100th Anniversary Roundtable Discussion – 1

Roadmap for transformation and growth — "Project Z"

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"There is no future in continuing what we have been doing." Promote structural reform and growth strategies with a strong sense of urgency

The ISEKI Group is promoting Project Z, which involves three fundamental structural reforms—optimize production, optimize production, and deepen domestic sales—as well as forming and implementing growth strategies.
The growth strategy is steadily progressing, with a focus on the "large, cutting-edge, environment, and field crop" sectors in response to changes in Japan's agricultural structure, bolstering and broadening our European sales network, and promoting electrification through new technological developments. In this roundtable discussion, leaders of various workplaces candidly discussed the challenges and their determination necessary to realize success.

Please share with us the role and direction of Project Z.

Odagiri: Project Z is an extremely important initiative launched in 2024 to ensure that we remain a company that will continue to be necessary in society during the coming century. Underlying this is a strong sense of urgency surrounding the idea that "There is no future in continuing what we have been doing."
Project Z has two primary pillars. The first is to implement fundamental structural reform in a short-term, intensive manner, and the second is to steadily implement a growth strategy. The key measures for fundamental structural reform are "optimize production," "optimize development," and "deepen domestic sales." Specifically, we are consolidating product assembly by integrating the operations of manufacturing subsidiary ISEKI-Kumamoto MFG Co., Ltd. into ISEKI-Matsuyama MFG Co., Ltd. and establishing ISEKI M&D Co., Ltd. Moreover, in January 2025, we established ISEKI Japan Co., Ltd. to integrate sales functions and promote operational efficiency and streamlining. Overseas, we made Premium Turf-Care of the UK a consolidated subsidiary and began restructuring our development system, including reorganizing the Development & Production Division. These measures are structural reforms aimed at improving profitability, and are also aimed at future growth.
As far as our growth strategy is concerned, we will conduct region- and product-based analyses on our business portfolio, identify growth areas, and select and concentrate on those areas. Our technological capability remains the foundation for growth. Based on the technology cultivated over the 100 years since our founding, we aim to grow our business from a global perspective through the development of technologies that contribute to agricultural work and landscaping automation and labor saving, and the mitigation of environmental impact.

100th Anniversary Roundtable Discussion – I

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Please share with us Project Z progress in Europe, Japan, and at development sites.

Sato: For Europe, we offer products primarily for landscaping, including lawn mowing at parks, road cleaning, and snow removal. Landscaping is an essential business that is indispensable in maintaining a comfortable, functional urban environment, and it can be said that the market is relatively stable. Our strengths in Europe are twofold. The first is a strong sales network built up over more than 50 years with sales agents and other partners. The second is our earnest reflection of customer feedback in our products and having achieved sustainable innovation. We plan to continue fully leveraging these strengths and further bolster our market presence.

Over the past few years, we have also been working to restructure our sales network. We previously had one sales agent per country, with separate sales agents by country and region, but we have since consolidated these functions into our subsidiaries. We are transitioning to a system that covers multiple countries, and working to streamline our supply chain. In 2014, we made ISEKI France S.A.S. a consolidated subsidiary, followed by ISEKI-Maschinen GmbH in 2022 and Premium Turf-Care of the UK in 2025, thereby establishing a structure to pursue the next stage of our growth. These moves resulted in consolidated net sales in Europe growing rapidly, from 8.3 billion yen in the fiscal year ended December 2015 to 38.5 billion yen in the fiscal year ended December 2024. We are aiming to surpass 40 billion yen by the year 2030.

Takeda: A significant transition is currently underway in domestic agriculture. Amidst the aging of the agricultural workforce and the decline in small-scale farms, large-scale farmers that consolidate and manage vast tracts of farmland are increasing. In response to these changes, we are introducing products that excel in the areas of "large, cutting-edge, environment, and field crops," while proposing measures to heighten productivity and bolster our business performance. In concrete terms, we have positioned the All Japan series for large-scale farmers and Aigamo-Robo, which is smart agricultural machinery incorporating ICT, as products that will help cultivate new markets. We have received an enthusiastic response from customers committed to organic farming to reduce their environmental impact. This is evidenced by Aigamo-Robo having already achieved its sales target for this fiscal year. In the area of field crops, we plan to expand sales of imported agricultural machinery—well received in Hokkaido—to Honshu, the main island, and other parts of Japan.

To accelerate these efforts, we established a Large-scale Planning Section in January 2025 dedicated to the promotion of large-scale farming. Our aim is to understand large-scale farmers' business models in all regions and propose optimal solutions.

Tsunashima: The Landscape Technology Department, to which I belong, was newly established in April 2025. As part of Project Z's growth strategy, it is engaged in product development of Non-Agri and environmentally friendly products. Looking at Non-Agri products, we are working to develop riding lawn mowers. While we have developed products primarily for the European market, we are now considering leveraging the technical expertise we have cultivated over the years in expanding into Japan and other regions. With regard to development, it is important to understand each region's characteristics and optimize products accordingly. European turf, for instance, is characterized by narrow blades and high moisture content, while Japanese grass is broad and prone to drying out. We must take these regional characteristics into account when developing products. When it comes to environmentally friendly products, we are focusing on electric product development. Europe has tremendous interest in environmental issues, and electric products that contribute to reducing greenhouse gas emissions are becoming a prerequisite for market entry. We view this as a prime opportunity, and as such are endeavoring to develop products that contribute to mitigating environmental impact.

What are the challenges and goals encountered as you drive Project Z forward?

Sato: In Europe, we have divided the market into three areas, and are developing sales strategies for each: traditional markets with high brand recognition and a robust customer base; strategic markets where we aim to augment our market share, and challenging markets which we have not yet penetrated. While our presence in traditional markets in Western Europe is solid, in the interest of further growth, we need to expand into strategic and challenging markets such as Eastern Europe and North Africa. We are committed to aggressively cultivating new markets and promoting our business to solidify our position as the No. 1 brand in the landscaping market.

Takeda: The Large-scale Planning Section has just been established, and the development of human resources is the most pressing issue. When approaching large-scale farmers, we need to have knowledge not only about products but also about financial management and the ability to provide advice on utilizing subsidies, covering all aspects of agricultural management. Simply stated, you cannot become a true partner to your customers unless you are well versed in both hard (machinery) and soft (management support). Amidst a generational transition in farming, more young managers are displaying heightened discernment regarding functionality and cost performance, and the days of buying products out of a sense of obligation are nearing their end. We need people who can share management issues with customers and propose solutions logically and passionately. This experience can only be acquired while on the job. At my age, I am considered a veteran, and I want to pass my knowledge and experience on to the next generation and construct a sound foundation for the ISEKI Group's future growth. It will take time, but we intend to take a deliberate approach to the cultivating of human resources.

Tsunashima: Lengthening continuous operating time and shortening charging time are major challenges we face in developing electric products. Professional users may use the device for around eight hours a day, but it is difficult to ensure that much operating time with a single charge given the current battery capacity. Having said that, increasing battery size to extend operating time would significantly increase main unit weight. Achieving high degrees of sustainability, light weight, and power are our three most significant technical challenges at the moment. In addition, electric products are inevitably more expensive than diesel products, so we also have a mandate to strike the best balance between performance and cost. Our hope is to develop technologies that will eventually dominate the market and directly contribute to increased profits.

What is the key to success for Project Z?

Odagiri: We have already determined the strategy for Project Z, so now it is important to see it through and achieve results. To achieve this, the most important thing is the power of each individual employee to execute. Earlier, Mr. Takeda mentioned human resource development. We will augment our investment in human capital with a broad perspective, including internal human resources as well as professionals with specialized knowledge that we recruit. Meanwhile, we will not rely solely on our own expertise—we will look to further promote M&A, open innovation, and collaboration with other companies and universities.

Moreover, research into AI and other cutting-edge technologies as well as environmentally friendly technologies will become important in developing products that embody our growth strategy. To achieve this, we plan to aggressively invest as necessary.

My dream is to make the ISEKI Group a global leader in agricultural and landscaping machinery. I am confident that we will achieve this goal by combining the strengths of all employees. Project Z is the first step, and I believe that my mission is to see the project through successfully.