

Overseas market strategies

As a “solution provider for agriculture and landscape,” we will contribute to local needs worldwide through manufacturing.



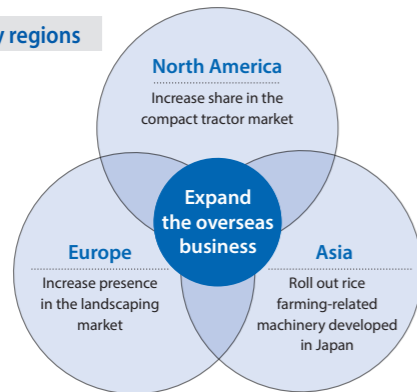
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Director & Senior Corporate Officer
General Division Manager, Overseas Business Division

The fiscal year ended December 31, 2023 was a year of increasing uncertainty in the business environment, with prices and geopolitical risks growing globally. Strong performance in Europe, however, drove our overseas business, and enabled us to achieve record sales for the third year in a row. We successfully followed the path we set forth in our Mid-term Management Plan for our overseas business and achieved our 2025 sales target ahead of schedule.

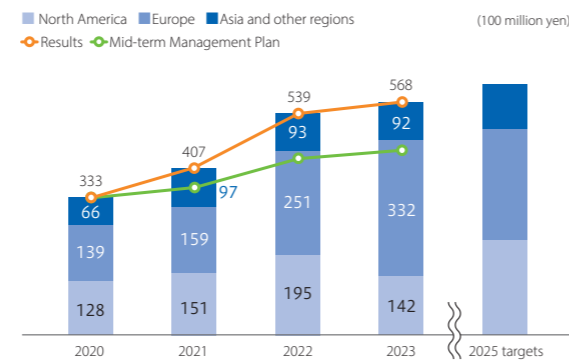
Moreover, with Project Z, we aim to accelerate our growth beyond the objectives established in our Mid-term Management Plan. We will further promote Non-Agri products in particular—which are used by professional users in Europe to maintain landscape and for light work by individual users in North America—as a segment to serve as a driver for our growth strategy. In Asia, we will expand our business foundation to capitalize on growth potential in the agricultural field, where we can fully demonstrate the technology and know-how we have cultivated in the domestic market. Based on this selection and concentration, we will roll out businesses that have an impact on agriculture, the environment, and people’s lives, with the aim of realizing a prosperous society.

Business policy

Three priority regions

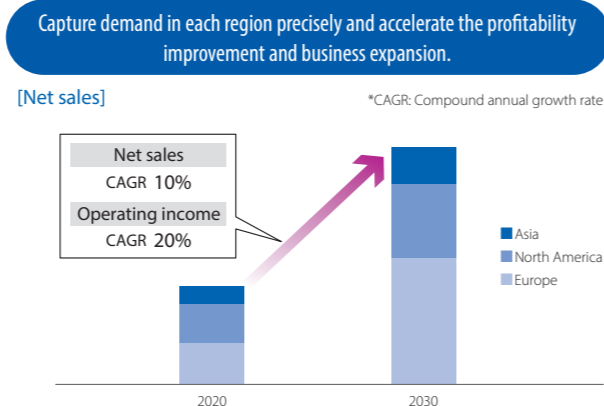


Net sales



Measures to realize growth strategies

North America	Promote the increase in share through cooperation with AGCO Corporation Launch new products such as environmentally-friendly ones
Europe	Increase environmentally-friendly products such as electrical ones Increase products for consumers Promote central stock management, etc.
Asia	Strengthen sales channels of IST Farm Machinery Co., Ltd. Launch machinery manufactured by TAFE Launch high-performance machinery



*AGCO Corporation: OEM customer
*IST Farm Machinery Co., Ltd.: The Company's Thai sales subsidiary
*TAFE: Indian agricultural machinery manufacturer with which the Company has entered into business alliance

Priority measures 1

North America: Strengthen relationship with AGCO Corporation and increase share in the compact tractor market

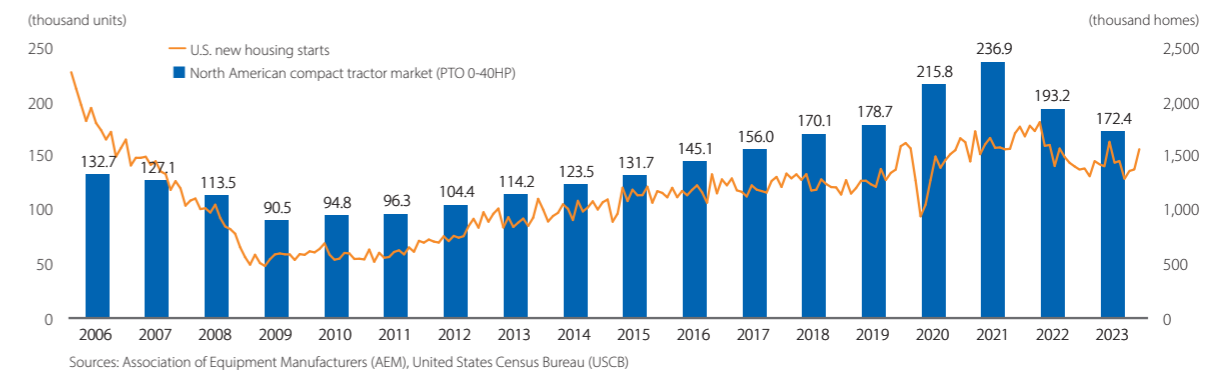
In the North American market, we supply compact tractors with 40HP or less on an OEM basis as the Massey Ferguson brand to AGCO Corporation which is a local partner and a major global manufacturer of agricultural machinery. The products are used mainly by private users for various applications such as light civil engineering, garden maintenance, and snow clearing work in the cold area. The products are ergonomically designed from a perspective of users, and highly recognized by local users as well.

Demand for compact tractors has been rapidly increasing in the past 10 years. In 2020 and 2021 in particular, demand strongly increased following changes in the lifestyles such as moving to the suburbs. The year 2022 onward faced the adjustment phase; however, the market size remains large, with sales unit of about 170,000. The Company will implement product and sales strategies that meet market needs to steadily capture this demand.



Compact tractors used for personal applications such as light civil engineering and garden work

Trends in North American compact tractor market and new housing starts



Measures to realize growth strategies Project Z

“Promote the increase in share through cooperation with AGCO Corporation” and “Launch new products such as environmentally-friendly ones”

In order to accelerate expansion of the overseas business, the Company has positioned the sales expansion of Non-Agri tractor products mainly in the European and North American markets as the “key segment that drives growth strategies.”

In the North American market, the Company will further strengthen the cooperation with the strategic partner, AGCO Corporation, focus on expansion of the sales network of local dealers and development and provision of products to meet more diversifying and sophisticated needs of the market in a smooth and precise manner, and thereby aim to increase share. For the environment area in particular, where demand is expected to increase in the future, we will concentrate our efforts on rolling out solutions to mitigate environmental burden. In addition, we will commence local marketing, besides conventional supply of products on an OEM basis, to strengthen our competitiveness by developing and providing highly unique products that respond to the North American nature of the region’s wide area.

It will be important to immediately respond to orders received from customers in addition to ensuring the product appeal; as such, PT ISEKI INDONESIA which produces compact tractors, etc. targeted at North America worked to strengthen its system by reinforcing its production capacity in 2023.

We will continue to strengthen cooperation with AGCO Corporation and contribute to enrich customers’ private lives.

Overseas Market Strategies

Priority measures 2

Europe: Further expansion of presence in the landscaping market

In the European markets, the Company offers Non-Agri products for landscaping to be used for mowing lawns in parks, road cleaning, and snow clearing work by professional contractors who undertake task from municipalities. The landscaping business is essential business that cannot be interrupted from the perspective of maintaining comfortable city functions. Therefore, products are required to have a high level of quality and functionality including comfortableness and durability. The Company has established the ISEKI brand over 50 years of history of its business in Europe by deploying sales activities and providing services to the entire region, and thereby contributed to town development of Europe.

In France which is one of the largest European markets, ISEKI France, a consolidated subsidiary, has developed a sales and service network with over 200 bases in the country. Net sales and operating income of ISEKI France hit a record high in the fiscal year ended December 31, 2023, resulting from its efforts to focus on the provision of high value-added products and services.

ISEKI Germany became our consolidated subsidiary in 2022 so that we can further expand presence in Europe, and possesses development and manufacturing functions in addition to provision of sales activities and services. By making the maximum use of the strengths of ISEKI Germany, we will develop our business in a consistent manner through such initiatives as product development that captures market needs at an early stage.



Riding lawn mower that play an active role in mowing in parks and ranches



Tractor clearing snow with a snow blower mounted in its front

Priority measures 3

Asia: Business expansion through leveraging technologies and know-how developed in Japan

In Asia, we are supporting improvement of agricultural productivity and food production through provision of agricultural machinery and services that utilize technologies and know-how developed in the domestic market.

● ASEAN

In the ASEAN markets, we offer agricultural machinery for field crops and rice farming. Under the tropical rain forest (hot and rainy) environment, products are often used by contractors in severe conditions such as long working hours. Therefore, there are needs for durability and low prices. With IST Farm Machinery Co., Ltd. which became a consolidated subsidiary in 2020 at the core, we work to sell and provide services to Thailand and neighboring countries. In Thailand, in addition to conventional rice farming, we focus on sales of agricultural machinery for field crops such as sugarcane and cassava. We successfully increased sales of tractors for field crops in 2023 by stepping up promotion through exhibitions and demonstrations, and by targeting enterprises in a concerted effort with local distributors.



Highly durable tractors used in fields with lots of stones and gravels

● East Asia

In the Korean and Taiwanese markets, we mainly sell agricultural machinery for rice farming through sales agents (South Korea: TYM; Taiwan: International Agricultural Machinery Co., Ltd.). In both countries, farm workers are decreasing and aging, and farmland is being consolidated as in Japan; and therefore there are growing needs for larger-sized machinery and high-performance models with high durability. Based on technologies and know-how for rice transplanters equipped with a function to assist straight traveling, highly-durable tractors, combine harvesters, etc. developed in the domestic market, we supply products that are finely tuned to local farming systems.

Measures to realize growth strategies Project Z

“Increase environmentally-friendly products such as electrical ones,” “Increase products for consumers” and “Promote central stock management, etc.”

The European markets account for about 60% of overseas sales in the fiscal year ended December 31, 2023, boasting high profitability. Therefore, the Company regard them as the most important markets for further growth of its overseas business.

It is a region with high awareness of and interest in environmental problems such as reduction of CO₂ emissions. Accordingly, in addition to previously implemented emissions regulations, demand for solutions that lead to mitigation of environmental burden is expected to increase. The Company regards the environment as one of the growth areas, and is committed to expansion of environmentally friendly products toward realization of carbon neutrality. We launched riding lawn mowers that run on biofuels (HVO fuels produced through hydrogenation of used cooking oil, etc.) in 2023. The Company plans to implement this initiative to all models one after another by 2025, and aims to strengthen product competitiveness. Furthermore, given the rapid advancement toward electrification, we commenced limited sales of riding lawn mowers powered by lithium-ion batteries in 2022. By being the first Japanese company to bring this product to market, we have successfully increased presence, and plan to enhance the lineup in the future. Moreover, in addition to the Company's products, we will increase purchased products for consumers for which we have put efforts to expand sales in response to changes in lifestyles, with the aim of expanding sales. Also, in the future, we will establish a central stocking system in the European region to scale up revenue opportunities and improve asset efficiency through timely provision of products to customers.

We will continue to contribute to protection of beautiful European cityscape and development of towns where people can continue to live through provision of products and services that satisfy customers.

Measures to realize growth strategies Project Z

“ASEAN: Strengthen sales channels of IST Farm Machinery Co., Ltd.”

The ASEAN markets have high potentialities in the medium to long term with expectations for an increase in food demand associated with population growth. With IST Farm Machinery Co., Ltd. at the core, we will continue to expand business in Thailand and neighboring countries by further strengthening the sales and service system and improving profitability.

“India: Rolling out of TAFE-produced machinery”

In order to globalize development, production, and sales, in 2018, we entered into a technical and business alliance agreement with TAFE, which boasts the No. 2 share in India which is the world's largest tractor market, and have promoted collaboration. In 2022, we launched co-developed and TAFE-produced small-sized tractors in Thailand. In addition, in order to manufacture and sell the Company's products with more competitive prices, we commenced procurement of parts for production from TAFE. We aim to deepen the relationship with TAFE and expand sales and revenue through global business development.

“East Asia: Launch high-performance machinery”

Toward improvement of agricultural productivity, demand for high-performance machinery is expected to continue in the future. The Company will roll out high-performance machinery such as rice transplanters equipped with variable fertilizing technologies and combine harvesters equipped with a function to assist straight traveling, and at the same time, based on the policies to encourage cultivation diversification, offer products for field crops. In addition, we will provide fulfilled technology and service training for sales agents to focus on post-sales services that lead to customer satisfaction.