

Note: This document has been translated from a part of the Japanese original. The translation of the explanatory materials will also be disclosed on March 5, 2025. These documents have been translated for reference purposes only. In the event of any discrepancy between these translated documents and their Japanese originals, the originals shall prevail.

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Stock exchange listing: Tokyo Stock Exchange Prime Market
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[Summary] Notice on the Progress of “Project Z”

We hereby announce the progress of “Project Z,” details of which were released on July 18, 2024, as follows.

1. Progress of “Project Z”

1-1. [Progress]

Among the fundamental structural reforms to be implemented through intensive short-term efforts, major measures such as the reorganization of production bases and the integration of sales companies have generally progressed as planned. In order to realize our growth strategies, we took measures to expand our European business overseas and reorganized our sales organizations in Japan to advance the foundation of these strategies.

1-2. [Fundamental Structural Reforms]

(1) Optimize Production through Reorganization of Production Sites: Progressed as planned.

We initiated the construction of a new building to consolidate the assembly of products into ISEKI M&D (Matsuyama).

In addition, the process of transferring assembly operations of combine harvesters from ISEKI M&D (Kumamoto) proceeded as planned.

With regard to investment related to the reorganization of production bases, we worked to reduce investment while improving production efficiency, and the investment was reduced from 46.0 billion yen, the original total investment plan, to 38.0 billion yen.

(2) Optimize Development through Product Margin Improvement and Development Efficiency Improvement: There is a delay in some areas.

Product margin improvement is lagging in some areas compared to the original plan. However, we intend to recover the delay by deploying more resources. The improvement effects will be seen gradually from the second half of 2025, and we aim to achieve the improvement targets in 2027.

Development efficiency was improved by identifying the models and types to be reduced, and progress is on schedule.

- (3) Deepen Domestic Sales by Creating a Foundation for our Growth Strategy: Progressed as planned.

The sales organization system was changed following the establishment of ISEKI Japan Co., Ltd. We have concentrated management resources to establish a system for swift decision-making and powerful promotion.

- (4) Optimize Employee Composition and Invest in Human Capital

- (4)-1 Optimize Employee Composition: The plan was partially changed.

In terms of voluntary retirements, the number of applications was below plan, but we secured the expected level of personnel expenses, due to review of the overall personnel plan for the group.

- (4)-2 Invest in Human Capital: Progressed as planned.

We strengthened education and training programs, implemented recruitment to promote diversity, and allocated human resources to growth areas.

- (5) Cost Reduction: There is a delay in some areas.

Cost-cutting initiatives are behind schedule, but we intend to make up for lost time with a thorough review of operations and concrete improvements in the future.

1-3. [Growth Strategy]

We carried out the creation of a foundation for growth strategies as follows.

- (1) Development of Strategies Specific to Each Overseas Region and Product Strategies: Progressed as planned.

In Europe, our local distributor in the U.K., PREMIUM TURF-CARE LIMITED, was made a consolidated subsidiary in January 2025.

- (2) Concentrating Management Resources on Domestic Growth Areas: Progressed as planned.

The Large-scale Planning Section was established in ISEKI Japan Co., Ltd. to concentrate efforts and strengthen sales in the growth areas symbolized by the keywords: large-sized, advanced, dry field, and environmentally friendly.