

May 9, 2025
ISEKI & CO., LTD.

Regarding a Recommendation from the Japan Fair Trade Commission

Today, ISEKI & CO., LTD. (hereinafter the "Company") received a recommendation (hereinafter the "Recommendation") from the Japan Fair Trade Commission based on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (hereinafter the "Subcontract Act").

We sincerely apologize for any inconvenience and concern caused to our business partners and other related parties.

The Company outsources the manufacture of certain parts of its products (hereinafter the "Parts") to business partners subject to the Subcontract Act (hereinafter the "Applicable Business Partners") and has leased some of the molds and jigs owned by the Company and used for the manufacture of the Parts (hereinafter the "Molds, Etc.") to certain Applicable Business Partners.

In this Recommendation, it was determined that the Company's act of allowing the Applicable Business Partners, to whom it had leased Molds, Etc., to store the Molds, Etc. free of charge for a long period of time despite not placing any orders for Parts manufactured using the Molds, Etc., violated the provisions of Article 4, Paragraph 2, Item 3 of the Subcontract Act (prohibition of demands to provide unfair economic gains).

The period covered by this Recommendation is from May 1, 2023 to January 31, 2025 and it applies to 102 Applicable Business Partners and 19,461 molds.

The Company has already held discussions with all Applicable Business Partners to whom it has leased Molds, Etc., and has paid an amount equivalent to the storage costs for Molds, Etc. for the period up to December 31, 2024, which is included in the period covered by this Recommendation, totaling 114,458,381 yen, by January 31, 2025. In addition, by March 31, 2025, we have paid 48,040,835 yen for the 2025 period (from January 1, 2025, to December 31, 2025) in agreement with Applicable Business Partners. We have completed the payment for the storage costs for Molds, Etc., within the target period covered by this Recommendation. In addition, we are also implementing measures such as collection and disposal of Molds, Etc. that are no longer needed.

The Company takes this Recommendation seriously and will reorganize our internal systems across the entire group, including reviewing our inspection systems for the

appropriate management of Molds, Etc., and our existing Subcontract Act education systems so as to ensure that we do not violate the Subcontract Act in our future transactions. We will strive to ensure thorough compliance with laws and regulations and the appropriateness of our transactions.

For inquiries regarding this matter, please contact:

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