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[Title]

ISEKI achieves YoY sales and profit growth in Q1 driven by robust domestic performance, with Project Z progressing steadily and full-year forecast unchanged

[Lead]

The following is a transcript of ISEKI & CO., LTD.'s financial results briefing for the first quarter of the fiscal year ending December 31, 2025, which was released on May 15, 2025.

[Speaker]

Shiro Tomiyasu, President and Representative Director, ISEKI & CO., LTD.

Noriaki Ishimoto, Corporate Officer, General Division Manager, Business Division, ISEKI & CO., LTD.

Yoshiaki Kimata, Corporate Officer, General Division Manager, Overseas Business Division, ISEKI & CO., LTD.

Key Points

Key Points



<First Quarter Financial Results>

Outperformed internal targets

Strong domestic performance and continued overseas high performance, leading to higher sales and operating income year on year

Domestic Sales:	On a recovery track due in part to rising rice prices Revenues from farming implements and maintenance grew, which are a pillar in reform of revenue and cost structure
Overseas Sales:	Strong in Europe, higher sales in Asia due to the completion of inventory adjustment in Korea Lower sales in North America due to weak market conditions
Operating Income:	Higher operating income mainly due to higher sales and price revision effect Effects of Project Z measures and temporary expenses were in line with plans
Ordinary Income:	Remained flat YoY, due to a ¥0.4 billion deterioration in foreign exchange gains and losses under non-operating income and expenses
Profit:	Higher profit due to extraordinary income (gain on sale of non-current assets)

<Full-year Forecasts>

No revision

- The impact of U.S. tariff policies on profit for this fiscal year will be minimal, given that there is approximately 11 months' worth of customs-cleared local inventory and that orders for roughly 70% of the annual sales plan have already been received
- Domestic performance will remain strong in the first half due to a recovery in farmers' purchasing appetite driven by rising rice prices

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Shiro Tomiyasu (hereafter, **Tomiyasu**): Hello everyone. I am Shiro Tomiyasu, President and Representative Director, ISEKI & CO., LTD. Thank you for taking the time to join us today. We truly appreciate your continued support and valuable feedback on our investor relations efforts. I will now walk you through our financial results for 1Q FY12/2025.

I'd like to summarize the key points from 1Q results. 1Q outperformed our internal targets. Strong domestic performance and continued overseas high performance led to higher sales and operating income YoY. The breakdown of domestic and overseas sales is shown on the slide and explained in more detail later.

On the profit front, operating income rose thanks to higher sales and price revision effect. The effects of Project Z measures and temporary expenses were in line with the plan. However, ordinary income remained flat YoY due to the deterioration in foreign exchange gains and losses under non-operating income and expenses offsetting the increased operating income. Profit increased, boosted by gain on sale of non-current assets.

We have left our full-year forecast unchanged. The impact of U.S. tariff policies on profit for the period under review will be minimal. This is because distribution inventory in the U.S.—including both AGCO's and our own local inventory—covers approximately 11 months and primarily consists of goods that have already cleared customs. Furthermore, around 70% of our

annual sales plan has already been secured through orders received.

Domestic performance will remain strong in 1H due to a recovery in farmers' purchasing appetite driven by rising rice prices. Looking ahead to 2H beyond, our concerns lie less with rice prices and more with potential challenges related to production volume and yield. We have already announced product price revisions for 2H, and we will continue evaluating the situation with these factors in view.

With 1H progressing well, we are confident that we can achieve our full-year targets.

Outline of Consolidated Business Performance

Outline of Consolidated Business Performance



(JPY bn, unless otherwise noted) (January 1, 2025 to March 31, 2025)		FY2021/12	FY2022/12	FY2023/12	FY2024/12	FY2025/12	YoY Change
		1Q Actual	1Q Actual	1Q Actual	1Q Actual	1Q Actual	
Net Sales		40.4	38.7	45.8	43.9	46.1	+2.2
	(Domestic)	28.2	22.7	28.2	24.3	26.4	+2.0
	(Overseas)	12.2	16.0	17.6	19.5	19.7	+0.1
Gross Profit		11.7	10.8	13.7	13.0	13.8	+0.7
	Gross Profit Margin(%)	29.1%	27.9%	30.0%	29.7%	29.9%	+0.2%
Operating Income		1.4	(0.2)	1.6	0.7	1.3	+0.6
	Operating Margin(%)	3.7%	(0.6)%	3.7%	1.7%	3.0%	+1.3%
Ordinary Income		2.1	0.0	1.3	0.9	0.9	+0.0
Profit (Loss) Attributable to Owners of Parent		1.9	0.2	0.7	0.4	1.5	+1.0
Average * Exchange Rate (JPY)	US\$	104.9	115.0	132.4	147.4	153.8	+6.4
	Euro	129.5	136.1	145.5	163.2	160.7	-2.5

*The average exchange rate has been revised to reflect the average sales exchange rate including that of overseas subsidiaries.

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Here is a summary of the 1Q consolidated business performance. Net sales rose by ¥2.2 billion YoY to ¥46.1 billion. Of that, domestic and overseas sales increased by ¥2.0 billion and ¥0.1 billion respectively. Operating income rose by ¥0.6 billion YoY.

1Q is usually a slow season mainly in Japan, and in the past, we often started the year with an operating loss. However, as mentioned in the announcement, stronger overseas sales helped us move toward profitability over the last few fiscal years. We believe this shows that our business structure is gradually improving, even if only slightly.

Domestic Sales

Domestic Sales



(JPY bn)		FY2021/12	FY2022/12	FY2023/12	FY2024/12	FY2025/12	
		1Q Actual	1Q Actual	1Q Actual	1Q Actual	1Q Actual	YoY Change
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	6.6	5.8	7.0	5.8	6.0 +0.1
		Planting Machinery	2.5	1.6	2.1	1.6	1.5 -0.1
		Harvesting & Processing Machinery	2.4	2.0	3.9	2.6	2.5 -0.0
		Subtotal	11.6	9.6	13.1	10.1	10.1 +0.0
	Farming Implements/Spare Parts	Farming Implements/Spare Parts	9.0	7.0	8.0	7.7	9.1 +1.3
		Repair Fees	1.1	1.1	1.1	1.1	1.2 +0.0
		Subtotal	10.2	8.1	9.2	8.8	10.3 +1.4
	Total		21.8	17.7	22.3	19.0	20.4 +1.4
	Construction of Facilities		1.4	0.7	1.2	0.7	1.4 +0.7
	Others		5.0	4.2	4.6	4.5	4.4 -0.0
Total			28.2	22.7	28.2	24.3	26.4 +2.0

Main factors of YoY changes

- On a recovery track due to rising rice prices
- Revenues from farming implements and maintenance grew, which are a pillar in reform of revenue and cost structure

Agricultural machinery:
Sales remained at the same level YoY

Farming implements/spare parts/repair fees: (Maintenance revenues)
Sales increased

Construction of facilities:
Sales increased due to the completion of large facility projects

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Let me start with domestic sales. As shown in the total at the bottom of the slide, domestic sales rose by ¥2.0 billion YoY, on a recovery track due to rising rice prices. Sales of Agricultural Machinery, shown on the fourth row from the top, remained at the same level YoY. However, sales of Farming Implements/Spare Parts and Repair Fees—listed below that—grew by ¥1.4 billion YoY.

Over the past 10 years, we have spent the past 10 years reforming our revenue and cost structure. Sales of Spare Parts and Repair Fees, which are pillars in this reform, continue to grow. In addition, sales of Construction of Facilities increased by ¥0.7 billion due to the completion of large facility projects.

Overseas Sales

Overseas Sales



(JPY bn, %)	FY2021/12 1Q Actual	FY2022/12 1Q Actual	FY2023/12 1Q Actual	FY2024/12 1Q Actual	FY2025/12 1Q Actual	YoY Change
Europe	5.9	7.8	11.0	14.0	14.6	+0.5
North America	3.9	4.6	3.8	3.3	2.8	-0.4
Asia	2.2	3.5	2.1	1.9	2.1	+0.1
Others	0.0	0.1	0.5	0.2	0.1	-0.0
Total sales	12.2	16.0	17.6	19.5	19.7	+0.1

Overseas sales ratio	30.2%	41.4%	38.4%	44.5%	42.7%	-1.8%
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Main factors of YoY changes

- Higher sales in Europe and Asia
- Weak in North America

Europe:

Sales increased with steady performance

North America:

Sales declined as the compact tractors market remained weak

Asia:

Sales increased mainly in Korea

Now let's look at overseas sales. As shown in the bottom of the slide, total overseas sales increased by ¥0.1 billion YoY. Sales in Europe increased by ¥0.5 billion YoY with steady performance. Sales in North America declined by ¥0.4 billion as the compact tractors market remained weak. Sales in Asia increased, mainly in Korea. As a result, the overseas sales ratio reached 42.7%.

Operating Income

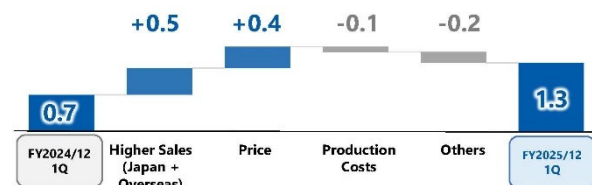
Operating Income



- Operating income increased, primarily due to higher sales mainly in Japan and price revision effect

(JPY bn, %)	FY2024/12 1Q Actual	FY2025/12 1Q Actual	YoY Change
Net Sales	43.9	46.1	+2.2
Gross Profit	13.0	13.8	+0.7
Gross Profit Margin	29.7%	29.9%	+0.2%
SG&A Expenses	12.3	12.4	+0.1
Personnel Expenses	6.9	7.1	+0.1
Other Expenses	5.3	5.2	-0.0
Operating Income	0.7	1.3	+0.6
Operating Margin	1.7%	3.0%	+1.3%

[Breakdown of YoY change (¥0.6 billion)]



[Effect of FOREX fluctuations
(impact of income/losses, JPY bn)]

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
(0.1)	0.1	0.0	0.0

(Reference)

[Project Z
(impact of income/losses, JPY bn)]

Operating Income	1Q Actual	Full-year Forecast
Effect	0.2	1.5
Temporary expenses*	(0.2)	(0.8)

*Expenses for transfer of production, consolidation of sales companies, and others

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Let me explain the details of operating income. As shown in the graph on the right side of the slide, increased domestic and overseas sales boosted gross profit by ¥0.5 billion YoY. The revision of selling price contributed to a ¥0.4 billion increase. Meanwhile, soaring raw material prices had a negative impact of ¥0.1 billion. Overall, we achieved a net increase of ¥0.6 billion resulting in operating income of ¥1.3 billion.

As shown in the table at the bottom right, FOREX fluctuations reduced net sales by ¥0.1 billion, but had no impact on operating income. We have carefully managed the balance between foreign and yen-denominated payments and receipts, including through hedging—to minimize the impact of currency fluctuations. During the previous fiscal year, the weaker yen significantly boosted our results. However, in 1Q of the current fiscal year, the stronger yen has begun to shift that dynamic.

As shown to the right of the foreign exchange fluctuations, the effect and temporary expenses of Project Z measures were plus and minus ¥0.2 billion, respectively, resulting in a net impact of zero. This is in line with our plan. As previously explained, the effects of Project Z measures tend to emerge with a time lag.

This fiscal year, we expect positive contributions—particularly toward the end of the period—mainly from measures such as development optimization. As a result, our current outlook is in line with the plan, with a net impact that remains roughly neutral at this stage.

Ordinary Income & Profit

Ordinary Income & Profit



- Ordinary income remained flat year on year, as foreign exchange gains and losses in non-operating income and expenses had a negative impact
- Profit increased driven by gain on sale of non-current assets

(JPY bn)	FY2021/12 1Q Actual	FY2022/12 1Q Actual	FY2023/12 1Q Actual	FY2024/12 1Q Actual	FY2025/12 1Q Actual	YoY Change
Operating Income	1.4	(0.2)	1.6	0.7	1.3	+0.6
Financial income (expenses), net	(0.1)	(0.1)	(0.5)	(0.3)	(0.3)	-0.0
Other non-operating income (expenses), net	0.8	0.4	0.1	0.5	(0.1)	-0.5
Ordinary Income	2.1	0.0	1.3	0.9	0.9	+0.0
Extraordinary Income	0.0	0.0	0.0	0.0	0.8	+0.8
Extraordinary Losses	0.0	0.0	0.0	0.0	0.0	-0.0
Income Before Income Taxes	2.0	0.0	1.2	0.8	1.8	+0.9
Income Taxes-Deferred	(0.1)	0.2	(0.5)	(0.4)	(0.3)	+0.1
Profit (loss) Attributable to Owners of Parent	1.9	0.2	0.7	0.4	1.5	+1.0

[Breakdown of major YoY change in Other non-operating income (expenses), net (JPY bn)]

Other non-operating income (expenses), net	
Foreign exchange gains (losses)	(0.4)
Others	(0.1)

[Breakdown of major YoY change in extraordinary income/losses (JPY bn)]

Extraordinary income/losses	
Gain on sale of non-current assets	0.8

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As shown on the right side of the slide, ordinary income came in at ¥0.9 billion, roughly flat YoY, mainly due to a ¥0.4 billion drop YoY in foreign exchange gains and losses. While operating income improved YoY, our non-operating foreign exchange gains and losses shifted from a net gain to a net loss position. With a net negative impact of slightly over ¥0.4 billion, ordinary income came to approximately ¥0.9 billion, remaining roughly flat year-on-year.

Profit attributable to owners of parent rose ¥1.0 billion to ¥1.5 billion, thanks to gain on sale of non-current assets. We will continue improving asset efficiency and steadily reduce surplus assets as needed.

Balance Sheet

Balance Sheet



- Interest-bearing liabilities decreased year on year due to a decrease in inventories
In addition, total assets decreased due to the impairment of non-current assets in the previous fiscal year and their sale in the period under review

(JPY bn)	As of Mar. 31, 2024	As of Dec. 31, 2024	As of Mar. 31, 2025	YoY Change	Change from Dec. 31, 2024		As of Mar. 31, 2024	As of Dec. 31, 2024	As of Mar. 31, 2025	YoY Change	Change from Dec. 31, 2024
Cash & Deposits	13.0	8.2	7.7	-5.2	-0.4	Accounts Payable-Trade	35.9	25.2	27.7	-8.1	+2.4
Accounts Receivable-Trade	35.0	25.4	36.5	+1.5	+11.1	Interest-bearing Liabilities	86.7	75.4	81.3	-5.3	+5.8
Inventories	73.7	66.9	67.6	-6.1	+0.7	(Loans Payable)	79.4	68.1	74.0	-5.3	+5.9
Other Current Assets	4.1	5.0	3.6	-0.4	-1.3	Accounts Payable-Other	6.3	10.2	10.5	+4.2	+0.2
						Other Liabilities	24.2	23.3	23.3	-0.8	+0.0
Total Current Assets	126.0	105.6	115.7	-10.2	+10.1	Total Liabilities	153.2	134.2	142.8	-10.3	+8.5
Property, Plant and Equipment	84.2	81.3	81.0	-3.1	-0.3	Net Assets	75.0	71.8	73.2	-1.8	+1.4
Intangible Assets	2.4	2.9	3.0	+0.5	+0.0	(Retained Earnings)	20.2	16.6	17.9	-2.3	+1.2
Investments and Other Assets	15.6	16.1	16.4	+0.8	+0.2						
Total Non-current Assets	102.2	100.5	100.4	-1.8	-0.0						
Total Assets	228.3	206.1	216.2	-12.0	+10.0	Total Liabilities and Net Assets	228.3	206.1	216.2	-12.0	+10.0

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Let me review the balance sheet. Total assets decreased by ¥12.0 billion YoY, reaching ¥216.2 billion. Inventories, which are currently a pressing issue, was reduced by ¥6.1 billion YoY.

As of January 1, we newly consolidated our UK sales subsidiary, PREMIUM TURF-CARE Ltd. (PTC). The ¥6.1 billion reduction in inventories includes the increase resulting from this consolidation, therefore, on an underlying basis, the actual reduction is estimated to be approximately ¥7.5 billion.

In line with the reduction in inventories, interest-bearing liabilities was reduced by ¥5.3 billion. Non-current assets and total assets also declined, reflecting the impairment of non-current assets at the end of the previous fiscal year and the asset sales carried out during the current period. Meanwhile, accounts receivable – trade increased by ¥1.5 billion, partly due to higher sale in 1Q.

The table also shows changes from the end of the previous fiscal year. In 1Q, the timing for sales collection had not yet commenced for both domestic and overseas markets. In particular, domestic sales tend to concentrate in March, and we also recorded a significant increase in sales in Europe during the same month. As a result, both accounts receivable – trade and accounts payable – trade increased from the end of the previous fiscal year.

As a result, interest-bearing liabilities increased from the end of the previous fiscal year.

However, since seasonal factors remain, we consider a year-over-year comparison to be more appropriate.

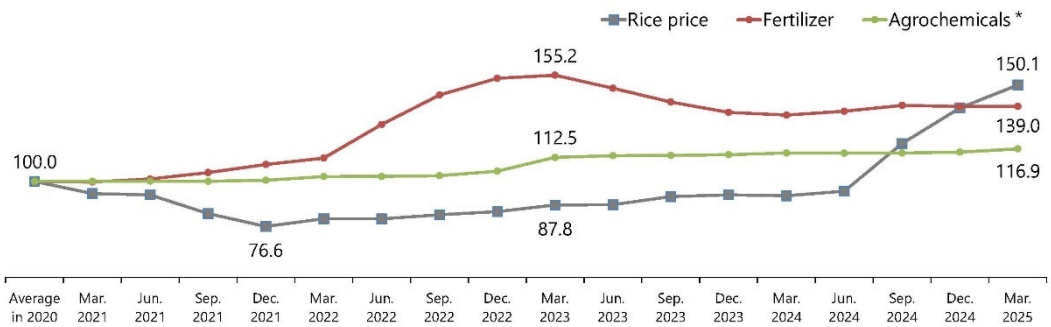
Domestic Market Trends

Domestic Market Trends



- Purchasing appetite weakened from 2021 due to falling rice prices and soaring costs for agricultural production materials, but has been on a recovery trend since June 2024 as rice prices have risen

■ Agricultural Retail Price Survey: monthly price index (Average in 2020=100)



*Source: Agricultural Retail Price Survey by the Ministry of Agriculture, Forestry and Fisheries
Rice price=non-glutinous brown rice index (grade 1 brand names), Fertilizer=fertilizer composite index, Agrochemicals=composite index

Let me explain the domestic and overseas market trends. This slide focuses on the domestic market. The line chart on the slide shows the price index trends for rice, fertilizer, and agrochemicals, with 2020 set as the base year (index = 100). Purchasing appetite weakened from 2021 due to falling rice prices and soaring costs for agricultural production materials including fertilizer, and agrochemicals, but has been on a recovery trend since June 2024 as rice prices have risen.

While not presented in this slide, the price indexes for other crops—though not as high as rice—have also shown notable increases or signs of recovery. Overall, we expect farmers to regain their purchasing appetite.

Domestic Market Trends (Status of ISEKI)

Domestic Market Trends (Status of ISEKI)



January to March

1. Domestic distributors

Agricultural machinery related (Jan. to Mar. 2025)

- Sales: YoY +8%
- Sales increased YoY, especially for farming implements, with contract-based figures exceeding this growth
- (Reference) Revision of ISEKI's agricultural machinery prices

Timing	Price increase
Jun. 2022	About 3%
Apr. 2023	About 5%
Mar. 2024	About 3%
Jul. 2025	About 7%



FM series combine harvester



BF series tractor

Future Expansion, etc.

- Recovery in market conditions due to rising rice prices is expected to continue in 2025
- Price revisions scheduled in July. Enhance promotional activities prior to the revisions
- Implement Project Z measures to target customers in the large-sized, advanced, environmentally friendly, and dry field markets, which are growing
 - Strengthen customer expansion and proposal capabilities, mainly led by Large-scale Planning Section
 - Provide products and services for large-scale agricultural needs
 - Strengthen marketing to agricultural players, accelerate BtoB business
- Continue to enhance content for large-scale producers on agriculture information website "Amoni." Use the website as a tool to reach out to large-scale customers
- Sold all units of new Aigamo-Robo for 2025. Strengthen promotional efforts for the environmental and organic markets



New Aigamo-Robo

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Domestic sales of agricultural machinery from January to March grew 8% YoY, especially for farming implements. On a contract basis, we are seeing even stronger growth ahead, including undelivered orders not yet recognized as sales.

The right side of the slide shows our future expansion. We believe the market will continue to recover as rice prices rise. The domestic sales division will implement price revisions in July and enhance promotional activities prior to the revisions.

The domestic sales division is focused on expanding its customer base in growth markets such as large-sized, advanced, environmentally friendly, and dry field. To achieve this, the Large-scale Planning Section we launched in January within ISEKI Japan is leading the way. We aim to drive sales and customer expansion by offering large machinery from "ALL Japan Series" and our strong lineup of imported implements, as well as promoting BtoB business.

The new Aigamo-Robo has already sold out for its planned 2025 production volume. We will strengthen our efforts to promote it in the environmental and organic farming markets.

Overseas Market Trends (Europe)

Overseas Market Trends (Europe)



January to March	Future Expansion, etc.
1. Market trends • Price increases across Europe levelled off, and industry-wide inventory levels that had been elevated were gradually adjusted 2. Local sales ➢ Unit sales (Jan.–Mar. 2025, ISEKI's products) • Local distributors: YoY +10% 3. Status of ISEKI • Despite concerns over softening market demand, sales of low-priced tractors and locally sourced products remained solid, exceeding the plan	• Well positioned for further growth in Europe business after consolidating PTC Limited (UK) in January. Aim for further business expansion Measures for business expansion • Expand sales territory and enhance product lineup • Centralize inventory control in Europe for greater efficiency • Generate innovation through the exchange of diverse human resources Premium-Turf Care (PTC Limited), the UK ISEKI-Maschinen GmbH, Germany ISEKI France *Shaded area: sales territories of each subsidiary

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Turning to overseas market trends, the professional landscaping market in Europe—one of the pillars of our growth strategy— saw a 10% YoY increase in sales by local distributors in 1Q. Our consolidated subsidiary, ISEKI France, continues to receive steady orders for sourced products. Despite concerns over softening market demand, sales of low-priced tractors and locally sourced products remained solid, exceeding the plan.

The right-hand side of the slide outlines our future expansion. As of January, we consolidated PTC in the UK, and are now well positioned for further growth in our Europe business. We aim to further expand our business by expanding sales territories, enhancing our product lineup, centralizing inventory control in Europe for greater efficiency, and optimizing human resource utilization.

Overseas Market Trends (North America, Asia)



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Now let's talk about North America and Asia. The left side of the slide covers North America. The market for compact tractors under 40 horsepower—which we mainly supply—remained weak from January to March, down 12% YoY.

Sales by AGCO, our OEM partner, are slightly trailing the overall market. While some other industries experienced a last-minute surge in demand due to concerns over reciprocal tariffs, unfortunately, no such trend was observed in our market.

Despite the limited impact of tariff policies on sales from January to March, we continue to closely monitor policy changes. In the mid- to long-term, we plan to explore options with AGCO, including potential local assembly. As mentioned earlier, even if tariffs affect us for the current fiscal year, we expect the impact to be minimal.

The right side of the slide covers Asia. While the Thailand market continues to face challenging conditions, our local subsidiary, IST, has implemented tractor sales campaigns, resulting in YoY growth in unit sales. We are also enhancing our product lineup with new offerings, and implementing measures to strengthen corporate sales.

The Korean market is shrinking due to a decline in the number of farmers, but like in Japan, the demand for large-sized machinery is growing. In addition to the completion of local inventory adjustments, local dealers are strengthening sales promotion measures such as their own

exhibitions. We are also proactively promoting and support sales expansion.

Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2025 (No revision)

Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2025 (No revision)



- The performance exceeded the internal targets in the first quarter
The impact of U.S. tariff policies on profit for this fiscal year will be minimal, and domestic performance will remain strong in the first half (Exchange rates revised in light of current fluctuations)

(JPY bn, %)	FY2021/12	FY2022/12	FY2023/12		FY2024/12		FY2025/12		YoY Change
	Actual	Actual	Actual	%	Actual	%	Forecast	%	
Net Sales	158.1	166.6	169.9	100.0	168.4	100.0	170.5	100.0	+2.0
(Domestic)	117.3	112.6	113.0	66.5	113.0	67.1	113.5	66.6	+0.4
(Overseas)	40.7	53.9	56.8	33.5	55.3	32.9	57.0	33.4	+1.6
Operating income	4.1	3.5	2.2	1.3	1.9	1.1	2.6	1.5	+0.6
Ordinary income	4.6	3.7	2.0	1.2	1.5	0.9	1.8	1.1	+0.2
Profit (loss) Attributable to Owners of Parent	3.1	4.1	0.0	0.0	(3.0)	-	1.3	0.8	+4.3
Average*1 Exchange Rate (JPY)	US\$	109.4	132.7	139.7	151.7		143.0*2		-8.7
	Euro	130.4	140.7	156.6	164.8		157.0		-7.8
Year-end Dividend (JPY)	30	30	30	30	30		30		-

*1 The average exchange rate has been revised to reflect the average sales exchange rate including that of overseas subsidiaries.

*2 Initial forecast (Feb. 14, 2025): ¥150.0/US\$ → Revised: ¥143.0/US\$; Euro unchanged

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Here is an update on the forecast of consolidated financial result. We have left unchanged the consolidated forecast we announced in February. 1Q results came in above our internal targets. As mentioned earlier, the impact of US tariff policy on our profits is minimal.

In the domestic market, conditions remain firm in 1H, supported in part by rice prices. Looking ahead to 2H, we will need to keep a close eye on rice production and yields. Some reports mention issues like insect damage and product price revisions. If we take solid action on these, we believe we can meet our annual plan under the current conditions.

Our Machinery Qualified for Green Investment Promotion Tax Credit

Our Machinery Qualified for Green Investment Promotion Tax Credit



- Variable fertilizer rice transplanter, and high-precision intertillage weeder for dry field equipped with high-clearance multipurpose vehicle are qualified for Green Investment Promotion Tax Credit
- Agricultural producers who install qualified machinery will be eligible for a special depreciation of 32% of the acquisition cost

■ Product information and Features

Qualified machinery	Product outline and features
Variable fertilizer rice transplanter	This smart rice transplanter is equipped with sensors that detect top soil depth, or the depth of plow layer, and soil fertility value (SFV) while transplanting rice seedlings to reduce the amount of fertilizer in real time according to the soil state. This helps reduce the amount of chemical fertilizers while maintaining rice quality and yield
High-clearance multipurpose vehicles (JKZ23). High-precision intertillage weeder for dry field (H3-200)	H3-200 is an intertillage weeder capable of intertillage ridging work for soybeans, which enables cultivation without herbicides, contributing to environmental conservation and safety. The operating speed is approx. 4 to 6 km/h, enabling high-speed work, roughly twice as fast as rotary cultivators. JKZ23 is a high-clearance multipurpose vehicle capable of mounting H3-200. Its high-clearance enables farming work even in late-maturing organic soybean cultivation, where plants tend to grow much higher due to extreme summer heat

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Let me share some key topics. First, on the environmental sector, which we see as a key growth area in our domestic business. Our products—the variable-rate fertilizer rice transplanter, as well as the high-clearance multipurpose vehicle and high-precision intertillage weeder for dry field—were qualified for the Green Investment Promotion Tax Credit for helping reduce the use of chemical fertilizers and pesticides.

Agricultural producers who install qualified machinery will be eligible for a special depreciation of 32% of the acquisition cost. We will continue strengthening our efforts to promote and expand environmentally sustainable agriculture.

■ Continued to be certified as a Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)

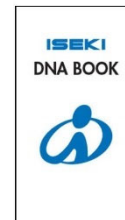
*The Certified Health & Productivity Management Outstanding Organizations Recognition Program

It is a program to reward outstanding large enterprises and SMEs that are implementing health and productivity management based on initiatives to tackle health issues faced by regions and health promotion initiatives led by Nippon Kenko Kaigi.



■ Stakeholder engagement: Enhancing dialogue

- Shareholders: General shareholders meeting (Mar. 27)
Financial results briefing (Feb. 17)
- Business partners: IR information meeting for partner companies (Mar.-May)
- Employees: Employee communication (Mar.-Jun.)
 - Held discussion sessions with executives to further promote Project Z measures
 - Distributed DNA BOOK to all group employees



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The second topic is ESG. We have been certified for the third year in a row as a Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)—an initiative by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

For stakeholder engagement, we have been organizing both in-person and hybrid events involving shareholders, investors, business partners, and employees. Within our group, we launched an internal communication initiative for employees starting in March.

Along with explaining and answering questions about Project Z, we facilitated leadership discussions across departments to further promote Project Z measures. They actively talked through the challenges and solutions involved in carrying out the plan. We will keep working to strengthen our efforts moving forward.

This concludes my presentation. Thank you for your attention.

Q&A: How Rising Rice Prices Is Driving Agricultural Machinery Purchases

Presenter: You mentioned that rising rice prices have increased farmers' purchasing appetite for agricultural machinery. But have farmers' actual incomes gone up, and are they really starting to make purchases? Do you have any numbers to back that up?

Tomiyasu: I mentioned that we are outperforming our quarterly targets, but we have not shared detailed numbers yet. I appreciate your understanding.

Both overseas and domestic sales have exceeded our plans, but especially for the current period, domestic sales and profits have surged well above targets. Although 1Q is usually tough for profits, as I explained earlier, we still achieved strong profits despite this.

Noriaki Ishimoto (hereafter, **Ishimoto**): I am Noriaki Ishimoto, General Division Manager, Business Division. Let me add some details about the situation on the ground. While rice prices have generally increased, costs for materials and fertilizers have also risen accordingly.

The rise in rice prices has clearly had an impact. Between January and March, we held events, and farmers responded more positively than before. This has contributed to increased sales of farming implements and related equipment. If rice prices remain at favorable levels, we believe this positive purchasing sentiment will continue.

Q&A: Performance Outlook for 2Q

Presenter: You mentioned that 1Q results exceeded your internal targets. With a planned price increase scheduled for July, how do you expect 2Q performance to shape up, including any last-minute demand? If possible, could you share your outlook for 1H sales and operating income?

Tomiyasu: While we do not disclose quarterly or semi-annual forecasts and cannot provide specific figures, we expect solid figures in 1H. This outlook reflects rising rice prices, a steady recovery in other crop prices, and some last-minute demand ahead of our price revisions.

Overseas, the impact of U.S. tariffs on our business has been relatively minor. Some products have already cleared customs, so we anticipate steady sales recognition. Given that, we believe 1H results may exceed our initial targets.

However, we are still taking a cautious view of the full year, so we have not revised our earnings forecast.

Q&A: Agricultural Machinery Demand in Europe

Presenter: Have you seen any changes in demand in Europe? Do interest rate cuts have a positive impact on demand for agricultural machinery?

Yoshiaki Kimata (hereinafter **Kimata**): I am Yoshiaki Kimata, General Division Manager, Overseas Business Division, and I will take this question. I understand your question is about how the European economy affects our business. At the beginning of the current fiscal year, we anticipated a subdued economic environment in Europe due to the significant inflation seen last year. Accordingly, our full-year outlook assumed a slight decline in sales YoY.

This might sound like it contradicts what I just said, but our landscaping business in Europe mainly serves local governments—so it is a professional market that does not react sharply to economic swings. That said, a stronger economy is always welcome, so if rate cuts lift the economy, that would certainly be a positive for us.

This may sound a bit vague, but we do not see the market as highly sensitive to economic trends. That said, we view the signs of recovery in the European economy positively.

Q&A: Impact of Project Z

Presenter: How does the performance impact of Project Z compare to your internal expectations? Also, what is your outlook for 2Q and beyond?

Tomiyasu: As I mentioned earlier, by the end of 1Q, Project Z measures contributed ¥200 million in additional revenue, offset by ¥200 million in temporary expenses, resulting in a net impact of zero. This is right in line with our internal expectations.

As we have said before, we have been rigorously implementing fundamental short-term measures—focused on optimizing development and production, as well as deepening domestic

sales—throughout 2024 and into 2025. We anticipate these efforts will begin to yield tangible results toward year-end and believe we are progressing in line with our expectations.

Q&A: Stock Price

Presenter: The path to reaching a PBR of 1x is still long. Could you share your thoughts on the stock price?

Tomiyasu: Our stock price continues to face challenging conditions. As we have said before, improving profitability and asset efficiency are key. We believe we need to stay focused and keep pushing forward.

We got off to a strong start in 1Q. Excluding non-operating factors, profitability has clearly started to improve YoY. We remain committed to enhancing profitability through Project Z measures.

We are advancing efforts to improve asset efficiency by focusing on better inventory management. Looking at our results through 1Q, I'd like to see a bit more progress, but we are seeing steady improvement, step by step.

We are planning capital investments to optimize production, so we do not expect a quick improvement in property, plant and equipment. However, we will keep a close eye on capital costs and make sure our investments are efficient as we manage our non-current assets carefully.

Furthermore, timely and effective investor relations are becoming increasingly important. We want to increase opportunities like today to explain our business directly to you. We will also proactively propose individual meetings, so we appreciate your continued engagement.

We also want to focus on our investor relations efforts for individual shareholders—something we has underserved in the past. By building trust with our shareholders and the market, we aim to improve our PBR.

Message from Mr. Tomiyasu

We got off to a solid start in 1Q. While there is still some uncertainty ahead, particularly in 2H, we are committed to achieving our full-year targets and successfully executing Project Z measures. Through these efforts, we aim to earn the trust of our shareholders and the market. Thank you very much for your time today.