

Corporate Report

Prime Market - Machinery
September 30, 2026

ISEKI & CO., LTD. (6310)

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Despite increasing media reports on declining rice prices, the order and business environment and the stock price of Iseki remain firm

- **Summary:** Despite increasing media reports on declining rice prices, orders and business performance of ISEKI & CO., LTD. (hereinafter, the "Company") have exceeded its plan, and its stock price has also outperformed TOPIX. In fact, the advance payment (money tentatively paid from JA to farmers) for rice produced in 2026 has been quoted at about ¥18,500/60kg, down approximately 40% year on year (for general Koshihikari produced in Niigata, which is a standard rice). However, CGRA believes that this is against the backdrop of the fact that the advance payment is still approximately 9% higher than the level in 2024 and large-scale farmers with farmland of 15 ha or more are able to secure profits, which means that the capacity to invest in agricultural machinery to solve issues faced by the Japanese rice farming industry has been maintained. In this report, we simulated the level of advance payment at which income and expenditure are balanced by farmed area and expected profits for large-scale farmers.
- **Business performance:** In the first half of FY26/12, orders received increased approximately 10% year on year, net sales increased 1.0% year on year to ¥101.9 billion, operating profit increased 28.0% year on year to ¥5.5 billion, and the operating profit margin improved 1.2 percentage points to 5.5%. Although the Company does not disclose its earnings forecast for the first half, its financial results seemingly exceeded its internal plan. Although the full-year forecast has been unchanged, the Company raised its domestic sales prices (+4.6%) in August, and its growth strategies centered on Europe and Project Z have been progressing steadily. CGRA believes that the achievement of the numerical targets (an operating profit margin of at least 5%, ROE of at least 8%, and DOE of at least 2%) for FY27/12, which is the final year of Project Z, is becoming more likely.
- **ESG management:** In the Environmental (E) domain, the target is to increase the percentage of eco-products (i.e., products with reduced environmental impact) in domestic sales to 85% by 2030, and the Company achieved 76.5% in 2025. In the Social (S) domain, while the employee engagement score has stagnated, the personnel system was revised in January 2026, and we expect that employee engagement will improve. In the Governance (G) domain, measures to achieve the targets of Project Z have been steadily implemented. For example, the addition of one outside director raised the ratio of outside directors to 50%, and the percentage of performance-linked compensation for directors was raised from 40% to 50%.
- **Shareholder returns and stock valuation:** The Company aims to achieve an ROE of at least 8% (3.9% in FY25/12), a DOE of at least 2% (1.3% in FY25/12), and a PBR of at least 1× (approximately ¥3,500) by FY27/12. While the current forward PER ratio is 14.8×, which has started to rise gradually as the Company's growth strategies have been evaluated highly, the implied ROE is only 3.8% and PBR is low at 0.56×. On the other hand, as DOE gradually increases, it is expected that the dividend per share (DPS) will be ¥50 on the assumption that DOE is 1.5% for FY26/12, and DPS will exceed ¥60 on the assumption that DOE is 2% for FY27/12. However, achieving a PBR of at least 1× will require continuously securing an ROE of around 8% through Project Z and strengthening shareholder returns.

Consolidated financial results and stock market data

Trading data		Performance	21/12	22/12	23/12	24/12	25/12	26/12COE
Stock price (Sep/28/2026)	1,960 yen	Sales:¥100 million	1,581	1,666	1,699	1,684	1,857	1,800
52-weeks range:yen	2,143~1,503	Operating profit	41	35	22	19	42	60
Market cap	¥45.1 billion	Ordinary profit	46	37	20	15	41	49
Number of outstanding shares	22.98 million shares	Net profit	31	41	0	-30	27	30
Average trading value(20 days)	¥250 million	EPS:yen	141.4	182.1	1.3	-133.6	121.9	132.6
Company forecast PER	14.8 times	ROE:%	5.1	6.2	0.0	-4.4	3.9	-
PBR(As of June 2026)	0.56 times	DPS:yen	30.0	30.0	30.0	30.0	40.0	45.0
Company forecast DPS	45.0 yen	Dividend payout ratio:%	21.2	16.5	-	-	32.8	33.9
Company forecast Dividend yield	2.3 %	FCF:¥100 million	121	-63	-78	29	190	-
ROIC (Dec/2025)	2.3 %	Net Debt:¥100 million	400	503	599	599	421	-

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Figure 1: What Is Required for ISEKI & CO., LTD.'s Stock Price to Rise in the Near Term?

Despite increasing media reports on declining rice prices, order and business performance of ISEKI & CO., LTD. have exceeded the Company's internal forecasts, and its stock price has also performed steadily. However, the stock remains in the third quadrant of the valuation matrix, characterized by low growth expectations, a low P/E ratio, and low capital profitability. While the forward P/E ratio stands at 14.8×, which indicates a reasonable evaluation, the PBR of 0.56× and forward P/E ratio of 14.8× imply an ROE of only 3.8%.

Achieving a PBR of 1.0× (about ¥3,500) will require the Company to improve the market's assessment of its capital profitability by steadily implementing the growth strategies and structural reforms set forth in Project Z, achieving operating profit in FY27/12 exceeding the previous record high of ¥7.4 billion, with the potential to reach approximately ¥10 billion as illustrated in the conceptual diagram for "Project Z," and achieving ROE of at least 8% and DOE of at least 2%.



Source: Prepared by CGRA



Changes from the Previous Report

Favorable fundamentals continue thanks to the results of structural reforms

The deterioration in the supply-demand balance for staple rice and decline in rice prices continue

In the previous report issued on March 18, 2026, we explained a future growth story based on our assessment of the Company's current position, measures under the fundamental structural reform initiative "Project Z," business opportunities, and growth strategies. In 2025, the low profitability of rice farmers was brought into the public spotlight, in addition to structural issues such as labor shortage and an aging farming population in Japan's rice farming industry, as well as soaring rice prices, in what has been dubbed the "Reiwa Rice Riots" (a supply panic). However, excessive inventory and declining rice prices have been discussed intensively since around April 2026, and the supply-demand outlook DI for staple rice fell to 14 in July 2026, recovered slightly to 16 in August, but has remained below 50, the threshold used to assess supply-demand conditions, for 11 months in a row. The advance payment (tentatively paid money) made by JA and other rice buyers to rice farmers for rice produced in 2026 is expected to fall by about 40% from ¥30,000/60 kg in the previous year to about ¥18,500/60kg.

Media reports on declining rice prices are increasing

Growth strategies are progressing while orders and business performance remain strong

Amid increasing media reports on declining rice prices as mentioned above, domestic orders received in the first half of FY26/12 (January to June) as announced on August 7 increased by more than 10% year on year, and the order backlog also seems to be increasing. In addition, Project Z measures, mainly the growth strategies, are contributing more to operating profit than initially expected. Furthermore, an additional 4.6% increase in domestic selling prices, which was not incorporated in the initial earnings forecast, was implemented in August. Despite frequent media reports of declining rice prices, the order and business environment for the Company has remained strong.

Despite media reports on declining rice prices, the Company's fundamentals remain solid

Figure 2: Amid Concerns about Declining Rice Prices, the Business Environment Remains Strong

		Before 1Q results Previous report (March 18)	After 2Q results Current report (September 28)
Domestic net sales	Orders received	Steady	Steady
	Japan	+8.1%YoY(1Q)	-10.4%YoY(1Q)
	Advance payment/60 kg	¥30,000 (rice produced in 2025)	¥18,500 (rice produced in 2026)
	Demand and supply DI for rice	23	16
	Policy interest rate	0.75%	1.25%
Overseas net sales	Europe	+24.9%YoY(1Q)	+4.8%YoY(2Q)
	United States	-17.6%YoY(1Q)	+11.1%YoY(2Q)
	Asia	+3.0%YoY(1Q)	-47.4%YoY(2Q)
	Total	+15.9%YoY(1Q)	-0.7%YoY(2Q)
Exchange rate	US dollar	¥158.8	157.3
	Euro	¥183.0	178.9
Full-year forecast		Not changed	Not changed
Full-year progress of 2Q operating profit		43.3%	91.7%
Operating profit margin		5.1%(1Q)	5.7%(2Q)
Positive effect of Project Z on profit		+¥0.6 billion (1Q)	+¥1 billion (2Q)
Positive effect of price revisions on profit		+¥0.9 billion (1Q)	+¥0.3 billion (2Q)
Sales of parts and repairs		+18.2%YoY(1Q)	+2.9%YoY(2Q)
Iseki's share		¥1,698	¥1,960

Source: Prepared by CGRA



Three Key Points of ISEKI & CO., LTD.

Point (1): Despite increasing media reports on declining rice prices, the Company's stock price remains firm

In 2025, media reports on rising rice prices (according to research by CGRA) started to increase in early spring, from 18 reports in January to 74 reports in May. The advance payment for rice produced in 2025 (for general Koshihikari in Niigata which is a standard rice) rose sharply by 76.5% from the previous year to ¥30,000/60kg, which was a record high. As a result, demand for agricultural machinery replacement was stimulated against the backdrop of the expansion of large-scale farming and labor shortage, in addition to profit improvement for rice farmers, contributing to a recovery in the Company's earnings and a rise in the Company's stock price. On the other hand, from around January 2026, excess rice inventory and the risk of falling rice prices started to be discussed, and the number of media reports on declining rice prices increased from 3 reports in January to 78 reports in September. However, the Company's stock price has been on a moderate upward trend and is outperforming TOPIX and the machinery sector. It is true that the news of declining rice prices creates negative sentiment, but it may also be a sign that the structural changes in the domestic rice farming industry, such as increased large-scale farming and improved profitability, and the potential for improvement of the Company's earning capabilities through Project Z, are increasingly being recognized by investors, although the PBR remains at 0.56x.

Despite increasing media reports on declining rice prices, The Company's orders remain steady and its stock price remains firm

Point (2): CGRA's Updated Outlook for Earnings Growth and Shareholder Returns

We updated our outlook from the previous report for profit growth and shareholder returns toward FY27/12. First, we revised our domestic market forecast for FY26/12 from "x" in the previous report to "Good" in the current report. The advance payment for 2026 is expected to decrease by approximately 40% from the previous year to ¥18,500. However, as described later, even if the effects of rising prices of fertilizers and other materials are taken into account, it is considered that profits can be secured, particularly in the case of next-generation professional farmers, and farmers' capacity to invest in upgrading agricultural machinery is being maintained. In addition, the Company has continued to raise overseas selling prices by 1~2% in most years, and implemented an additional increase in domestic selling prices by 4.6% in August 2026. The earnings benefits of Project Z are expected to materialize ahead of schedule due to the increase in sales of large-scale agricultural machinery in Japan and the growth of the European business. In addition, the Company is expected to pay an annual dividend of at least ¥60 per share in FY27/12, supported by extraordinary gains from asset sales and the DOE target of at least 2%. However, we revised the net sales forecast for FY27/12 from "Good" to "Average" due to production delays associated with the transfer of production and support for suppliers affected by the Kumamoto Earthquake.

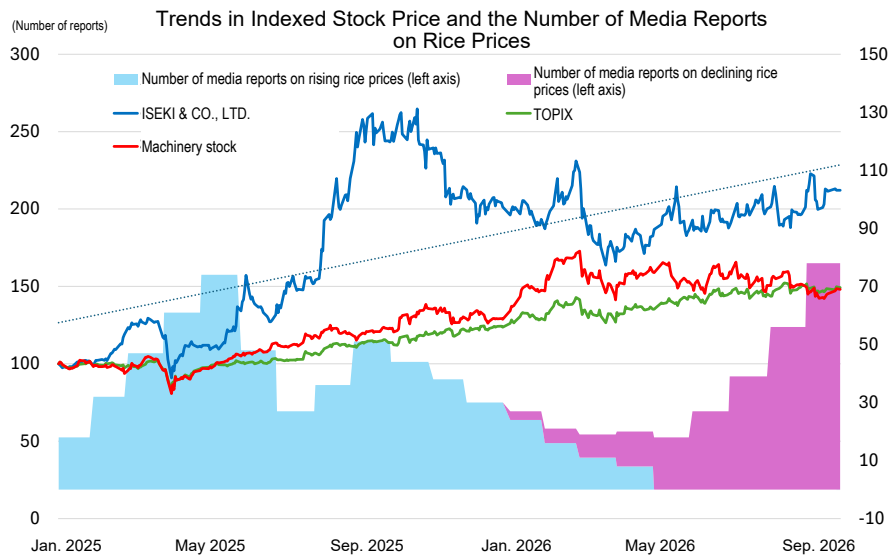
Measures are being implemented to achieve the numerical targets for FY27/12

Point (3): The European business is expected to achieve its long-term targets ahead of schedule

As part of the growth strategies in Project Z, the Company is developing overseas strategies by region and product (accelerating business expansion in Europe, where profitability is high, while introducing region-specific strategies and environmentally friendly products). The Company has operated in the European market since the 1960s. Net sales have increased 2.8-fold over the past 5 years, now account for approximately 23% of consolidated net sales, and the business has become the Company's largest earnings contributor with an operating profit margin of approximately 8 to 9%. In January 2025, PREMIUM TURF-CARE LIMITED, a U.K.-based company with a sales network in the Middle East as well, became a wholly-owned consolidated subsidiary. This has allowed the Company to expand its sales area to all of Europe through its three-company structure in France, Germany and the U.K., and make progress in improving asset efficiency through joint purchasing and centralized inventory management. The Company's key differentiators include high-value-added landscaping machinery for professional users, such as lawn mowers for parks, golf courses, and soccer fields, as well as road cleaning and snow removal equipment. Its flexibility in providing customized specifications to meet customers' needs also contributes to high profitability. Net sales for the first half of FY26/12 reached a new record high of ¥29.2 billion, up 16.1% year on year. The Company is expected to achieve its targets of ¥47 billion in net sales and an operating profit margin of at least 10% for 2030 ahead of schedule.

The European business is on track to achieve a 10% operating profit margin ahead of schedule

Figure 3: The Company's Stock Price Remained Resilient Despite Concerns over a Decline in Rice Prices



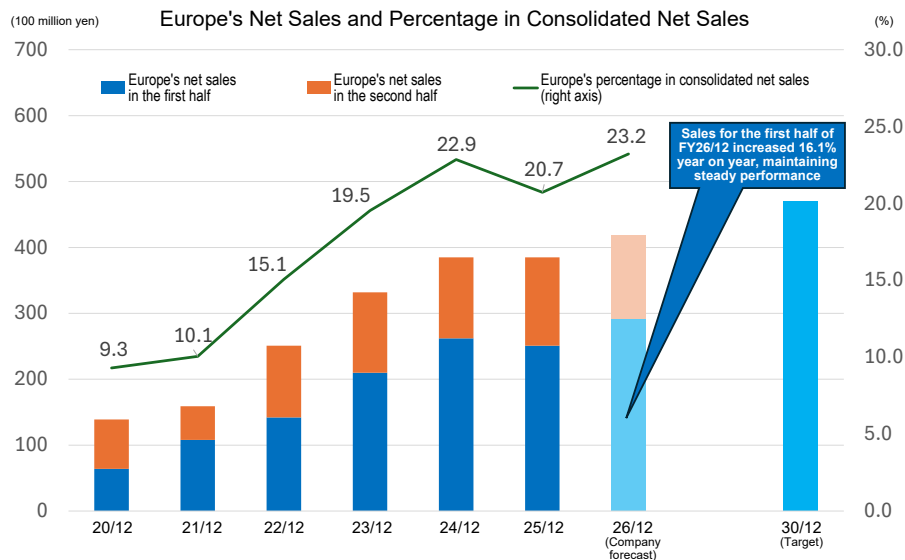
Despite increasing media reports on declining rice prices, the Company's stock price is performing well

Figure 4: It Is Becoming More Likely That the Financial Results for FY27/12 and Shareholder Returns Will Be Realized

Item		FY25/12 Actual	FY26/12 Forecast	FY27/12 Forecast
Market trends	Domestic market	Excellent	Good (x in the previous report)	Average
	Overseas markets	x	Average	Good
	Overall market	Good	Average	Good
Drivers for business performance	PJZ effect	Average	Excellent (Good in the previous report)	Excellent
	Price revisions	Good	Excellent	Good (Not determined in the previous report)
	New product launch	Average	Average (from the second half)	Excellent
Earnings trends	Net sales	Excellent	Average	Average (Good in the previous report)
	Operating profit	2.2 times year on year	¥6 billion, up 43% year on year	¥10 billion
	OPM	2.3%	3.3%	At least 5%
Stock price indicators	PBR	0.57x	0.56x	At least 1x
	ROE	3.9%	3.8% (implied ROE)	At least 8%
	PER	15.3x	14.8x	-
Shareholder returns	Target DOE 2.0%	¥40	¥45 (Company forecast)	At least ¥60 (previously increased)

The scenario for improving business performance and shareholder returns for FY27/12 is becoming clearer

Figure 5: The Achievement of the 2030 Targets for the European Business Ahead of Schedule Will Also Be in Sight



European sales remain strong, supported by the Company's competitive strengths

Source: Prepared by CGRA from company data

“Project Z” Update

Overview: Decisively implementing structural reforms to improve “Earnings Capability”

“Project Z” is underway to implement fundamental structural reforms and growth strategies with FY2027 (FY27/12) as the target fiscal year. Fundamental structural reforms include: (1) optimizing production (reorganizing production bases: consolidating product assembly at the Matsuyama Plant in Ehime Prefecture), (2) optimizing development (reducing the number of product types and models by 30% or more and concentrating development resources on advanced technologies and reducing environmental impact), (3) deepening domestic sales (laying the foundation for growth strategies), and (4) optimizing personnel composition and investing in human capital. Meanwhile, growth strategies include: (1) developing overseas strategies by region and product (accelerating business expansion in Europe, where profitability is high, while introducing region-specific strategies and environmentally friendly products), and (2) concentrating on domestic growth areas (focusing on large-scale, advanced, environmental, and dry-field segments and strengthening sales).

The Company aims to surpass its previous record-high operating profit by FY27/12

Numerical targets: Aiming to achieve a PBR of at least 1× by achieving its financial targets

The numerical targets for the final year are a PBR of at least 1× by achieving a DOE of at least 2%, which is a shareholder return policy, in addition to a consolidated operating profit margin of at least 5% (exceeding the record-high operating profit of ¥7.4 billion, which was achieved in FY14/3), and an ROE of at least 8%.

Progress: Progress in line with the plan in the first half of FY26/12

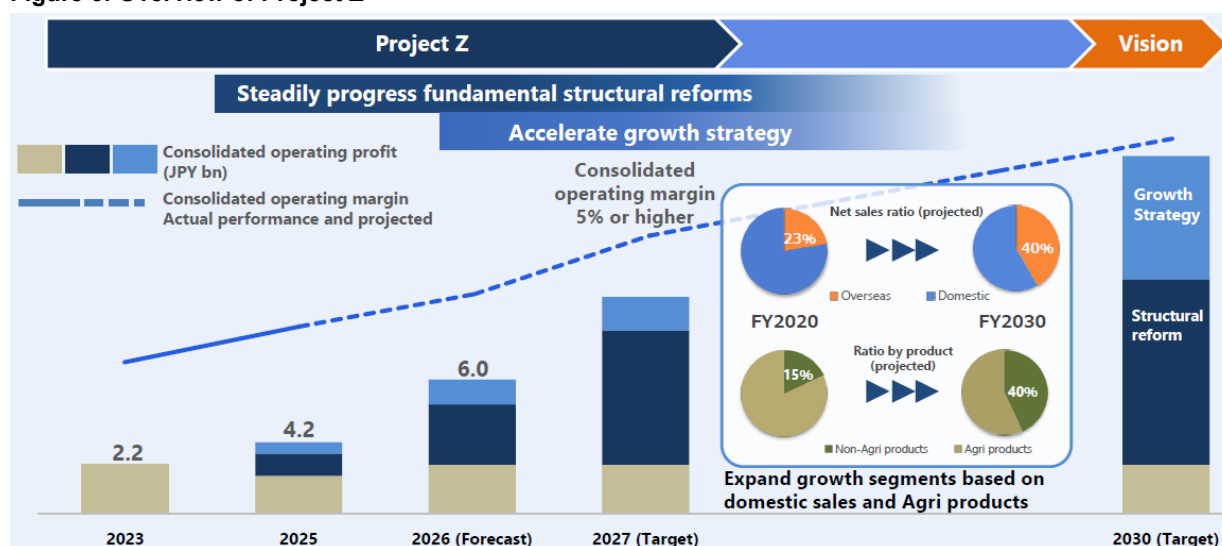
In the first half of FY26/12, Project Z contributed ¥1.6 billion (¥0.6 billion from the structural reforms and ¥1 billion from the growth strategies) to operating profit and the progress was 57% of the full-year forecast of ¥2.8 billion. The growth strategies centered on the European business and large-scale agricultural machinery in Japan seem to have contributed more than expected. In the second half of FY26/12, the Company aims to achieve and exceed its full-year forecasts by steadily implementing measures such as reorganizing production bases, optimizing development, and improving product profit margins toward FY2027.

Project Z is making steady progress and is expected to make a substantial contribution to earnings for FY26/12 and beyond

Future outlook: Steady implementation is expected

Project Z’s contribution to operating profit for FY25/12 was ¥0.7 billion year on year, and the Company targets an additional positive impact on operating profit of ¥2.8 billion year on year for FY26/12 (¥3.5 billion over two years in total) and ¥4 billion year on year for FY27/12, the final year (a cumulative impact of at least ¥7.5 billion over three years). The Company aims to achieve the target operating profit margin of at least 5% by implementing the growth strategies and structural reforms.

Figure 6: Overview of Project Z



Source: Company data

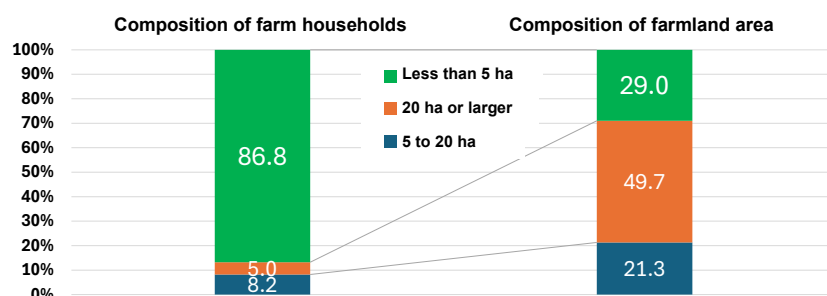
Current Status of Japan's Rice Farming Industry

Current Status of the Domestic Rice Farming Industry: The shift toward Large-scale farming is progressing steadily

Structural characteristics and challenges of Japan's rice farming industry include: (1) the average age of farmers is approximately 71 years old, and about 60% of farmers are 70 years old or older, (2) small-scale farming operations cultivating less than 5 ha account for about 87% of rice farmers, and (3) farms cultivating 5 ha or more account for approximately 71% of total rice farmland area, among which large-scale rice farms with 15 ha or more are estimated to account for about 55% of the overall rice farmland. Therefore, the future vision of the rice farming industry in Japan is to increase productivity through large-scale and smart farming and to build a "profitable rice farming industry" that is attractive to those who want to newly start farming, amid concerns about a decrease in the number of farming households.

Although small-scale farmers still account for the majority, the shift toward large-scale farming is progressing steadily

Figure 7: Large-Scale Farming Is Progressing Steadily in the Domestic Rice Farming Industry



Profitability Simulation for Rice Farmers in Japan

The Ministry of Agriculture, Forestry and Fisheries (MAFF) has published the total production cost by farm size (yen/60 kg) for domestic paddy rice production in 2024. Total production cost includes seed and seedlings, fertilizers and pesticides, fuel, farm equipment, water supply, labor costs, land rent, and interest, which can be used to estimate the break-even price for rice farmers by farm size. Although data for 2025 and 2026 have not been published, fertilizer prices in 2026 increased by approximately 8% from 2024. For this reason, CGRA compared the estimated total cost for 2026, which was assumed to be 10% higher than the total cost for 2024, with the advance payment of ¥18,500/60kg for rice produced in 2026 (for general Koshihikari in Niigata as a standard) currently being discussed. As a result, small-scale farmers cultivating less than 3 ha of rice need to receive ¥20,000/60kg or more advance payment for them to continue farming. On the other hand, it is considered that large-scale farmers with farmland of 15 ha or larger can remain profitable and maintain their capacity to invest in agricultural machinery for the resolution of issues despite many media reports on declining rice prices.

Farmers cultivating less than 3 ha of rice are expected to operate at a loss based on an advance payment of ¥18,500/60kg

Figure 8: Estimated Break-Even Advance Payment Level by Rice Acreage

Rice acreage (ha)	Total production cost (Yen/60 kg)		Estimated break-even advance payment (Yen)
	2024 actual	2026 CGRA estimate	
Less than 0.5	27,217	29,939	29,950
0.5 to 1	22,027	24,230	24,250
1 to 3	17,781	19,559	19,600
3 to 5	15,196	16,716	16,700
5 to 10	13,749	15,124	15,100
10 to 15	12,188	13,407	13,400
15 to 20	10,988	12,087	12,100
20 to 30	11,027	12,130	12,150
30 to 50	11,137	12,251	12,250
50 or more	9,978	10,976	11,000
National average	15,814	17,395	17,400

Break-even point at the advance payment of ¥18,500

Source: Prepared by CGRA based on various data from the Ministry of Agriculture, Forestry and Fisheries

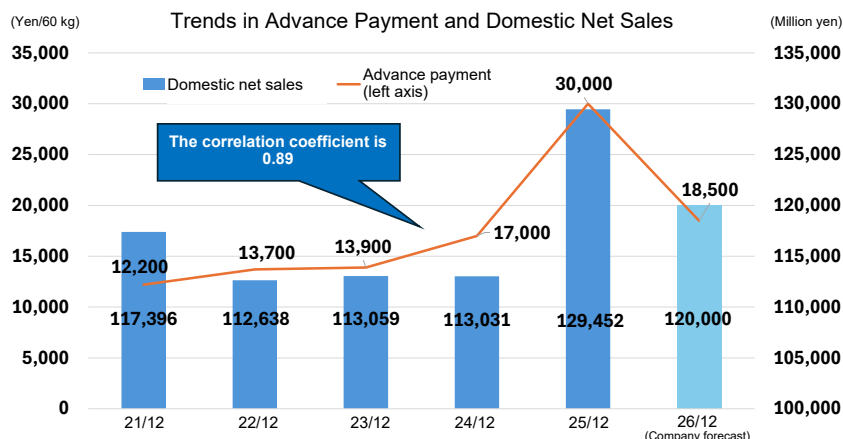
Profitability Simulation for Large-Scale Farmers

Domestic net sales will depend on the advance payment and farmers' production costs

The Company forecasts that domestic net sales for FY26/12 will fall 7.3% from the previous fiscal year to ¥120 billion, but still 6.1% higher than FY24/12. On the other hand, the advance payment (an initial payment made to rice farmers) for 2026 (= FY26/12) is expected to decrease by approximately 40% from 2025, when rice prices were exceptionally high, but will be 8.8% higher than ¥17,000 for 2024. There is a strong correlation between the Company's domestic net sales and the advance payment, and the Company's domestic net sales are likely to be influenced by future trends in advance payments.

The Company's domestic net sales through 2027 will be influenced by trend in advance payments

Figure 9: Domestic Net Sales Are Closely Linked to the Advance Payment



Expected profit generated by domestic rice farmers with farmland of 15 ha or more

The total production cost of rice farms cultivating 15 ha or more (including next-generation professional farmers, who are estimated to account for 55% of the total farmland) has remained stable at around ¥11,000 for the past 12 years. Based on the rate of increase in fertilizer prices, CGRA assumed that the production cost in 2025 was ¥11,347, an increase of 5% from the previous year, and the cost in 2026 would be ¥11,915, also an increase of 5% from the previous year. Under these assumptions, CGRA estimated the profit per 60 kg, which was calculated by subtracting the production cost from the advance payment (used as a proxy for farmers' sales revenue), to be ¥18,653 and ¥6,585, respectively. The expected profit based on 81,000 kg of brown rice harvested in farmland of 15 ha is ¥25.18 million in 2025 and ¥8.89 million in 2026. At present, the consolidation of farmland into large-scale farms is progressing, and it is estimated that the estimated profit for a farmer cultivating 20 ha exceeds ¥10 million.

Farmers cultivating 15 ha or more are expected to maintain their willingness to invest in agricultural machinery if advance payments remain at around ¥18,500/60kg

In the future, the economies of scale for farmers with farmland of 15 ha or more will be significant and their willingness to invest is expected to be maintained if the advance payment is around ¥18,500, although it depends on fertilizer cost, fuel cost, and other costs as well as the advance payment. CGRA believes that establishing a profitable rice farming industry requires large-scale farming.

Figure 10: Large-Scale Farmers with Farmland of 15 ha or More Can Secure a Certain Level of Profit

Year	Total production cost Yen/60 kg	Advance payment Yen/60 kg	Unit profit Yen/60 kg	Expected profit 10 thousand yen
2020	10,851	14,000	3,149	425
2021	10,496	12,200	1,704	230
2022	10,807	13,700	2,893	391
2023	11,350	13,900	2,550	344
2024	10,807	17,000	6,193	836
2025 estimate	11,347	30,000	18,653	2,518
2026 estimate	11,915	18,500	6,585	889

CGRA's estimates for 2025 and 2026, assuming 5% inflation from the previous year

Source: Prepared by CGRA based on various data from the Ministry of Agriculture, Forestry and Fisheries

Business Opportunities and Risks (Comparison between 2025 and 2026)

2025 Review: The Reiwa Rice Riots

From the summer of 2024 to 2025, concerns over rice shortages intensified by increased demand from inbound tourism, increased household rice purchases, and a lower rice milling yield due to high temperature damage to the 2023 rice crop, and the resulting surge in rice prices, dubbed the “Reiwa Rice Riots” attracted widespread public attention as a social issue. As a result, the advance payment for rice produced in 2025 soared to ¥30,000, up 76.5% from the previous year, leading to higher income and improved cash flow for rice farmers, which stimulated demand for replacement and upgrading of agricultural machinery in Japan and led to a recovery in Iseki's performance.

In 2025, the low profitability of rice farming once again came into the public spotlight

Current status in 2026: Strong demand for agricultural machinery, mainly large-scale machines, continues

On the other hand, the advance payment for rice produced in 2026 (for general Koshihikari in Niigata) is expected to be about ¥18,500, down approximately 40% from the previous year. However, the advance payment of ¥18,500 is 8.8% higher than that in 2024, and the expected profit for next-generation professional farmers in 2026 shown in Figure 10 is approximately 6% higher than that in 2024, remaining above historical levels. On the other hand, concerns remain that small-scale farmers with farmland of less than 5 ha, who account for about 87% of all farmers, may abandon farming or their farmland may be consolidated into large farming operations. Nevertheless, large-scale rice farming has been steadily progressing. From 2020 to 2025, the share of farmland cultivated by farms of 20 ha or more increased by 5.4 percentage points from 44.3% to 49.7%. The Company also commented “The demand for large-scale agricultural machinery has increased mainly among farmers with the farming area of 5 to 20 ha due to the enlargement of the farming area.” In 2026, therefore, amid many media reports on declining rice prices, large-scale rice farming is steadily progressing, and the demand for large-scale or smart agricultural machinery has become apparent.

Next-generation professional farmers are expected to continue investing in agricultural machinery if advance payments remain at around ¥18,500/60kg

MAFF's policy change also boosts demand for agricultural machinery

The Ministry of Agriculture, Forestry and Fisheries (MAFF) has a target of increasing the adoption ratio of smart agriculture technologies to at least 50% by FY2030, and is strengthening support for “farmland consolidation × large-scale smart agriculture,” shifting its focus from conventional subsidies for agricultural machinery purchases. These structural changes in support policies have also boosted the demand for agricultural machinery.

Possible risk: Declining rice prices (Advance Payment) Remain a risk

As shown in the simulation mentioned above, if the advance payment falls below ¥14,000, small-scale farmers will be more likely to abandon farming, and next-generation professional farmers with farmland of 15 ha or more will also face deteriorating business conditions and curb capital investment. As a result, there remain concerns that the weakened foundation for agricultural production might lead to rice shortage and soaring rice prices. Taking into consideration the sustainability of the domestic rice farming industry as a whole, including small-scale farmers, an advance payment of approximately ¥20,000/60kg could serve as a reasonable benchmark.

An advance payment of around ¥20,000/60kg could serve as a benchmark for maintaining a sustainable rice farming industry in Japan

Figure 11: Next-generation Professional Farmers' Capacity to Purchase Agricultural Machinery Could Be Maintained Even If Rice Prices Decline

Situation in 2025	Current status in 2026	Possible risk
Rise in rice prices (increase in advance payment) ↓ Improvement of farmers' income and CF ↓ Increase in demand for upgrading agricultural machinery + subsidies (¥20.1 billion) ↓ Growth of Iseki's business performance	Declining rice prices (declining advance payment) ↓ Concerns that small-scale farmers may abandon farming or be consolidated ↓ Next-generation professional farmers purchase agricultural machinery more actively ↓ Increase in demand for large-scale or smart agricultural machinery + subsidies (¥22.5 billion) ↓ Contribution to Iseki's sales + Project Z	If the advance payment is ¥14,000 or lower, unprofitable farmers will increase rapidly ↓ The abandonment of farming will accelerate ↓ Deterioration of Iseki's business performance

The subsidies are the sum of support for the purchase of agricultural machinery and support for smart agriculture

Progress of Growth Strategies

Three Growth Businesses Are Expected to Account for Approximately 50% of Net Sales

"Project Z" aims to enhance profitability by focusing on growth opportunities by (1) expanding the European business, which has an operating profit margin of nearly 10%, (2) implementing growth strategies for the domestic large-scale agricultural machinery business, which has an operating profit margin of approximately 15% including parts and repairs, and (3) focusing on the maintenance (parts and repairs revenue) business, which has an estimated operating profit margin of approximately 30%. The percentage of the sum of (1), (2) and (3) above in consolidated net sales is expected to increase from 39% (= ¥66.6 billion) for FY23/12 to 49% (= ¥88.3 billion) for FY26/12. Furthermore, CGRA estimates that the combined operating profit for FY26/12, which is the sum of the operating profit in (1) and (2) and the operating profit in (3) excluding parts and repairs for large-scale agricultural machinery, will reach about ¥10 billion. Looking ahead, we expect the Company to demonstrate its ability to execute fundamental structural reforms by reducing head office expenses and improving the profitability of low-margin businesses.

The growth strategies are steadily delivering results, while expectations remain high for the Company's execution of structural reform

European business: Net Sales Reached a New Record-High

In Europe, the Company achieved new record-high net sales of ¥29.2 billion, up 16.1% year on year, for the first half of FY26/12. While the progress of the first-half results toward the full-year forecast in most years is approximately 65 to 68%, the progress in the first half of FY26/12 was 70%, which is steady progress toward the full-year forecast of ¥41.8 billion. Strong sales of Iseki's products and the expansion of purchased product lineups have contributed to this growth.

The Three growth business strategies -- European business, domestic large-scale agricultural machinery, and maintenance -- are making steady progress

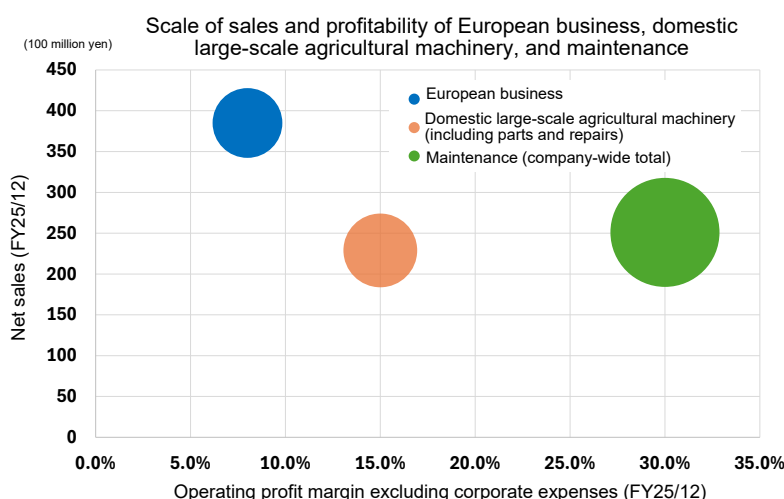
Domestic large-scale agricultural machinery: The positive effect of model changes will become apparent in FY27/12

There will be a model change of the large-scale flagship model, JAPAN, in 2026. The Company launched a large-scale tractor model in June, started selling a large-scale eight-row rice transplanter model in July, and plans to launch a large-scale combine harvester model at the end of the year. The share of large-scale agricultural machinery in domestic net sales for the first half of FY26/12 exceeded 40%, and that for the full year is expected to increase to about 45% (vs. about 30% for FY24/12).

Maintenance: Progress Is Ahead of the Historical Pace

Domestic maintenance sales (parts and repairs) for the first half of FY26/12 were ¥12.4 billion, up 9.1% year on year, and their percentage in domestic net sales also increased by 2.2 percentage points to 19.5%. While the progress of the first-half results toward the full-year forecast in most years is about 45%, the progress in the first half of FY26/12 was 49%, which is steady progress toward the full-year forecast of ¥25.3 billion.

Figure 12: Growth Is Driven by European Business, Domestic Large-Scale Agricultural Machinery, and Maintenance



Source: Prepared by CGRA from company data. The size of the circles indicates operating profit
ISEKI & CO., LTD. (6310)

Performance Trends

The Company's earnings are heavily concentrated in the first half due to seasonal demand patterns

The Company's earnings are highly seasonal. While 1Q (January to March) coincides with the winter off-season, a slow sales period in both Japan and overseas markets, 2Q (April to June) falls in the spring demand period, making it the peak sales season for cultivating and mowing machinery (such as tractors) and planting machinery (such as rice transplanters). In contrast, 3Q (July to September) and 4Q (October to December) fall in summer and autumn seasons, which are the selling seasons for harvesting machinery, but sales and profit volumes are relatively low. Particularly in 4Q (October to December), operating profit tends to turn into losses due to the heavy burden of sales incentives and other expenses.

The Company typically records an operating loss in 4Q (October to December) due to seasonal factors

FY26/12 first-half results: Exceeded the Company's Internal forecast

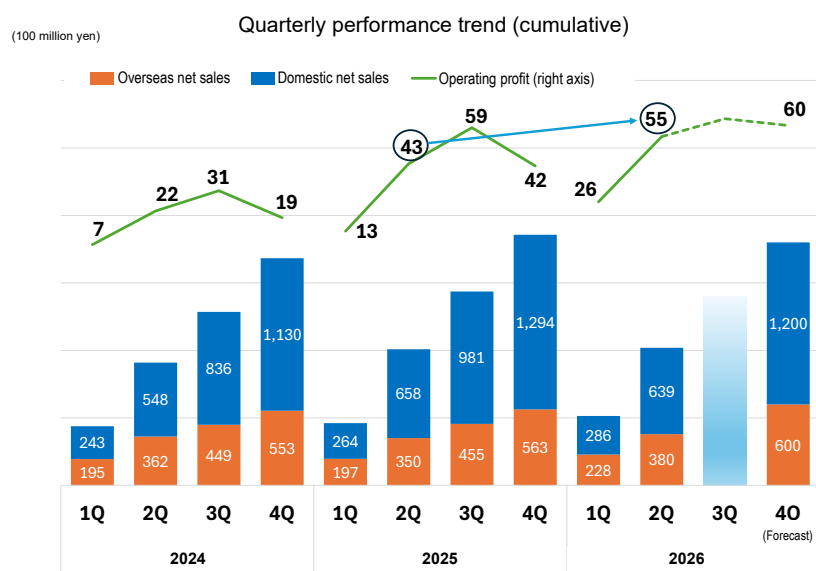
For the first half of FY26/12, as announced on August 7, 2026, net sales increased 1.0% year on year to ¥101.9 billion (¥63.9 billion in Japan, down 2.9% year on year, and ¥38 billion overseas, up 8.5% year on year). While overseas net sales remained strong mainly in the European business, which is one of the growth strategies, domestic net sales declined because production could not keep pace with incoming orders due to the transfer and consolidation of production from the Kumamoto Plant to the Matsuyama Plant. On the other hand, operating profit increased 28.0% year on year to ¥5.5 billion, and the operating profit margin improved by 1.2 percentage points year on year to 5.5%. The main factors behind the years-on-year change in operating profit were: (1) +¥1.6 billion from Project Z, (2) +¥1.2 billion from price revisions in Japan and overseas, (3) -¥1.0 billion from higher raw materials prices, (4) +¥0.4 billion from depreciation on the Yen, and (5) -¥1.0 billion from an increase in selling, general and administrative expenses (SG&A).

Full-year performance outlook: Strong order Momentum Continues

While the full-year forecast for FY26/12 (net sales of ¥180 billion, operating profit of ¥6 billion, operating profit margin of 3.3%) was left unchanged, the Company commented "Although there are many media reports on declining rice prices, domestic orders received in the first half of FY26/12 increased by slightly more than 10% year on year, which is stronger than expected. We kept the full-year forecast unchanged in order to assess the impact of the Kumamoto Earthquake on July 28, but first-half results ultimately exceeded our internal targets. We raised domestic sales prices by 4.6% in August, and we are taking measures against rising costs associated with worsening situation in the Middle East."

The Company raised its selling prices in August 2026, but the impact has not yet been reflected in its full-year earnings forecast

Figure 13: FY26/12 Results Were Steady, Exceeding the Company's Expectations



Source: Prepared by CGRA from company data

Cash Allocation

Cash allocation Prioritizes Growth Investment

Over the four-year period of Project Z from 2024 to 2027, the Company plans to generate cumulative operating cash flow of ¥50 billion by improving profitability and reducing inventories, and total cash inflows of slightly more than ¥50 billion, including debt financing. On the cash outflow side, the Company plans to allocate funds to debt reduction and investment in facilities upgrades and shareholder returns (DOE of at least 2%) while focusing on production optimization investment centered on the consolidation of production from the Kumamoto Plant to the Matsuyama Plant and growth investment including human capital and R&D.

Cumulative Operating Cash Flow of Approximately ¥40 billion is Within Reach

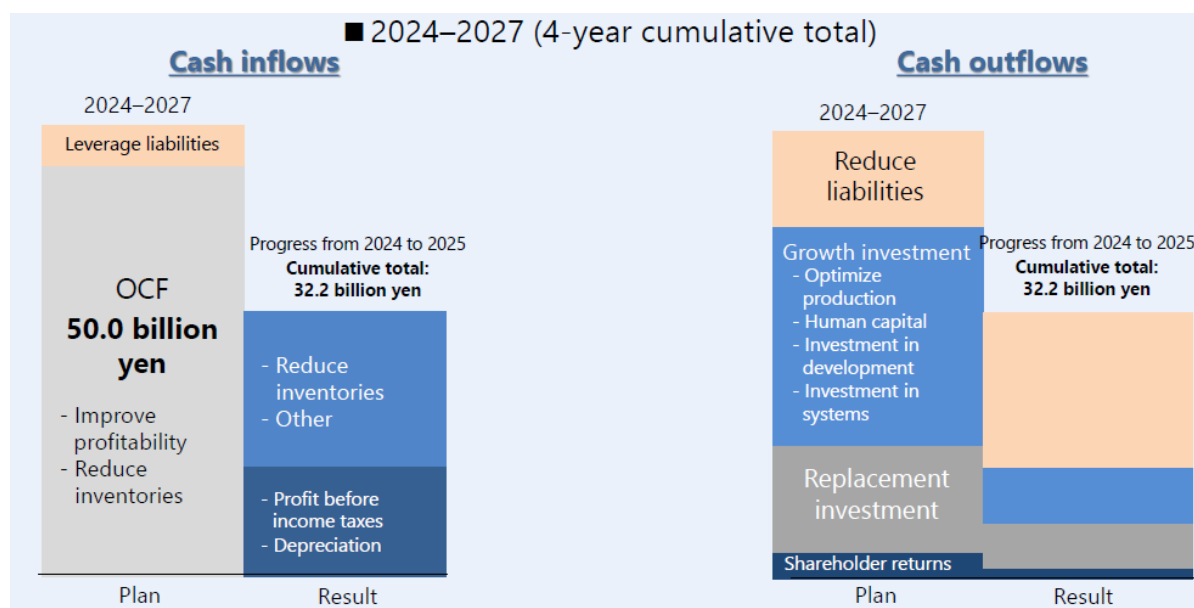
From 2024 to 2025 (FY24/12 to FY25/12), the Company generated cumulative operating cash flow of ¥32.2 billion mainly through inventory reductions and improved earnings. In 2026 (FY26/12), the Company is on track to generate approximately ¥8 billion in additional operating cash flow and the three-year cumulative operating CF will be approximately ¥40 billion. In FY27/12, the final year of Project Z, we expect the growth strategies to drive profit growth and to achieve the cumulative operating cash flow of ¥50 billion through the completion of the structural reforms.

Cumulative operating cash flow of approximately ¥40 billion is now within reach, and Project Z is expected to be completed in FY27/12, its final year

Capital investment is expected to peak in FY27/12

As part of the structural reforms under "Project Z," the Kumamoto Plant, which had mainly produced combine harvesters, was closed and the transfer of production to the Matsuyama Plant was completed in March 2026. As a result, capital investment in FY26/12 is expected to rise to ¥12.5 billion (including the production optimization investment of ¥8 billion) from ¥5.7 billion in FY25/12 and ¥5.6 billion in FY24/12. A similar level of capital expenditure is planned for FY27/12, and the amount is expected to peak in FY27/12 before declining. Although production of combine harvesters has already started at the Matsuyama plant, suppliers in Kumamoto were affected by the Kumamoto Earthquake, apparently delaying the transition to alternative suppliers and necessitating recovery support.

Figure 14: Cash Allocation Is Progressing in Line with the Company Plan



Source: Business briefing materials

Shareholder Returns

Shareholder Return Policy: Further Dividend increases Are Expected

As the shareholder return policy during the period of Project Z, the Company is targeting a DOE (dividend on equity) of at least 2% supported by its targets of achieving an operating profit margin of at least 5% and an ROE of at least 8% by FY27/12. Although the Company does not have a target dividend payout ratio, dividends per share for FY25/12 were increased from the initial forecast of ¥30 to ¥40 (+¥10 year on year), resulting in a dividend payout ratio of 32.8% and DOE of 1.3%. The Company forecasts dividends per share (DPS) of ¥45 for FY26/12, up ¥5 year on year, which is expected to result in a dividend payout ratio of 33.9%

Further dividend increases are expected

DOE of 1.5% Would Imply DPS of Approximately ¥50 in FY26/12

The Company's DOE (dividend on equity: the denominator is the average of shareholders' equity in the past two years) was 1.0% for FY24/12, which is the first year of "Project Z," and 1.3% for FY25/12, the second year. Assuming a DOE of 1.5% for FY26/12 by using the average shareholders' equity of ¥76.1 billion between shareholders' equity of ¥78.5 billion at the end of the first half of FY26/12 and shareholders' equity of ¥73.7 billion at the end of FY25/12, the dividend per share is estimated to be approximately ¥50.

DOE is expected to rise gradually toward the target of at least 2% by FY27/12

Assuming a DOE of 2% in FY27/12, DPS Could Reach ¥60 or More

On August 31, 2026, the Company announced that it planned to recognize an extraordinary gain of approximately ¥6.1 billion from the sale of its former Kumamoto plant site in 1Q of FY27/12. The extraordinary gain is expected to support the achievement of the Company's ROE target of at least 8%, while progress in structural reforms is expected to help the Company achieve its operating profit margin target of at least 5%. Together, these developments could strengthen the Company's capacity to achieve its DOE target of at least 2%.

Assuming a DOE of 2% and average shareholders' equity of ¥78.5 billion for FY27/12, which is at the same level as that at the end of the first half of FY26/12, total annual dividends would amount to approximately ¥1.57 billion, suggesting that DPS of ¥60 or more could be achievable in FY27/12.

Figure 15: Continuous Dividend Increases Are Expected Due to Rising DOE

	22/12	23/12	24/12	25/12	26/12 estimate	27/12 plan
DOE:%	1.0	1.0	1.0	1.3	1.5	2.0
(ROE:%	6.2	0.0	-4.4	3.9	3.8	8.0
(Dividend payout ratio: %	16.5	2,343.8	-22.5	32.8	39.4	25.0
Dividend per share: yen	30.00	30.00	30.00	40.00	50.00	¥60 or more
Year-end dividend yield: %	2.9	2.8	1.7	2.1	2.6	-
Stock price: yen	1,018	1,072	1,717	1,887	1,960	-

Estimated from $DOE = ROE \times \text{Dividend payout ratio}$

FY26/12 DPS was estimated by CGRA, and the estimated ROE is market-expected ROE.

Source: Prepared by CGRA

Stock Valuation

Targeting a PBR of at Least 1× (about ¥3,500) by FY27/12

Through the implementation of Project Z, the Company aims to achieve a consolidated operating profit margin of at least 5%, ROE of at least 8% and DOE of at least 2% by FY27/12, with the ultimate goal of achieving a PBR of at least 1×. Book value per share (BPS) at the end of the first half of FY26/12 is ¥3,471, and a share price of approximately ¥3,500 would correspond to a PBR of 1×.

The Company's Forward PER Has Risen as Its Growth Strategies Gain Recognition

In order to achieve a PBR of at least 1× while achieving an ROE of at least 8%, which is the Company's target, the P/E ratio would need to be at least 12.5× (estimated from $PBR = ROE \times PER$). The forward P/E ratio calculated by dividing the closing share price of ¥1,960 on September 28, 2026, by the Company's forecast EPS of ¥132.59 for FY26/12 is 14.8×, up from 12.3× at the time of the previous report. As mentioned in the section on the progress of the growth strategies on page 10, the Company is shifting toward an earnings structure where the highly profitable European business, the domestic large-scale agricultural machinery business, and the maintenance business account for about 50% of net sales and are estimated to generate combined operating profit of approximately ¥10 billion, and CGRA believes that this ongoing structural change of earnings has contributed to the rise in PER.

The Company's forward P/E ratio is rising as its growth strategies gain market recognition

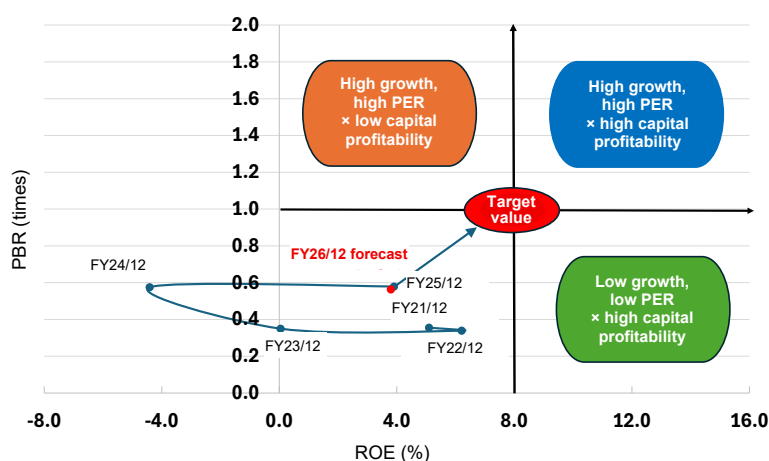
Achieving a PBR of 1× requires sustainably achieving ROE of approximately 7% or higher

However, the PBR calculated using the current stock price of ¥1,960 and BPS of ¥3,471.46 as of the end of the first half of FY26/12 is only 0.56×. Applying a PBR of 0.56× and the forward PER of 14.8× to the formula $PBR = ROE \times PER$ gives an implied ROE of approximately 3.8%. This suggests that the stock market is still cautious about whether the Company will achieve its target ROE of at least 8.0%. Securing a PBR of at least 1× while maintaining the forecast PER of 14.8× will require sustainably achieving an ROE of approximately 7% or higher.

The stock market remains cautious about the sustainability of the company's ROE

The stock valuation for the Company remains at the position of low growth, low PER × low capital profitability (the third quadrant). In FY27/12, there is a possibility that ROE may temporarily exceed 10% due to the recording of about ¥6.1 billion as gain on sale of real estate. However, a further increase in PER and the establishment of a financial and earnings structure capable of continuously achieving an ROE of at least 8% will depend on the successful execution of the growth strategies and structural reforms set forth in Project Z.

Figure 16: Achieving a PBR of 1× Requires Sustained Improvement in ROE



Source: Prepared by CGRA



Sustainability Management

Ensuring that sustainability management is fully embraced in the field through seven working groups

The Company's sustainability activities are reviewed and discussed by the ESG Committee, which consists of directors and executive officers and is chaired by outside director Mr. Iwasaki. The committee meets monthly in principle. In addition, seven ESG working groups have been established to promote concrete activities.

Environment (E): Focusing on expanding sales of Eco-Products

As its environmental vision, the Company aims to realize a sustainable society by achieving carbon neutrality across Scopes 1 & 2 and 3 by 2050. It endorsed the TCFD Recommendations in May 2022, and has been addressing the risks and opportunities associated with climate change. It intends to reduce Scope 1 & 2 emissions by 46% from the 2014 level by 2030, and aims to achieve its Scope 3 Category 11 target through research and development of agricultural machinery that is electrically powered or uses alternative energy such as hydrogen. Furthermore, the percentage of eco-products (i.e., products with reduced environmental impact) developed in-house in domestic net sales has been set as a KPI, and the Company aims to increase it to 85%, which is the new target, by 2030 (compared with 76.5% in 2025, which is the new criterion).

Working groups drive initiatives across ESG priorities

Society (S): Employee Well-Being Should Improve as Business Performance Gains are Shared with Employees

In 2025, the percentage of female employees at ISEKI & CO., LTD. on a non-consolidated basis was relatively high at 15.2%, and the percentage of female managers rose steadily to 5.0% (2030 target: 7.0% or more, 2024 result: 4.0%). On the other hand, the employee engagement survey conducted in December 2025 showed that the overall satisfaction rate was 52.3%, down 0.8 percentage points from the survey conducted in September 2024. While items with high satisfaction include management policies and human relations, there are still issues regarding the wage system and personnel system. In January 2026, "a new personnel system that recognizes taking on challenges and producing results" was introduced, and its effectiveness warrants close monitoring. Employee well-being should be improved by sharing the benefits of Project Z with employees.

Governance (G): The effectiveness of governance is being strengthened steadily

The Company has adopted the organizational structure of a company with an Audit & Supervisory Board. The board of directors consists of eight directors in total, including four internal directors and four outside directors (50% outside and 25% female). The board of directors and the Nomination and Compensation Committee are chaired by Mr. Iwasaki, outside director. While boards of directors generally hold about 12 to 15 meetings a year, the Company's board of directors held 19 meetings during a year, indicating a high frequency of board engagement.

Further strengthening of management and governance through greater emphasis on ROE targets and employee engagement is expected

The compensation structure for internal directors was revised in 2026 so that the previous structure of "60% fixed compensation, 30% performance-linked evaluation compensation, and 10% performance-linked stock-based compensation" was changed into "50% fixed compensation, 40% performance-linked evaluation compensation, and 10% performance-linked stock-based compensation."

As a performance indicator for performance-linked compensation, the consolidated operating profit margin is adopted, since it clearly indicates the content of performance. However, CGRA believes that the target ROE and the results of the employee engagement survey should be added to the evaluation indicators for performance-linked compensation, in order to demonstrate management's commitment to achieving a PBR of 1× and strengthen sustainability management, particularly human capital management.

Various Financial Data

Figure 17 : Consolidated Balance Sheet and Statement of Cash Flows

(¥ mn, %)	16/12	17/12	18/12	19/12	20/12	21/12	22/12	23/12	24/12	25/12
Current assets	92,934	91,751	92,849	87,159	89,979	91,103	109,414	115,322	105,618	102,431
Cash on hand and in banks	13,936	7,981	7,475	8,404	10,787	14,850	10,749	9,901	8,200	12,891
Receivables	24,911	25,113	23,327	19,675	21,780	21,537	27,574	26,917	25,435	26,494
Inventories	49,315	53,405	53,718	54,177	51,845	49,871	65,331	72,840	66,936	57,741
Other current assets	4,772	5,252	8,329	4,903	5,567	4,845	5,760	5,664	5,047	5,305
Fixed assets	110,422	109,596	108,398	110,352	97,449	96,581	97,076	101,780	100,513	107,044
Tangible fixed assets	96,466	95,592	96,842	98,346	86,287	84,962	83,919	84,553	81,396	83,645
Intangible fixed assets	1,062	1,025	1,082	1,288	1,967	2,290	2,309	2,489	2,975	3,970
Investments and other assets	12,894	12,979	10,474	10,718	9,195	9,329	10,848	14,738	16,142	19,429
Total assets	203,356	201,348	201,248	197,511	187,428	187,684	206,491	217,102	206,132	209,475
Current liabilities	89,447	89,644	95,595	89,735	86,147	81,342	98,189	95,465	93,178	96,922
Notes payable - trade	42,421	40,672	39,736	37,752	36,872	39,279	45,499	41,733	25,253	26,923
Short-term borrowings	36,144	37,414	45,213	41,407	39,459	31,945	41,944	42,235	46,537	40,824
Other current liabilities	10,882	11,558	10,646	10,576	9,816	10,118	10,746	11,497	21,388	29,175
Long-term liabilities	46,757	40,787	36,692	38,524	38,861	39,780	35,956	47,420	41,116	34,124
Long-term debt	33,317	28,920	24,580	27,915	29,890	30,231	26,241	34,672	28,945	21,348
Other long term liabilities	13,440	11,867	12,112	10,609	8,971	9,549	9,715	12,748	12,171	12,776
Total liabilities	136,205	130,432	132,288	128,259	125,009	121,123	134,146	142,886	134,294	131,046
Minority interests	1,629	1,671	1,681	1,694	1,724	1,766	4,330	4,879	4,261	4,631
Shareholders' equity	65,496	69,219	67,252	67,532	60,669	64,769	68,003	69,324	67,564	73,785
Total net assets	67,151	70,916	68,959	69,252	62,419	66,561	72,345	74,215	71,837	78,428
Total liabilities and shareholders' equity	203,356	201,348	201,248	197,511	187,428	187,684	206,491	217,102	206,132	209,475
(¥ mn, %)	16/12	17/12	18/12	19/12	20/12	21/12	22/12	23/12	24/12	25/12
Operating CF	8,283	3,308	7,616	10,509	9,694	14,233	-3,375	-2,459	8,825	23,456
Income before income taxes and minority interests	1,101	3,838	2,229	1,302	-7,114	4,366	5,257	1,900	-1,531	4,434
Depreciation and amortization	7,189	7,005	6,727	6,852	6,987	6,563	6,103	5,622	5,433	5,201
Working capital total	662	-5,847	482	883	608	4,952	-11,155	-9,664	-7,650	11,968
Income taxes	-598	-1,061	-1,455	-452	-500	-907	-881	-1,278	-445	-2,002
Others	-71	-627	-367	1,924	9,713	-741	-2,699	961	13,018	3,855
Investing CF	-5,736	-5,273	-9,944	-7,104	-5,167	-2,039	-2,984	-5,416	-5,843	-4,442
Purchase of investment securities	-53	0	-940	0	-55	0	-360	0	-779	0
Proceeds from sales of investment securities	1,457	0	77	638	45	45	45	60	152	56
Additions to property, plant and equipment	-8,561	-5,646	-6,849	-8,354	-6,626	-4,646	-4,800	-5,759	-5,707	-6,566
Proceeds from sales of fixed assets	373	390	438	556	329	816	450	318	560	1,938
Others	1,048	-17	-2,670	56	1,140	1,746	1,681	-35	-69	130
FCF	2,547	-1,965	-2,328	3,405	4,527	12,194	-6,359	-7,875	2,982	19,014
Financial CF	2,621	-4,294	1,970	-2,396	-2,179	-8,338	2,033	6,722	-5,099	-15,132
Net increase(decrease) in long term debt	4,342	-4,326	-384	274	-388	-700	2,937	5,745	-7,311	-6,763
Net increase(decrease) in short term debt	374	2,582	4,313	-2,697	87	-6,342	723	2,631	4,498	-6,517
Cash dividends paid	-336	-341	-678	-680	-678	-1	-679	-688	-686	-685
Others	-1,759	-2,209	-1,281	707	-1,200	-1,295	-948	-966	-1,600	-1,167
Effect of exchange rate changes on cash and cash equivalents	-20	146	-51	-26	36	191	225	304	416	243
Changes on cash and cash equivalents	5,147	-6,113	-408	981	2,383	4,048	-4,101	-848	-1,700	4,125
Cash and cash equivalents at the beginning of the year	8,761	13,909	7,795	7,387	8,369	10,752	14,800	10,699	9,851	8,150
Cash and cash equivalents at the end of the year	13,909	7,796	7,387	8,369	10,752	14,800	10,699	9,851	8,150	12,840
DE ratio(times)	1.0	0.9	1.0	1.0	1.1	0.9	0.9	1.0	1.1	0.8
Shareholders' equity ratio (%)	32.2	34.4	33.4	34.2	32.4	34.5	32.9	31.9	32.8	35.2
ROE (%) : Net profit / Shareholder' equity	19.4	21.7	21.5	20.4	18.1	5.1	6.2	0.0	-4.4	3.9
ROA (%) : Net profit / Total assets	6.3	7.2	7.3	6.9	6.0	1.7	2.1	0.0	-1.4	1.3

Figure 18 : Consolidated Statement of Income

(¥ mn,%)	17/12	18/12	19/12	20/12	21/12	22/12	23/12	24/12	25/12	26/12COE
Sales	158,382	155,955	149,899	149,304	158,192	166,629	169,916	168,425	185,770	180,000
YOY	3.5	-1.5	-3.9	-0.4	6.0	5.3	2.0	-0.9	10.3	-3.1
COGS	112,175	110,009	105,392	105,828	111,351	116,738	119,556	117,776	130,103	-
COGS ratio	70.8	70.5	70.3	70.9	70.4	70.1	70.4	69.9	70.0	-
SG&A	42,252	42,765	41,761	41,392	42,693	46,356	48,105	48,728	51,440	-
SG&A ratio	26.7	27.4	27.9	27.7	27.0	27.8	28.3	28.9	27.7	-
Operating income	3,953	3,179	2,745	2,084	4,147	3,534	2,253	1,920	4,225	6,000
YOY	60.1	-19.6	-13.7	-24.1	99.0	-14.8	-36.2	-14.8	120.1	42.0
Operating income ratio	2.5	2.0	1.8	1.4	2.6	2.1	1.3	1.1	2.3	3.3
Non-operating income/expenses	297	-551	-1,637	-381	539	228	-160	-343	-106	-1,100
Non-operating profits	1,617	1,887	1,244	1,240	1,981	1,870	2,249	2,193	1,703	-
Non-operating losses	1,320	2,438	2,881	1,621	1,442	1,642	2,409	2,536	1,809	-
Financial balance	-290	-391	314	-258	-252	-372	-671	-927	-920	-
Interest earned	139	133	192	172	144	71	140	136	138	-
Dividends earned	164	145	851	204	155	222	315	351	332	-
Interest paid	593	669	729	634	551	665	1,126	1,414	1,390	-
Ordinary income	4,250	2,629	1,108	1,702	4,687	3,762	2,092	1,577	4,119	4,900
YOY	159.9	-38.1	-57.9	53.6	175.4	-19.7	-44.4	-24.6	161.2	19.0
Ordinary income ratio	2.7	1.7	0.7	1.1	3.0	2.3	1.2	0.9	2.2	2.7
Extraordinary income/loss	-412	-400	194	-8,817	-321	1,494	-192	-3,110	315	-
Extraordinary income	493	148	538	679	96	3,396	73	143	1,159	-
Extraordinary loss	905	548	344	9,496	417	1,902	265	3,253	844	-
Pretax income	3,838	2,229	1,302	-7,114	4,366	5,257	1,900	-1,531	4,434	-
Taxes and deferred taxes	993	1,102	560	-1,510	1,133	1,049	1,524	1,034	1,536	-
Tax ratio	25.9	49.4	43.0	21.2	26.0	20.0	80.2	-67.5	34.6	-
Minority interests	37	35	18	36	36	88	347	456	140	-
Net income	2,807	1,090	723	-5,641	3,196	4,119	29	-3,022	2,757	3,000
YOY	227.2	-61.2	-33.7	NM	NM	28.9	-99.3	NM	NM	8.8
Net income margin	1.8	0.7	0.5	-3.8	2.0	2.5	0.0	-1.8	1.5	1.7
EPS	124.29	48.29	32.01	-249.58	141.40	182.14	1.28	-133.63	121.88	132.59
Sales by regions	17/12	18/12	19/12	20/12	21/12	22/12	23/12	24/12	25/12	26/12COE
Japan	123,136	122,812	117,717	115,907	117,396	112,638	113,059	113,031	129,452	120,000
North America	9,601	11,345	13,195	12,832	15,142	19,536	14,298	11,256	10,465	11,300
Europe	13,183	13,884	12,894	13,957	15,939	25,139	33,262	38,549	38,527	41,800
Asia	-	-	-	6,233	9,183	8,630	8,139	4,992	6,952	6,500
Others	7,928	6,240	5,661	374	530	684	1,156	596	372	400
Total sales	158,382	155,955	149,899	149,304	158,192	166,629	169,916	168,425	185,770	180,000
YOY										
Japan	1.7	-0.3	-4.1	-1.5	1.3	-4.1	0.4	0.0	14.5	-7.3
North America	-13.4	18.2	16.3	-2.8	18.0	29.0	-26.8	-21.3	-7.0	8.0
Europe	17.1	5.3	-7.1	8.2	14.2	57.7	32.3	15.9	-0.1	8.5
Asia	-	-	-	-	47.3	-6.0	-5.7	-38.7	39.3	-6.5
Others	49.4	-21.3	-9.3	-93.4	41.7	29.1	69.0	-48.4	-37.6	7.5
Total sales	3.5	-1.5	-3.9	-0.4	6.0	5.3	2.0	-0.9	10.3	-3.1
Domestic sales ratio:%	77.7	78.7	78.5	77.6	74.2	67.6	66.5	67.1	69.7	66.7
Overseas sales ratio:%	22.3	21.3	21.5	22.4	25.8	32.4	33.5	32.9	30.3	33.3
(European sales weight	8.3	8.9	8.6	9.3	10.1	15.1	19.6	22.9	20.7	23.2
(North American sales weight	6.1	7.3	8.8	8.6	9.6	11.7	8.4	6.7	5.6	6.3
(Asian sales weight	-	-	-	4.2	5.8	5.2	4.8	3.0	3.7	3.6
Sales by models										
Cultivating Machinery	-	-	-	-	-	63,985	61,485	57,295	64,322	-
Planting Machinery	-	-	-	-	-	9,374	9,063	7,593	9,175	-
Harvesting Machinery	-	-	-	-	-	17,958	17,099	16,934	20,104	-
Miscellaneous	-	-	-	-	-	46,915	48,904	51,202	60,809	-
Other Agriculture related business	-	-	-	-	-	28,350	33,314	35,351	31,323	-
Total	-	-	-	-	-	166,584	169,867	168,377	185,735	-
Others	-	-	-	-	-	44	48	48	3	-
Sales to external customers	-	-	-	-	-	166,629	169,916	168,425	185,770	-

Source: Prepared by CGRA



Analysts Responsible for this Report

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Kuroda joined Kankaku Research Institute (now Mizuho Securities) in April 1992, assigned to the Industrial Research Department. He then joined Jardine Fleming Securities (now JP Morgan Securities) in September 1999, then Goldman Sachs. Until January 2020, he worked for Credit Suisse Securities. He served as Vice President at Goldman Sachs, and Director at Credit Suisse Securities. In his career, he has been in charge of the machinery, shipbuilding, and heavy machinery sectors. He joined CGRA as a partner in June 2020. He was a member of the Machinery Industry Disclosure Committee, The Securities Analysts Association of Japan

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Capital Goods Research & Advisory Co., Ltd.

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