breakdown of YoY change in extraordinary income/losses	(JPY bn)
Impairment losses on non-current assets	(2.1)

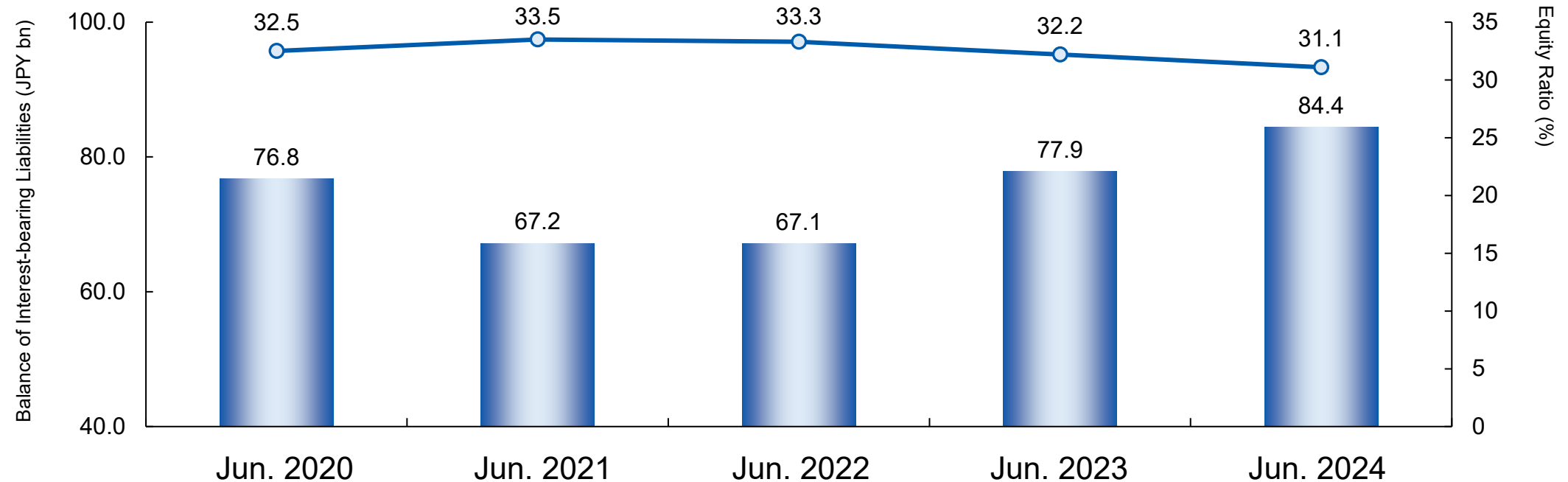
Balance Sheet

- Inventories increased by ¥1.8 billion YoY, but remained flat excluding the impact of FOREX fluctuations
- Property, plant and equipment decreased due to the recording of impairment losses associated with structural reforms

(JPY bn)	As of Jun. 30, 2023	As of Dec. 31, 2023	As of Jun. 30, 2024	YoY Change	Change from Dec. 31, 2023		As of Jun. 30, 2023	As of Dec. 31, 2023	As of Jun. 30, 2024	YoY Change	Change from Dec. 31, 2023
Cash & Deposits	8.8	9.9	10.8	2.0	0.9	Accounts Payable – Trade	43.1	41.7	28.2	(14.8)	(13.4)
Accounts Receivable – Trade	38.3	26.9	37.8	(0.5)	10.9	Interest-bearing Liabilities	77.9	76.9	84.4	6.4	7.4
Inventories	69.1	72.8	70.9	1.8	(1.8)	(Loans Payable)	71.0	69.8	76.8	5.8	7.0
(Impact of FOREX fluctuations)	-	-	-	1.8	2.1	Other Liabilities	22.3	24.2	36.4	14.0	12.1
Other Current Assets	3.8	5.6	3.6	(0.1)	(1.9)						
Total Current Assets	120.1	115.3	123.3	3.1	8.0	Total Liabilities	143.4	142.8	149.0	5.5	6.1
Property, Plant and Equipment	84.4	84.5	82.0	(2.3)	(2.4)	Net Assets	75.1	74.2	75.1	0.0	0.9
Intangible Assets	2.4	2.4	2.7	0.3	0.2	(Retained Earnings)	22.3	20.4	19.4	(2.9)	(1.0)
Investments and Other Assets	11.5	14.7	16.0	4.4	1.3						
Total Non-current Assets	98.4	101.7	100.8	2.4	(0.9)						
Total Assets	218.6	217.1	224.2	5.6	7.1	Total Liabilities and Net Assets	218.6	217.1	224.2	5.6	7.1

Equity Ratio / Interest-bearing Liabilities

- Proceed with lowering interest-bearing liabilities by reducing inventory



	Jun. 2020	Jun. 2021	Jun. 2022	Jun. 2023	Jun. 2024
Loans payable, corporate bonds	68.6	59.4	60.1	71.0	76.8
Lease obligations	8.2	7.7	6.9	6.9	7.5
Total	76.8	67.2	67.1	77.9	84.4
D/E ratio	1.11	1.00	0.97	1.04	1.12

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

Cash Flows

- Cash flows from operating activities improved YoY due to changes in inventories

(JPY bn)	FY2020/12 2Q Actual	FY2021/12 2Q Actual	FY2022/12 2Q Actual	FY2023/12 2Q Actual	FY2024/12 2Q Actual	YoY Change
Cash flows from operating activities	(3.0)	7.4	(2.0)	(7.5)	(1.1)	6.4
Profit before income taxes	1.6	5.4	3.1	2.9	0.2	(2.7)
Depreciation	4.1	3.1	3.0	2.8	2.7	0.0
Impairment losses	0.0	0.0	0.1	0.0	2.2	2.1
Decrease (increase) in trade receivables	(10.5)	(10.2)	(12.2)	(10.2)	(10.3)	(0.1)
Decrease (increase) in inventories	(2.4)	4.4	(2.2)	(2.5)	4.0	6.5
Increase (decrease) in trade payables	3.5	4.0	4.4	(3.2)	(14.2)	(11.0)
Increase (decrease) in accounts payable – other	(0.2)	0.0	(0.2)	(0.1)	11.4	11.5
Other, net	0.7	0.5	1.9	2.8	2.8	0.0
Cash flows from investing activities	(4.6)	(1.3)	(3.3)	(3.0)	(3.1)	0.0
Purchase of property, plant and equipment and intangible assets	(4.9)	(2.5)	(3.1)	(3.0)	(3.1)	(0.1)
Free Cash Flow	(7.7)	6.1	(5.4)	(10.6)	(4.2)	6.3
Cash flows from financing activities	6.6	(2.9)	3.2	8.0	4.9	(3.1)
Net increase (decrease) in cash and cash equivalents	(1.0)	3.2	(1.8)	(2.1)	0.7	2.9

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

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

- No revision to the forecast announced on July 18, 2024

(JPY bn, %)	FY2020/12	FY2021/12	FY2022/12		FY2023/12		FY2024/12			YoY Change
	Actual	Actual	Actual	%	Actual	%	Initial forecast*	7/18 forecast	%	
Net Sales	149.3	158.1	166.6	100.0	169.9	100.0	170.0	170.0	100.0	0.0
(Domestic)	115.9	117.3	112.6	67.6	113.0	66.5	115.0	115.0	67.6	1.9
(Overseas)	33.3	40.7	53.9	32.4	56.8	33.5	55.0	55.0	32.4	(1.8)
Operating Income	2.0	4.1	3.5	2.1	2.2	1.3	2.0	2.0	1.2	(0.2)
Ordinary Income	1.7	4.6	3.7	2.3	2.0	1.2	1.0	1.0	0.6	(1.0)
Profit (loss) Attributable to Owners of Parent	(5.6)	3.1	4.1	2.5	0.0	0.0	0.4	(3.1)	-	(3.1)
Average Exchange Rate (JPY)	US\$	107.0	109.0	131.3	139.4		140.0	147.6		8.2
	Euro	121.5	129.8	136.9	148.6		150.0	161.1		12.5
Year-end Dividend (JPY)	0	30	30		30		30	30		-

* Initial forecast for FY2024/12: The forecast announced on February 14, 2024

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