

Domestic Market Strategies

Open up a new future for Japanese agriculture by facing issues on the ground and promoting sustainable growth and building a strong business foundation

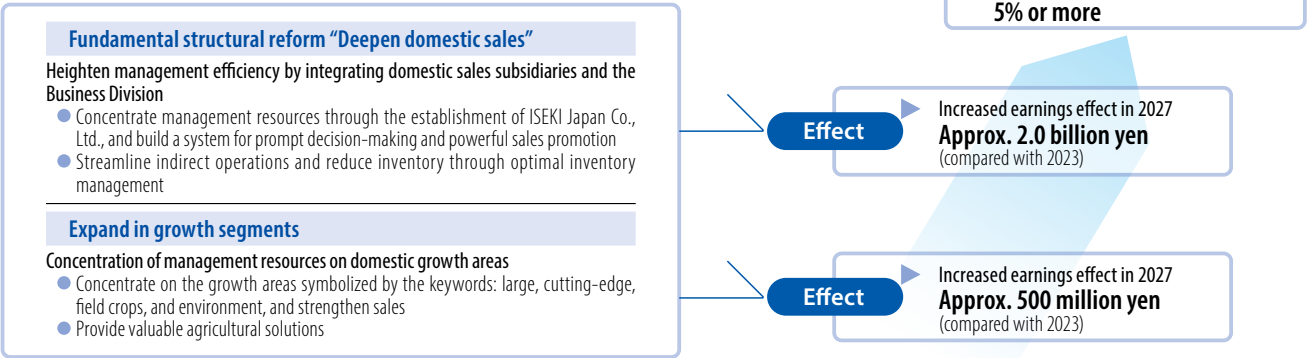


Noriaki Ishimoto
Corporate Officer, General
Division Manager, Business Division

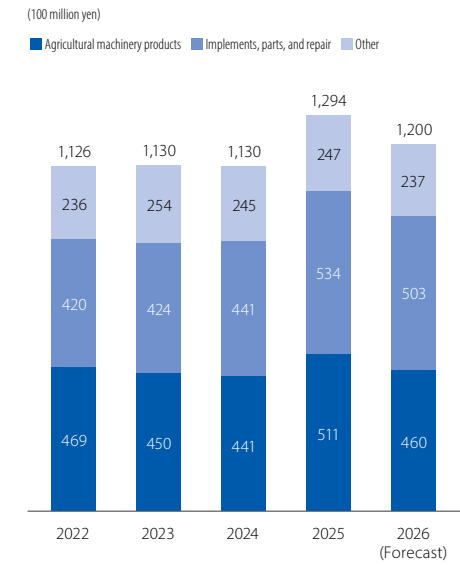
The year 2025 was a major turning point in the domestic sales structure. We integrated the management of seven domestic sales companies and the Sales Headquarters, established ISEKI Japan Co., Ltd., and embarked on a major reform of the sales structure.

The environment surrounding the domestic agriculture industry is changing rapidly, and the Company views these changes as new business opportunities. We will further accelerate “fundamental structural reforms” and “growth strategies,” which are the main pillars of Project Z, toward achieving an operating margin of 5% for the ISEKI Group in 2027.

Project Z



Domestic net sales trends

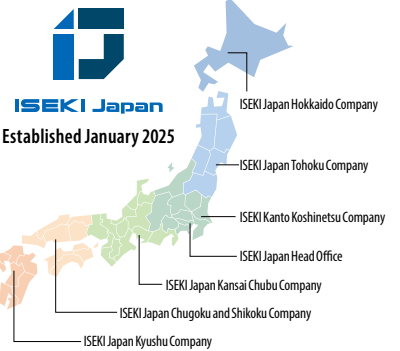


Current status of Project Z

Progressing according to plan

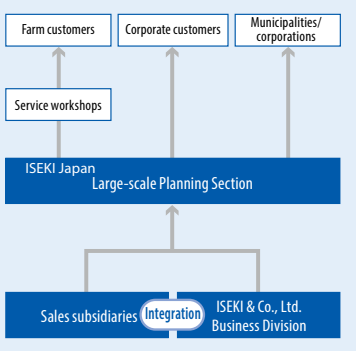
Inventory reduction amount
6.0 billion yen or more
compared to the previous year (2025 results)

- Reorganized in 2025
- Reduced inventories more than planned
- Established the Large-scale Planning Section in order to further strengthen our ability to offer proposals to large-scale farmers



ISEKI Japan
Established January 2025

ISEKI Japan Hokkaido Company
ISEKI Japan Tohoku Company
ISEKI Kanto Koshinetsu Company
ISEKI Japan Head Office
ISEKI Japan Kansai Chubu Company
ISEKI Japan Chugoku and Shikoku Company
ISEKI Japan Kyushu Company



Farm customers
Corporate customers
Municipalities/corporations

Service workshops

ISEKI Japan Large-scale Planning Section

Sales subsidiaries
Integration
ISEKI & Co., Ltd. Business Division

ISEKI Group’s strengths

Capacity of domestic infrastructure to support food security

- Provide agricultural machinery to respond to structural changes in domestic agriculture in response to food, which is an essential social infrastructure for society
- Contribute to maintaining a stable food production system through comprehensive proposals that include services with software aspects, such as various solutions that support work efficiency and farming.
- Create sustainable business opportunities linked to policy demand

Transformation of decision-making and earnings structure through integration

- Establish a powerful sales promotion system through concentration of management resources and prompt decision-making
- Share and expand the strengths of each company in Japan throughout all companies

On-site execution capabilities based on point of contact with customers

- Deploy sales and service personnel nationwide who take pride in both products and agriculture
- Provide proposals and after-sales services tailored to customer needs, and build relationships based on trust, thereby continuously contributing to earnings
- Improve product capabilities and improve profitability through prompt feedback from the field to the manufacturing division

Market environment outlook

Changes in the structure of domestic agriculture

- Accelerated decrease in number and aging of farm workers
- Increase in arable land area per business entity through farmland consolidation
- Increase in raw materials procurement costs due to geopolitical risks

Growing needs for increased food production

- Increase in importance of food security due to Russia’s invasion of Ukraine
- Recovery in rice prices due to changes in the supply-demand balance

Realization of environmentally friendly agriculture

- Expand areas of organic agriculture through the “Strategy for Sustainable Food Systems, MIDORI” formulated by the Ministry of Agriculture, Forestry and Fisheries (Increase the share of organic agriculture in arable land area to 25% by 2050; approximately 0.8% by the end of 2024)

Domestic Market Strategies Toward 2030

- Fundamental structural reform “Deepen domestic sales”
 - ¥2.0 billion increase in 2027 (compared to 2023) * Project Z Plan: Upward revision from the initial ¥1.5 billion
- Growth strategy: Expand sales in growth segments
 - ¥500 million increase in 2027 (compared to 2023)

Fundamental structural reforms

Deepen domestic sales

We will take the opportunity of management integration through fundamental structural reforms to consolidate redundant indirect operations, review wasteful and inefficient business processes, and accelerate company-wide operational efficiency. In addition, the Company will promote optimization of inventory bases and review of logistics systems, while also striving for efficient inventory management and reduction through centralized nationwide control of product inventory management.

Growth strategy

Expand in growth segments

Through organizational restructuring, the Company has positioned “large,” “cutting-edge,” “field crops,” and “environment” as priority areas in the domestic market, and will promote the concentrated allocation of management resources and the strengthening of sales, centered on the Large-scale Planning Section. In FY2026, we will carry out a model change of the tractors, rice transplanters, and combine harvesters in the JAPAN series—the large-sized machinery that are the ISEKI Group’s flagship—and launch them onto the market all at once. By 2030, we aim to increase the proportion of large-sized machinery in sales of ISEKI products to 50% or more.

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Domestic Market Strategies

Expand in growth segments
Concentrate on the growth areas symbolized by the keywords: large, cutting-edge, field crops, and environment, and strengthen sales

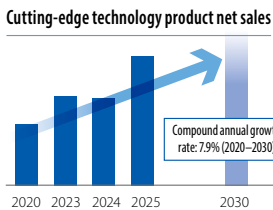
Increase sales of large-sized machinery

The arable land area of management per business entity is increasing. Agricultural business entities with an managed farmland area of 20 ha or more account for about 50% of the total area, and the scale of management per business entity is expanding. In addition, the need for investment in labor-saving measures is increasing due to the decrease in the number of key farmers and the aging of the population. Furthermore, against the backdrop of record-high temperatures and other factors, “ensuring that work is done at the right time” increasingly affects yield and quality. In light of these changes in the business environment, the Company has positioned “large-sized machinery” as one of its strategies for the domestic market, and aims to increase the proportion of large-sized machinery in the sales of the Company's products to 50% or more by 2030. In 2025, the achievement rate exceeded 40%, and steady progress is being made toward achieving the target ahead of schedule. In FY2026, we will carry out a model change of the large flagship brand “JAPAN” and accelerate the market launch of large-sized agricultural machinery. The Company will strive to further strengthen its market competitiveness by developing products that accurately capture frontline needs.



Expansion of cutting-edge technology products

In recent years, Japanese agriculture has faced issues such as a shortage of farmers, an aging population, and responses to climate change. Against this backdrop, demand for leading-edge products that contribute to labor saving and higher precision is increasing as precision agriculture utilizing digital technologies and satellite data advances. The Company is promoting the expansion of products equipped with advanced technologies, such as the “Operesta” direct assist system, and is expanding its business with the aim of achieving an average annual sales growth rate of 7.9% for products equipped with advanced technologies from 2020 to 2030. Amid rising market awareness and expanding needs for tractors and rice transplanters equipped with a direct assist function, we will roll out the “Frontier Master FM Series,” a combine equipped with “Operesta.” This will reduce the operational load of harvesting operations and improve operational accuracy, contributing to labor-saving and efficiency improvements at the site. Furthermore, we added drones manufactured by NTT e-Drone Technology, Inc., which can variably fertilize and spray agricultural chemicals from the air, to our product lineup. The Company's drones are domestically produced, with lightweight, compact designs suited to the Japanese market, and specifications that comply with laws and regulations. They are designed to be introduced and operated with confidence. As a result, the Company will strengthen its ability to propose solutions in the smart agriculture field by supporting operations from the air in addition to operations on the ground, and contribute to the labor-saving and sophistication of Japanese agriculture.



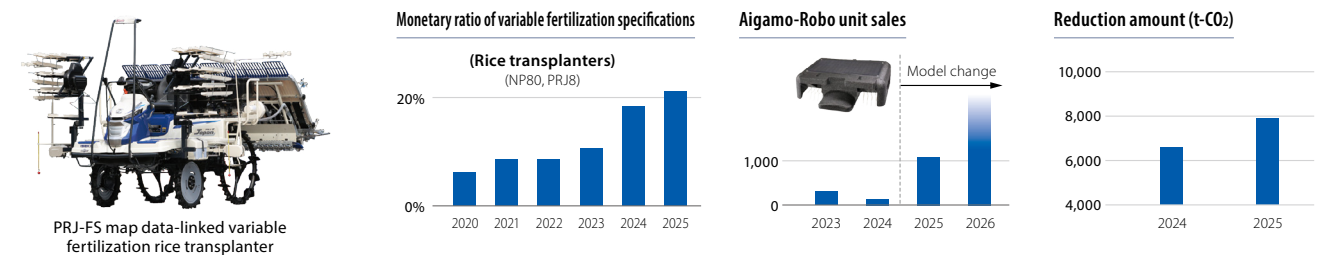
Capture the field crop market

Against a backdrop of a decrease in the agricultural population, the concentration of agricultural land and the expansion of management scale are progressing in Japan, and in the field of upland farming, the importance of work efficiency improvement and cost reduction is increasing. In addition, amid changes in the production environment due to climate change, the Company is stepping up the activities of the Large-scale Planning Section and strengthening proposals to large-scale management entities, corporations, and newly entering companies. In recent years, an increasing number of corporations have engaged in large-scale field cultivation centered on onions, and cultivation is becoming more active in Honshu in addition to Hokkaido. In response to these changes, we will roll out the new Onion Harvester for Honshu, develop BtoB channels, and strengthen product proposals in line with changes on the ground. In addition, the Company also handles a wide range of work machines, which are highly evaluated in overseas markets where upland farming is popular. In 2025, the Company began handling the TARIMÖZ (Turkey) Disc Harrow. In addition to high basic performance, its compact design, which is convenient for transport and transportation, and ease of use have been highly evaluated by manufacturers, making it a machine suitable for fields in Japan.

Promotion of environmentally sound agriculture

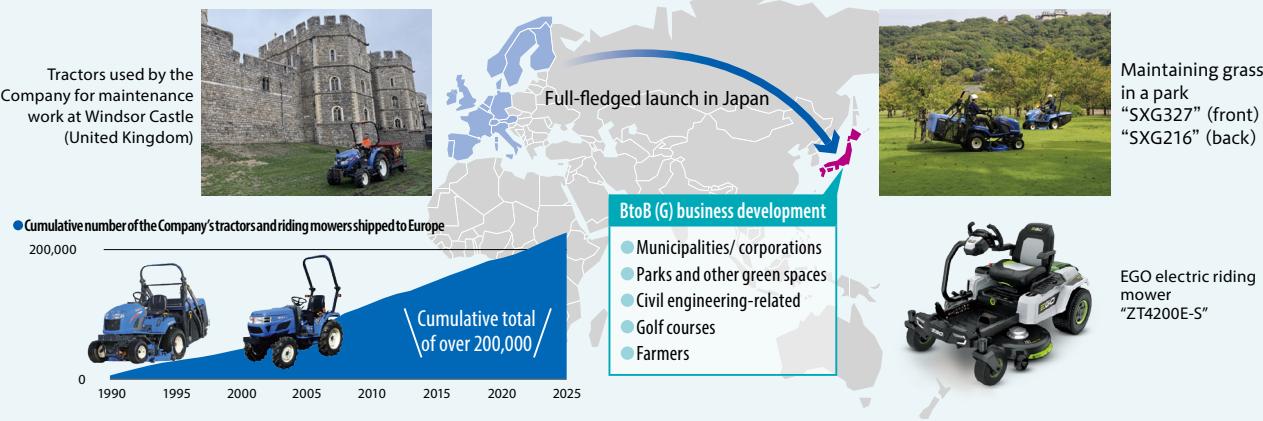
The “Strategy for Sustainable Food Systems, MIDORI” formulated by the Ministry of Agriculture, Forestry and Fisheries in 2021 sets the targets of expanding areas of organic agricultural to 25% of total cultivated land and reducing greenhouse gas emissions from agriculture, forestry, and fisheries to net zero. The Company promotes the dissemination of technology to reduce the use of fertilizers and agricultural chemicals in order to reduce environmental impacts and realize sustainable agriculture. In particular, sales of variable fertilizer application machines linked to map data, which are linked to map data created from satellite images and automatically adjust the amount of fertilizer applied while rice is being planted, are steadily increasing. In addition, we are working to support the development of organic rice production areas with the “Aigamo-Robo,” an automatic weeding robot, at its core. Its introduction is progressing as a solution that contributes to labor saving in weed control. Sales have increased since model changes were made in 2025, and we will further strengthen our contribution to expanding organic rice production and forming production areas. Furthermore, as part of our initiatives to reduce greenhouse gas emissions, we have collaborated with Faeger Co., Ltd. since 2023 to support farm workers in their efforts to take part in the J-Credit Scheme. The amount of greenhouse gas reductions resulting from these initiatives has been increasing year by year, supporting decarbonization in the agricultural sector and contributing to the creation of new added value for producers.

*** About J-Credit Scheme**
The J-Credit Scheme is a system in which the government certifies achievements in greenhouse gas reduction or absorption as “credits.” Certified “credits” can be traded between companies and municipalities.



TOPIC Expand sales channels in the domestic Non-Agri market

The Company has developed products for landscape improvement in Europe and built a solid position as the ISEKI brand. In particular, tractors and riding mowers have garnered high levels of trust from professional users, and cumulative shipments of tractors and riding mowers to Europe have exceeded 200,000 units. Based on these achievements, the Company is promoting full-scale development in the domestic Non-Agri market, and is working to expand sales channels mainly in the BtoB and BtoG domains, such as green space management for local governments and parks, construction and civil engineering-related fields, golf courses, and farmers. In April 2026, we added to our lineup the SXG216, a passenger car mower that is more compact and simpler than the SXG327 that was released in Japan ahead of schedule, and we will work to expand sales in the landscape improvement market. At the same time, in June 2025, Group company ISEKI Agri entered into an agency agreement with CHERVON Co., Ltd. for EGO battery-powered outdoor power equipment (OPE) brand products, and began sales and services in Japan. In the future, we will expand our product lineup by leveraging the product strengths we have developed in Europe, and aim to achieve domestic sales of weed cutting equipment of 10.0 billion yen in 2030.



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