

# [Delayed] Progress of Project Z



ISEKI & CO., LTD.  
〔Tokyo Stock Exchange Prime Market:6310〕  
February 13, 2026



- 1. Outline of Project Z Plan**
- 2. Progress of Project Z**
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  - 2-3. Growth Strategy**
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**Solution Provider**  
for Agriculture & Landscape



# 1. Outline of Project Z Plan

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# Outline of Project Z Plan

## Sweeping comprehensive business structural reforms [Project Z]

- We are implementing sweeping comprehensive business structural reforms of which Project Z is a core pillar, to achieve our long-term vision for 2030.

### Sweeping comprehensive business structural reforms

[Short-term focused measures] · [Fundamental structural reforms]

#### <Core themes>

- Optimize production
- Optimize development
- Deepen domestic sales

### Goals for 2027

Operating margin  
5% or higher  
Record-high operating profit  
exceeding 7.4 billion yen  
posted in FYE March 31, 2014

ROE 8% or higher

DOE 2% or higher

**PBR  
1 or  
higher**

### Vision

To be a  
Solution  
Provider for  
Agriculture  
&  
Landscape

### [Growth strategy]

- Overseas
  - Domestics
- Focusing management resources on growth segments

- 2030**
- Overseas: Expand net sales to approximately 1.5 times of 2023 net sales
  - Domestic: Focus on growth areas and strengthen profitable businesses

[Short-term focused measures]

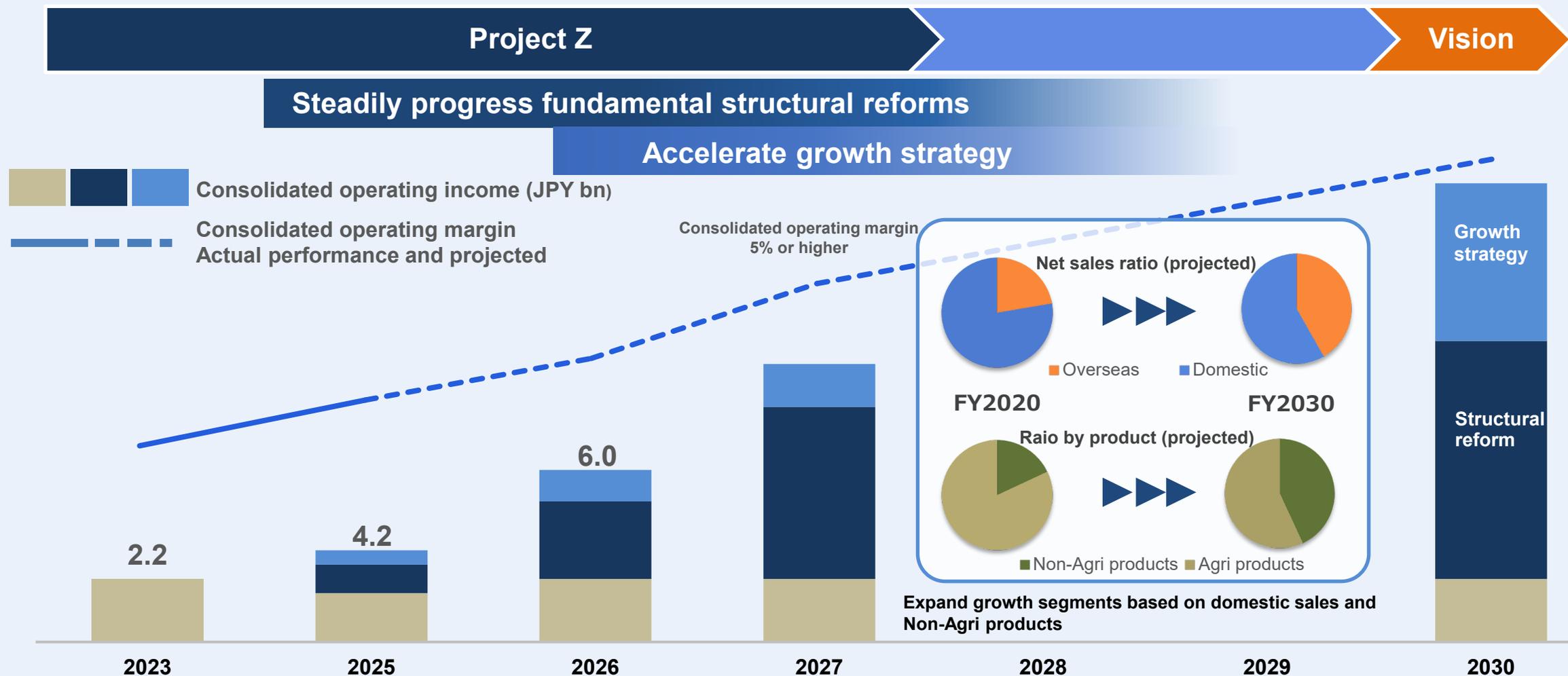
[Fundamental structural reforms]

[Growth strategy]

# Outline of Project Z Plan

## The path to growth

- Accelerate growth strategy based on the progress of fundamental structural reforms





## 2. Progress of Project Z

### 2-1. Overview

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# Progress of Project Z—Effects in 2025

- The effects of the project appeared in 2025 as planned, and specific measures were taken toward 2027.
  - The fundamental structural reforms have generally progressed as planned.
  - Based on our growth strategies, collaboration among subsidiaries in Europe were strengthened overseas and achievements in growth areas expanded domestically.

## Core themes

## Effects in 2025 and progress toward 2027

Fundamental Structural reforms	<b>Optimize production</b>	<ul style="list-style-type: none"> <li>■ Reorganization of production sites</li> </ul>	<ul style="list-style-type: none"> <li>• The reorganization of sites—the transfer of production base of combine harvesters and hydraulic equipment—has been implemented as planned.</li> <li>• The effects of operational reforms and fixed cost reductions will appear from 2026.</li> </ul>
	<b>Optimize development</b>	<ul style="list-style-type: none"> <li>■ Product margin improvement</li> <li>■ Development efficiency improvement</li> </ul>	<ul style="list-style-type: none"> <li>• The effects of production margin improvement appeared in accordance with the 2025 plan. We intend to achieve further improvement by deploying more resources toward the 2027 plan.</li> <li>• Reductions in models and types are under way as planned.</li> </ul>
	<b>Deepen domestic sales</b>	<ul style="list-style-type: none"> <li>■ Construction of a base for growth strategy</li> </ul>	<ul style="list-style-type: none"> <li>• ISEKI Japan was established. The effects of consolidation has appeared sequentially from 2025.</li> <li>• Inventory reduction exceeded the plan.</li> </ul>
	<b>Transform corporate structure into a robust one</b>	<ul style="list-style-type: none"> <li>■ Optimization of employee composition and investing in human capital</li> <li>■ Cost reduction</li> </ul>	<ul style="list-style-type: none"> <li>• The number of employees and labor costs were maintained at the level. HR system reforms have been implemented to evaluate challenges and achievements.</li> <li>• A thorough review of operations is ongoing, and the specific measures are under way.</li> </ul>
Growth strategy	<b>Concentrate management resources on growth segments</b>	<b>Overseas</b> <ul style="list-style-type: none"> <li>■ Development of region-specific strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Reorganization of the sales system in Europe has been completed, strengthening collaboration among three subsidiaries.</li> <li>• Efforts to advance sales in the ASEAN market are underway.</li> </ul>
		<b>Domestic</b> <ul style="list-style-type: none"> <li>■ Focus on growth areas</li> </ul>	<ul style="list-style-type: none"> <li>• The sales plan for “large-sized” and “advanced” products was achieved. The mowing business has been fully developed.</li> <li>• Large-scale tractors and combine harvesters will be launched in the market in 2026.</li> </ul>

# Progress (Summary): Income Increases

## Goal: a consolidated operating margin of 5% or higher in 2027

- Generate increase in operating income of 7.5 billion yen or more through fundamental structural reforms and growth strategy
- The effects of the implemented measures has appeared from 2025. Increase in operating income of a cumulative total of 3.8 billion yen is expected in 2026 as a result.

### Breakdown of increase in operating income on a gross basis (JPY bn, %)

Effects of fundamental structural reforms and growth strategy  
7.5 billion yen or more

Operating margin of 5% or higher

- This graph shows increases in operating income on a gross basis vs 2023 by implementing various measures.
- The increases are included in the consolidated operating income.

- ④ Growth strategy
- ③ Cost reductions
- ② Deeper domestic sales
- ① Optimization of production and development

Cumulative effects: +7.5

- ④ 1.5 bn or more
- ③ Approximately 1.0 bn
- ② Approximately 2.0 bn
- ① Approximately 3.0 bn

Cumulative effects: +3.8 bn

As planned

Cumulative effects: +1.5 bn

Operating margin of 1.3%

2023

2025

Temporary expenses: -0.8 bn

2026

Temporary expenses: -3 bn

2027

Cumulative effects

PROJECT  **2. Progress of Project Z**  
**2-2. Fundamental Structural Reforms**

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- Optimize production: Reorganization of production sites
- Optimize development: Improvement in product profit margin and consolidation of models and types
- Deepen domestic sales: Integration of sales companies and establishment of ISEKI Japan
- Progress on optimization of employee composition, investing in human capital, and cost reduction

# Fundamental Structural Reforms

## (Optimization of Production and Development and Deeper Domestic Sales)



### Implement reforms through intensive short-term efforts

#### Optimize production: Building robustly-structured factories Progressed as planned

Make capital investments toward reorganization of production sites to enhance productivity and improve earning structure

- ✓ Production in Kumamoto ended in 2025
- ✓ The transfer of production base to Matsuyama is under way as planned.
- ✓ The effects of site consolidation will appear from 2026, and the measures are proceeding toward 2030.
  - Improvement in production efficiency, which will be in the execution phase
  - Construction of buildings and development of the system to consolidate sites

#### Optimize development: Product margin improvement and development efficiency improvement Delayed in some areas

Shift development resources to growth themes through short-term execution of variable cost reduction and reductions in models and types

- ✓ Effects of product margin improvement appeared in accordance with the 2025 plan.
- ✓ We will work on further improvements by deploying more resources toward the 2027 plan.
- ✓ Reductions in models and types are under way as planned.

#### Deepen domestic sales: Building a base for strategic growth Progressed beyond the plan

Integrate domestic sales companies to improve management efficiency

- ✓ Inventory turnover improved following the establishment of ISEKI JAPAN.
- ✓ Improvement in efficiency of non-operational work is under way.

Effects

◆ Increase in operating income in 2027

**1** approx.

**3.0** billion yen  
(compared to **2023**)  
\*Originally 3.5 billion yen

Effects

◆ Increase in operating income in 2027

**2** approx.

**2.0** billion yen  
(compared to 2023)  
\*Originally 1.5 billion yen

# Fundamental Structural Reforms

(Optimization of Employee Composition; Investing in Human Capital and Cost Reduction)

## Building a new human resources system for sustainable growth strategy

- Accelerate optimization of employee composition and investing in human capital in parallel to achieve transformation into a robust business structure within a short time frame

### Optimization of employee composition

#### Progressed as planned

- ✓ The number of employees and labor costs were maintained at the planned level.
- ✓ Securing and redeploying personnel for growth areas is under way.

Impact on personnel expenses of 1.0 billion yen in total ①②\*

Effects

- ◆ Increase in operating income in 2027

① ② approx.

3.0 billion yen  
(compared to 2023)

### Investments in human capital

#### Progressed as planned

- ✓ HR system reforms have been implemented to evaluate challenges and achievements.
- ✓ Compensation has been improved as needed.

Investment

- ◆ Decrease in operating income in 2027

① ② approx.

(2.0) billion yen  
(compared to 2023)

### Cost reductions (excluding the effects in the above sections)

#### Progressed as planned

- ✓ A thorough review of operations is ongoing, and the specific measures are under way.
- ✓ A reduction in idle fixed assets has been accelerated

Effects

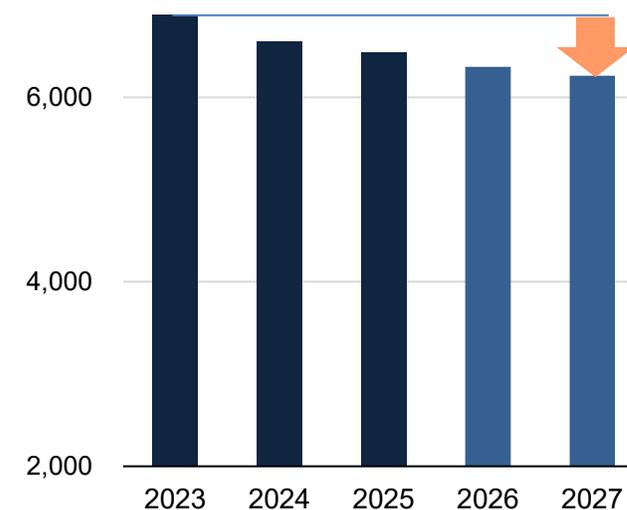
- ◆ Increase in operating income in 2027

③ approx.

1.0 billion yen  
(compared to 2023)

### Changes in total no. of employees (optimization of employee composition)

(Employee) \*Including non-permanent employees



Changes in total number of employees progressed as planned as a result of group-wide efforts to improve operational business.

➤ **Productivity to increase by 20% (vs 2023) as a result of stronger human resources**

\*Impact on personnel expenses of 1.0 billion yen in total is included in the calculation of Optimization of production and development and Deeper domestic sales on page 8, Income Increases by Measure.

PROJECT  **2. Progress of Project Z**  
**2-3. Growth Strategy**

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- Overseas: Business strategies in Europe, synergy creation through collaboration, and the ASEN market
- Domestic: Sales strategy and Non-Agri products
- Enhance asset efficiency: Inventory turnover and our vision for balance sheet
- Allocate cash for growth

# Growth Strategy

## Focusing management resources on growth segments

- Overseas ▶ Develop region-specific strategies: accelerate business growth in Europe, a highly profitable region in which we have presence
- Domestic ▶ Focus on growth areas: Completed the Company's organization and its systems and moved into the execution phase

### Overseas

#### Develop region-specific strategies

Progressed as planned

- ✓ Expand the business in Europe
  - Synergy creation through collaboration among three companies underway, with the addition of IUK in the UK

\*IUK: ISEKI UK & Ireland (Its company name has been changed from PREMIUM TURF-CARE LIMITED.)

#### Promote product strategy

Progressed as planned

- ✓ Aim to expand range of Non-Agri products
- ✓ Accelerate product rollout in the ASEAN market

\*\*Non-Agri products” mean machinery not used for agriculture (environment improvement machinery, etc.).

### Effects

- ◆ Increase in operating income in 2027

**4** approx.

**1.0 billion yen**  
(compared to **2023**)

### Domestic

#### Expand sales in growth segments

Progressed as planned

- ✓ Accelerate expanding sales of large-sized models with the Large-scale Planning Section at the core.

\*Large-scale Planning Section: Organization responsible for the growth within ISEKI Japan

Large-sized tractors and combine harvesters to be launched in the market in 2026

- ✓ Accelerate domestic sales of Non-Agri products. Promotion of BtoB and BtoG underway.

### Effects

- ◆ Increase in operating income in 2027

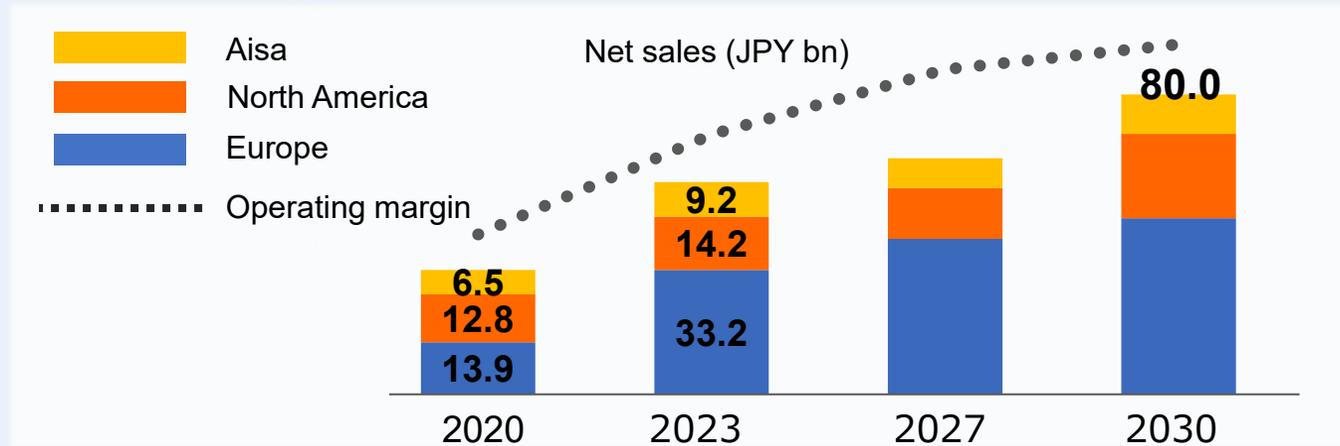
**4** approx.

**0.5 billion yen**  
(compared to **2023**)

# Growth Strategy - Overseas

## Expand the business in Europe

- Increase the portion of our highly profitable business in Europe to accelerate the revenue growth in our overseas business



- Completed making ISEKI UK & Ireland\*, our local distributary in the UK, a consolidated subsidiary

\*The company name has been changed in December 2025.

### ▶ Promoting synergy creation through collaboration among three consolidated subsidiaries in Europe

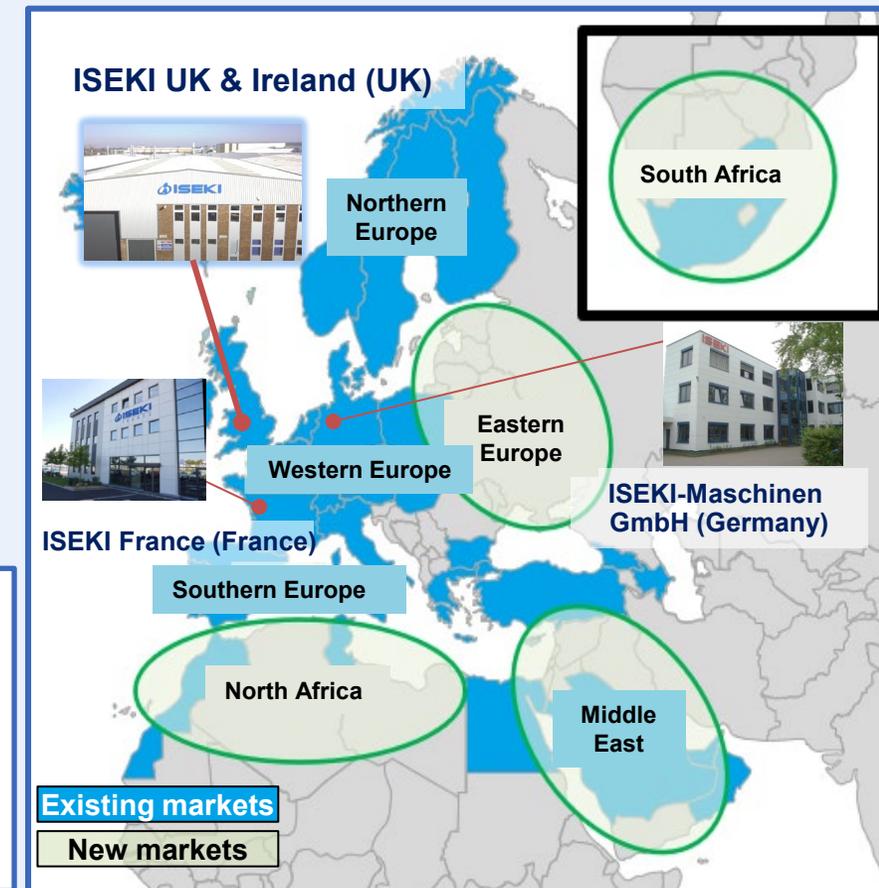
- Promoting product strategies and regional strategies through collaboration among the three companies.
  - Enhancing efficiency through joint purchase and consolidated inventory management
  - Expanding sales regions: Developing new markets such as the Middle East and Africa
- Promoting innovation through the exchange of diverse human resources

Effects

◆ Increase in operating income in 2027

④ 0.6 billion yen (compared to 2023)

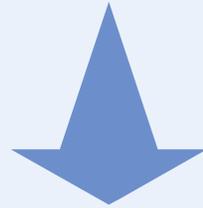
\*Included in the 1.0 billion yen increase in overseas operating income in 2027



# Growth Strategy - Overseas

## Advance sales of machinery produced by TAFE in India in ASEAN region

- Currently, building a competitive product lineup for the growing ASEAN market, combined with products supplied by PT. ISEKI INDONESIA, an ISEKI's production site.

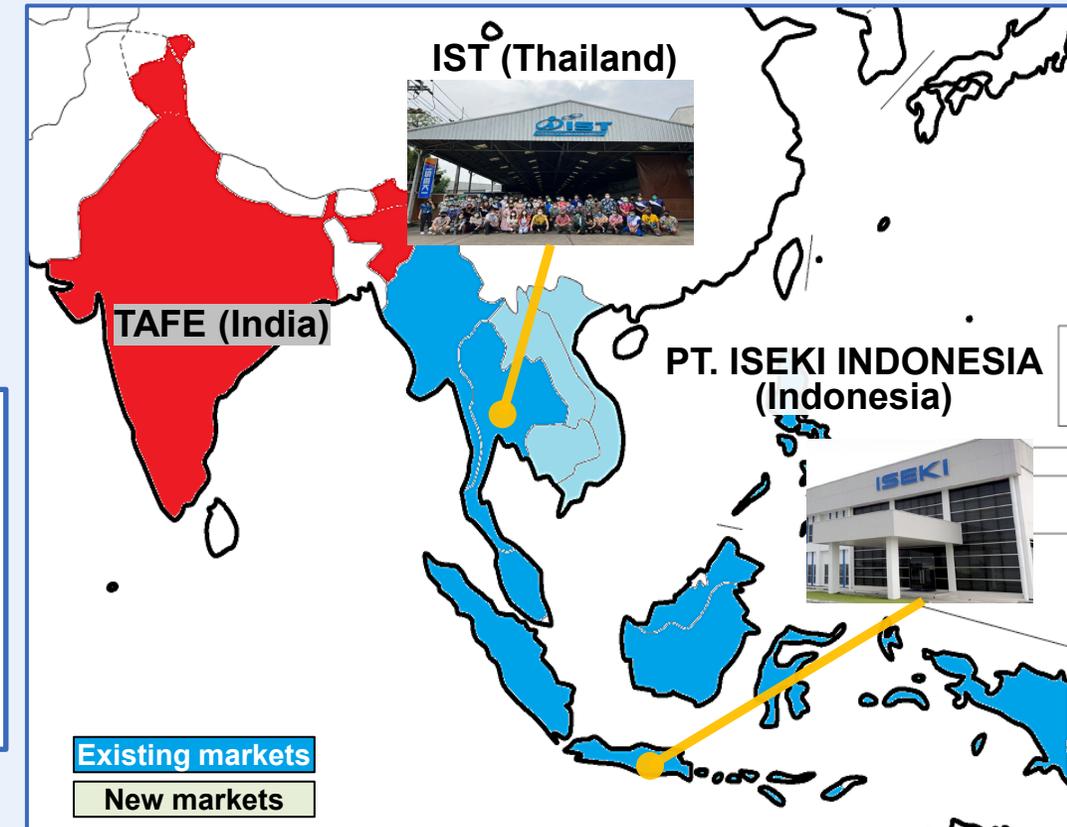


**Deepen sales in existing markets and develop new markets, with IST, a sales base in ASEAN, at the core**

- Utilize ISEKI's technology in the rice-farming regions
- Deliver products timely from Indonesia and India
- Strengthen sales and after-sales services with IST at the core of the ASEAN business strategy
  - Establish sales networks in the new markets in the neighboring countries of Thailand

\*TAFE: Business partner and agricultural machinery manufacturer in India

\*IST: Consolidated subsidiary of ISEKI in Thailand



# Growth Strategy – Domestic:

## Contribute to Sustainable Agriculture in Japan

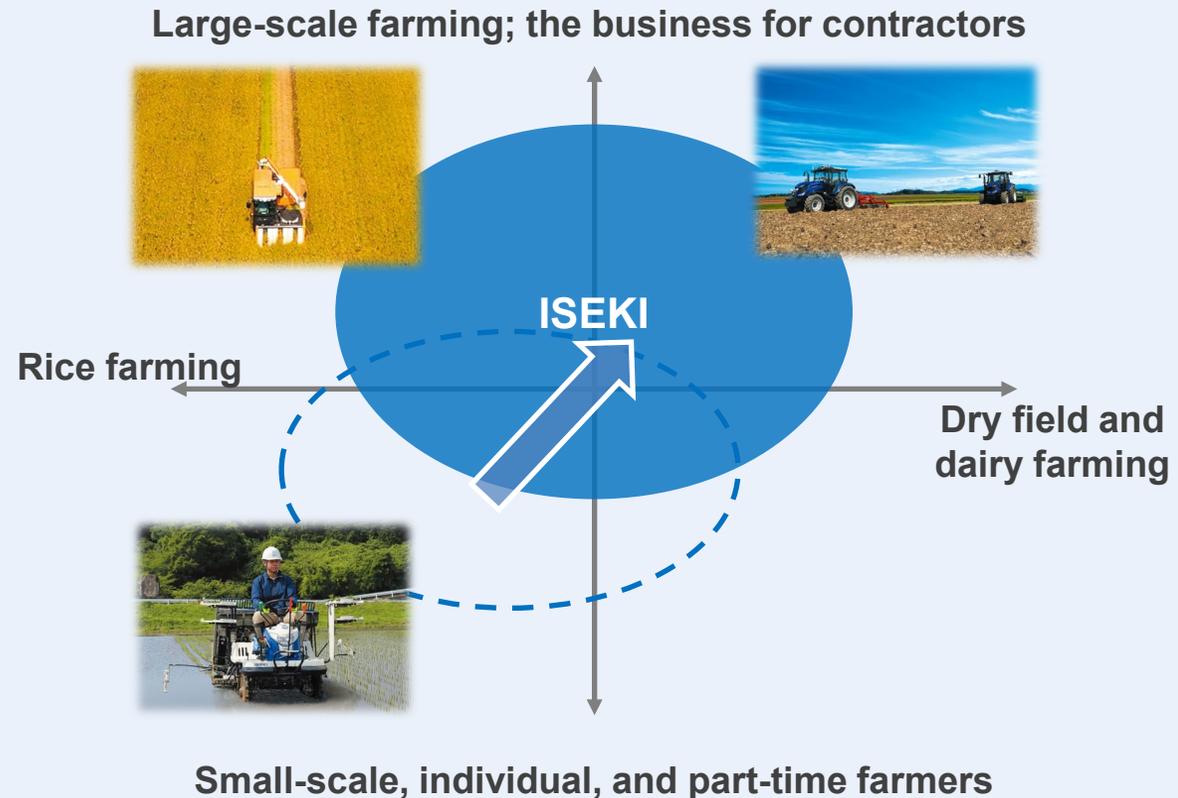
Shift resources to large-sized, advanced, dry field, and environmentally friendly areas

### Market trends

- Aging and shrinking farmer population in Japan  
➔ Shift toward large-scale and **large-sized** farming
- Insufficient agricultural workforce  
➔ Cover with **advanced** technology
- Importance of food security
- Low food self-sufficiency  
➔ Promote **dry field** crops and feed production
- Climate change mitigation and adaptation
- Protect ecosystems and sustain future agricultural production  
➔ Promote **environmentally friendly** agriculture

Reorganization  
Product  
development

### Direction of the business we aim for



# Growth Strategy – Domestic ▶ “Large-sized” and “Advanced” ISEKI

## Expand sales of large-sized products

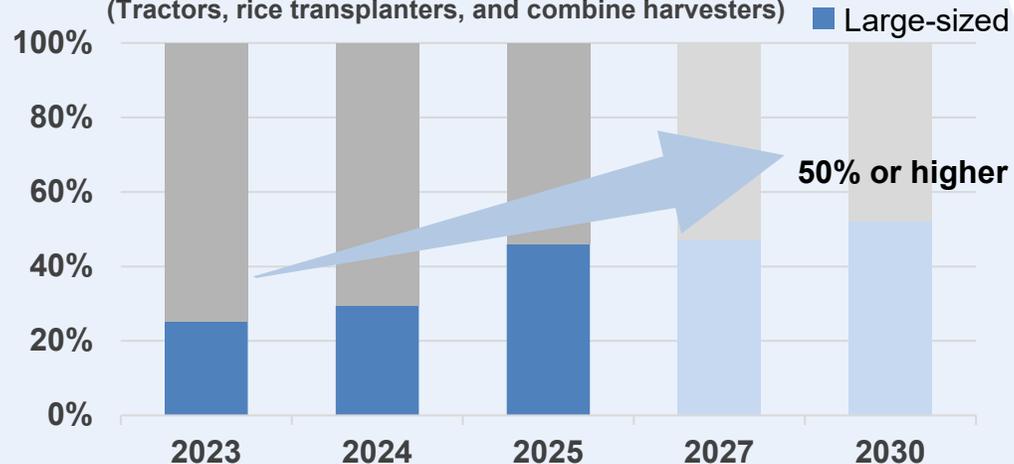
- Conduct a model change of our flagship large-sized machinery brand “JAPAN”
- Achieve a sales ratio of over 40% for large-sized products



HJ6135/HJ7135

BJ65 / BJ74 / BJ90 / BJ105

Share of large-sized models in net sales of ISEKI's products  
(Tractors, rice transplanters, and combine harvesters)



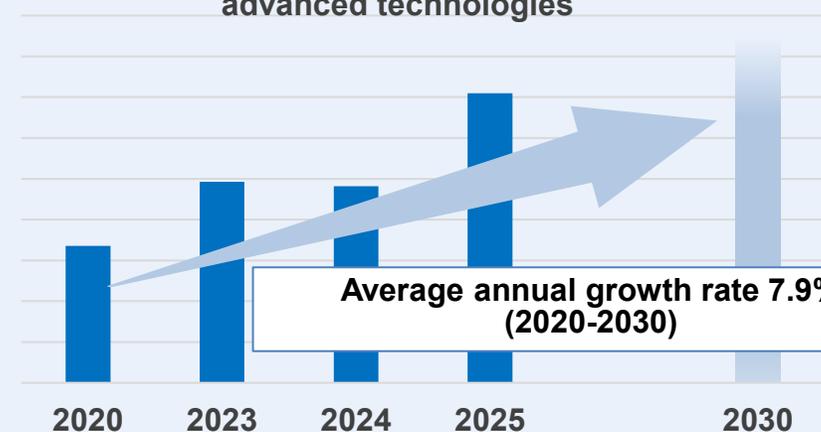
ISEKI  
Japan  
Demonstrate  
organizational  
capabilities

## Expand range of advanced technology products

- Expand lineup of products equipped with advanced technologies
- Increase net sales of advanced technology products



Net sales of products equipped with  
advanced technologies



# Growth Strategy – Domestic ▶ “Dry Field” and “Environmentally Friendly” ISEKI

## Acquire dry field crop markets

- Fully operationalize the activities of the Large-scale Planning Section
- Introduce large-scale cultivation systems across various regions of Honshu
- Develop a B2B channel

■ Onions



ISEKI  
Japan  
Demonstrate  
organizational  
capabilities

■ Potatoes

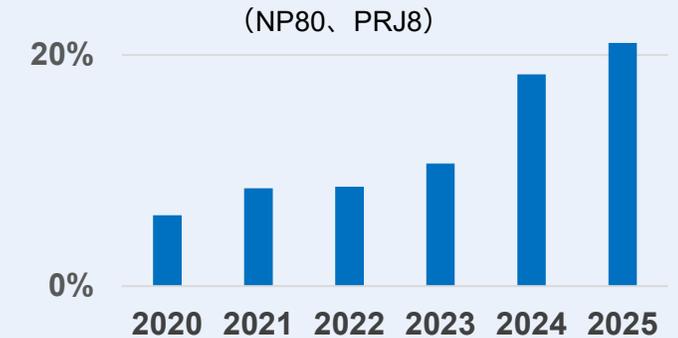


## Promote environmentally friendly agriculture

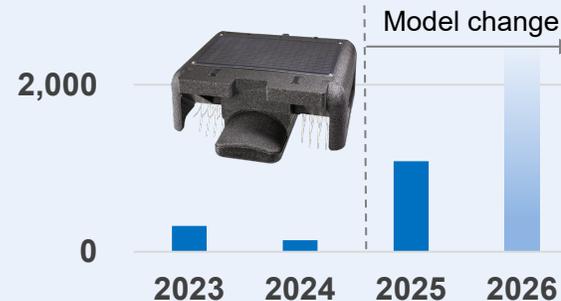
- Promote reduced fertilizer and pesticide technologies



Share of the amount of variable fertilizer application (rice transplanters) (NP80、PRJ8)

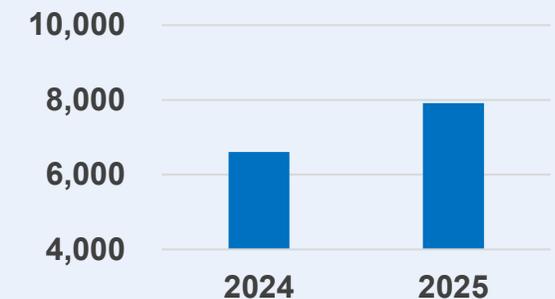


- Support the development of organic rice-producing regions with *Aigamo-Robo* at the core  
Unit sales of *Aigamo-Robo*



- Generate carbon credits through a partnership with Faeger Co. Ltd.

Reduction amount (t-CO2)



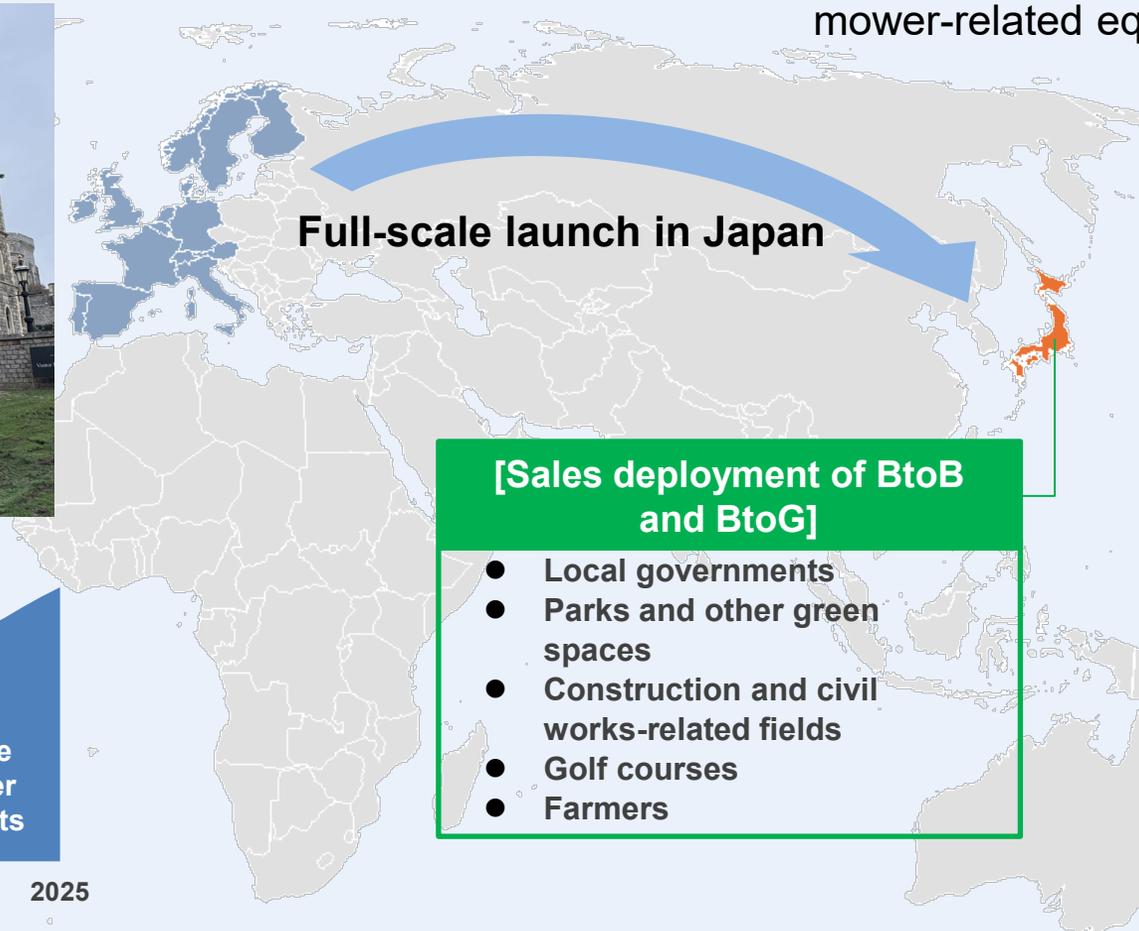
# Growth Strategy – Domestic ▶ Non-Agri Products

**ISEKI**

## Products for landscaping in Europe ▶ Aim to expand sales channels for Non-Agri markets in Japan

- The Iseki brand has firmly established its position in Europe.
- It has gained trust from professional users.

- Proven products will be fully launched in the Japanese market.
- We aim to achieve 10 billion yen in net sales of mower-related equipment in Japan.



### [Sales deployment of BtoB and BtoG]

- Local governments
- Parks and other green spaces
- Construction and civil works-related fields
- Golf courses
- Farmers

Cumulative total shipment volume of ISEKI' tractors and riding mowers for Europe

Cumulative total of over 200,000 units



1990 1995 2000 2005 2010 2015 2020 2025

# Enhance Asset Efficiency

## Reduce inventories

- Structurally reduce inventories through consolidation of product assembly factories and integration of sales companies

## Improve inventory turnover

- ✓ Build a procurement/logistics system through consolidation of product assembly factories
  - Achieve an optimal production structure for timely provision of seasonal products
- ✓ Consolidate machinery models and types → Increase in production and sales efficiency

- ✓ Implement centralized inventory management through integration of sales companies (products and parts)
  - Effective use of inventories (domestic and overseas [Europe])

- ✓ Supply chain strategy
  - Produce at the point of demand and strengthen sales collaboration
  - Shorten production lead time

Target

◆ 2027

Progressed beyond the planTurnover of **2.4** times or higher

# Enhance Asset Efficiency

## Vision for balance sheet improvement

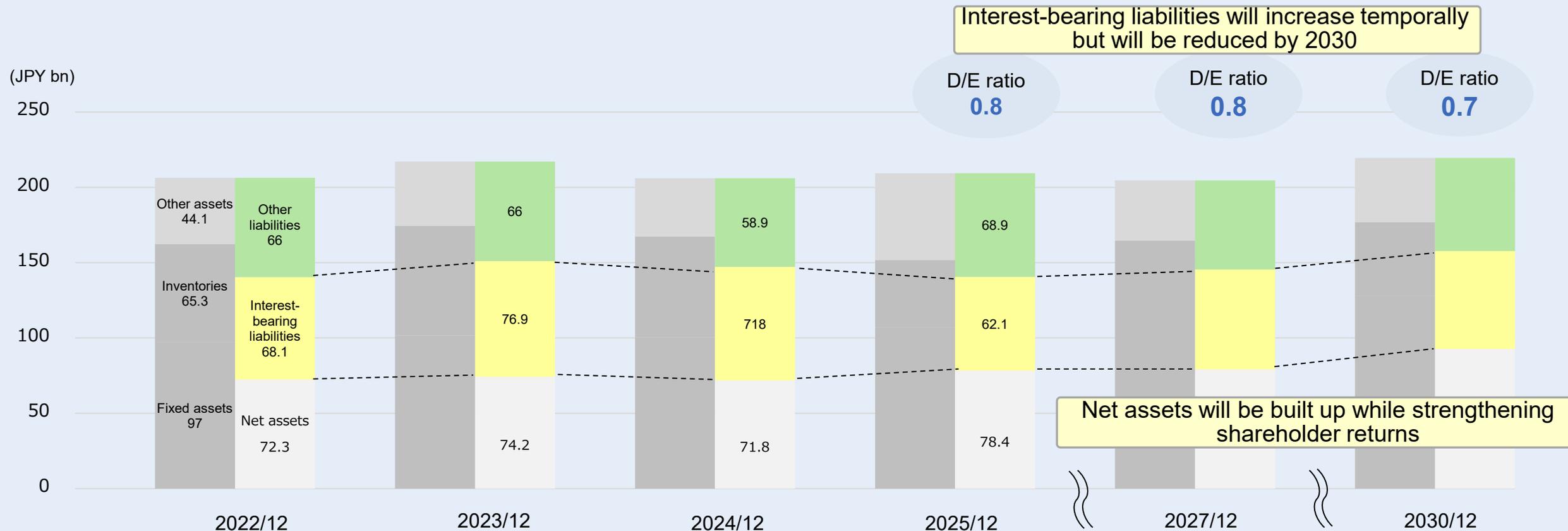
- We have significantly reduced inventories by increasing sales and implementing centralized inventory management. We will further reduce inventories by effectively using them through the integration of domestic sales companies and collaboration among overseas subsidiaries, as well as by developing a supply chain strategy.
- Fixed assets will increase due to investments in Project Z but shift to assets with higher utilization rates by satisfying hurdle rates. Surplus assets resulting from structural reforms will be reduced through their sales to maintain fixed asset turnover.



# Enhance Asset Efficiency

## Vision for balance sheet improvement

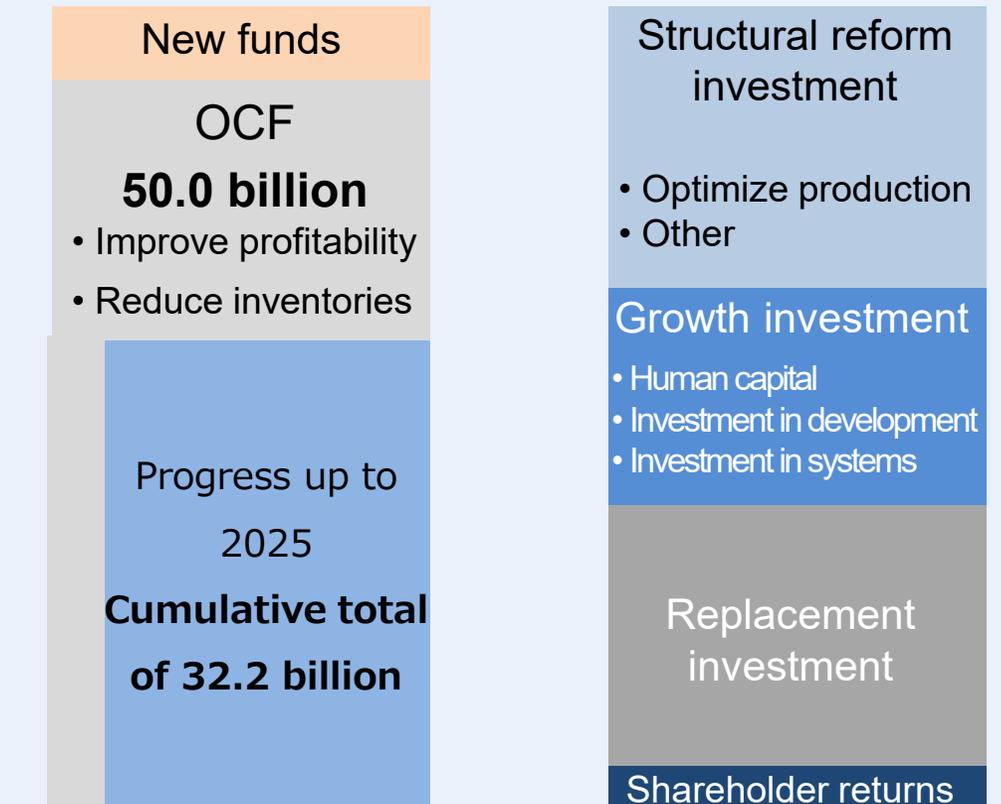
- Interest-bearing liabilities has been decreased due to improved operating cash flows. They will temporarily increase due to increased capital expenditures but will be reduced moving forward to 2030.
- Net assets will be built up through higher revenue while strengthening shareholder returns (dividends).



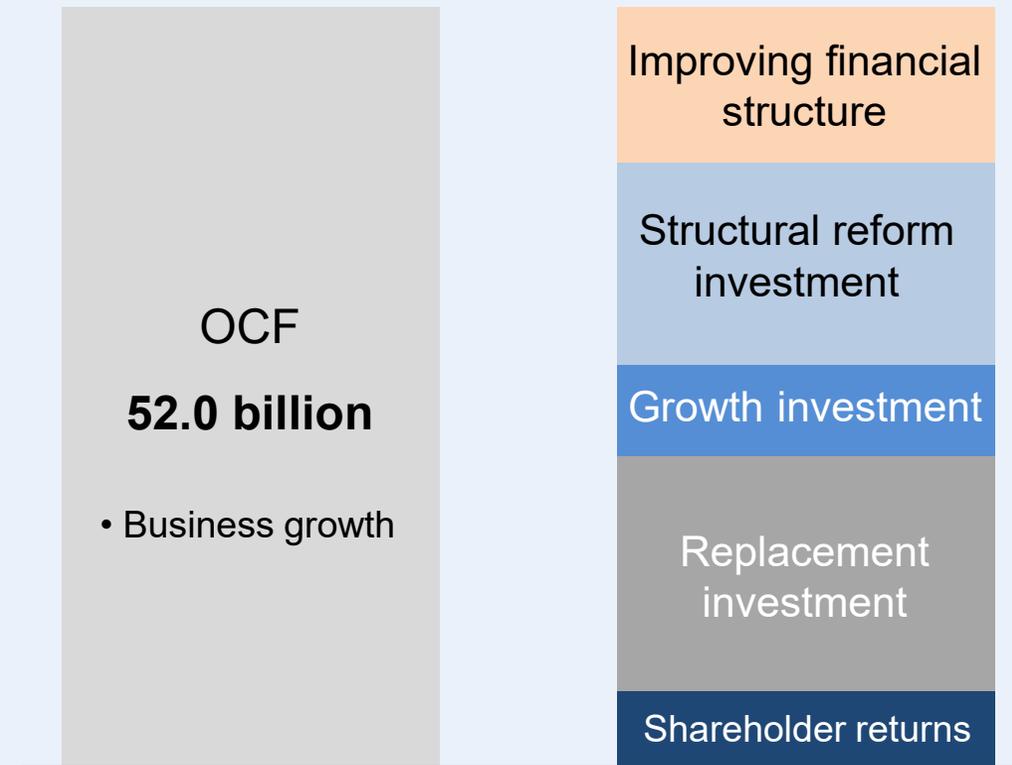
# Allocate Cash for Growth

- Generate operating cash flows through improved profitability and enhanced asset efficiency
- Until 2027, implement fundamental structural reforms and growth investment, aiming for shareholder returns of DOE 2% or higher in 2027
- With a view to the revision of Japan's Corporate Governance Code, we will allocate capital that is conscious of the cost of capital and capital efficiency.

## ■ 2024~2027 (4-year cumulative total)



## ■ 2028~2030 (3-year cumulative total)





## 3. APPENDIX

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<Outline of the Plan>

- Portfolio by region

<Details of Fundamental Structural Reforms>

- Optimize production
- Optimize development
- Deepen domestic sales

# Portfolio by Region

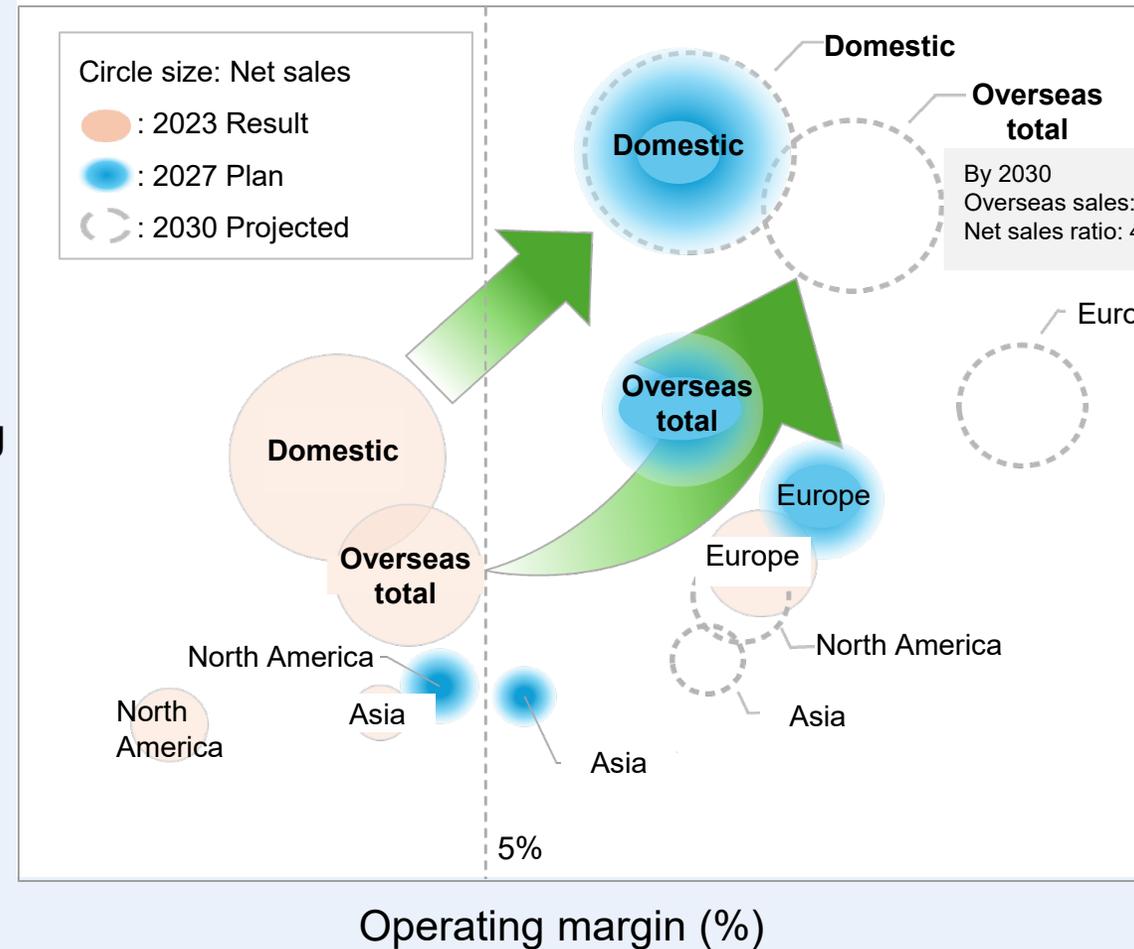
## 2027 and 2030 projected: Overseas operations will be the growth engine

- Domestic: Improve profitability through improved product profit margins, operational reforms such as the establishment of IJ, and expanded markets for Non-Agri products while maintaining net sales
- Overseas: Expand net sales and further increase profitability mainly in Europe, including by making IUK a consolidated subsidiary

IJ: ISEKI Japan Co., Ltd.  
IUK: ISEKI UK & Ireland

Operating income and operating margin by region are estimated without including corporate expenses

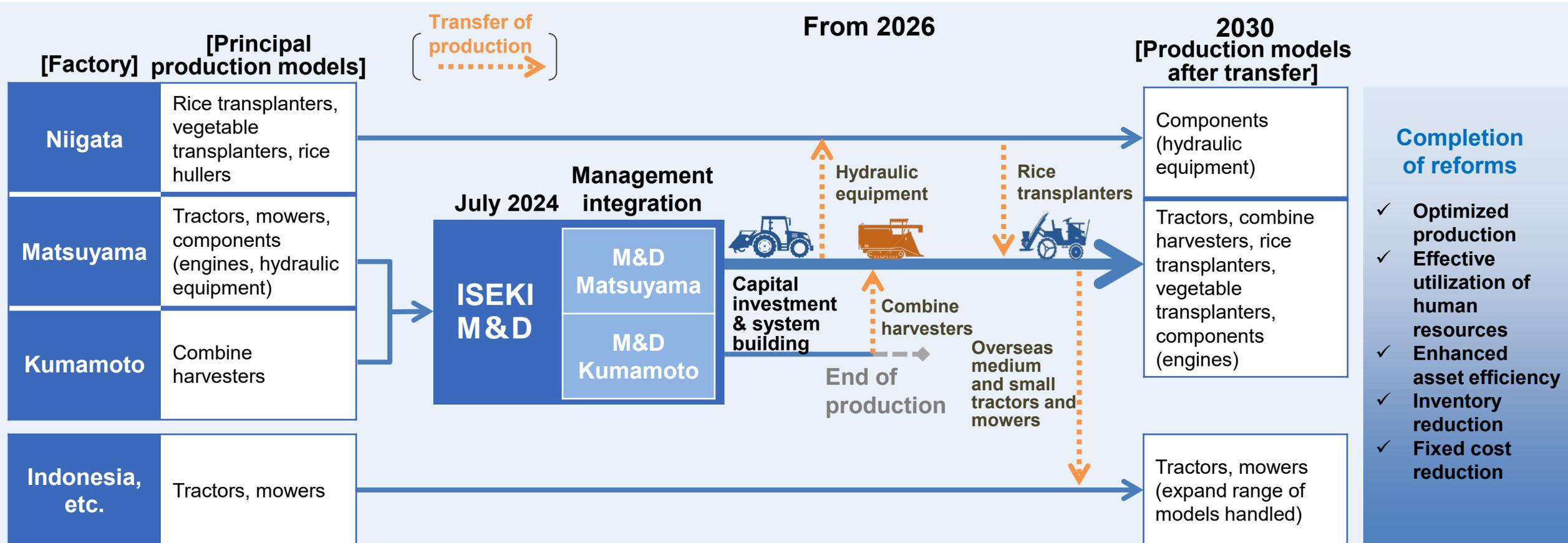
Operating income



# Optimize Production Reorganization of Production Sites

## Reorganization of production sites and models to build robustly-structured factories Progressed as planned

- Reorganization of domestic factories: consolidate production of combine harvesters and rice transplanters in ISEKI M&D (Matsuyama). Build a system that can respond swiftly to environmental changes
- Strengthening overseas production sites: transfer production for overseas products to PT. ISEKI Indonesia, etc.



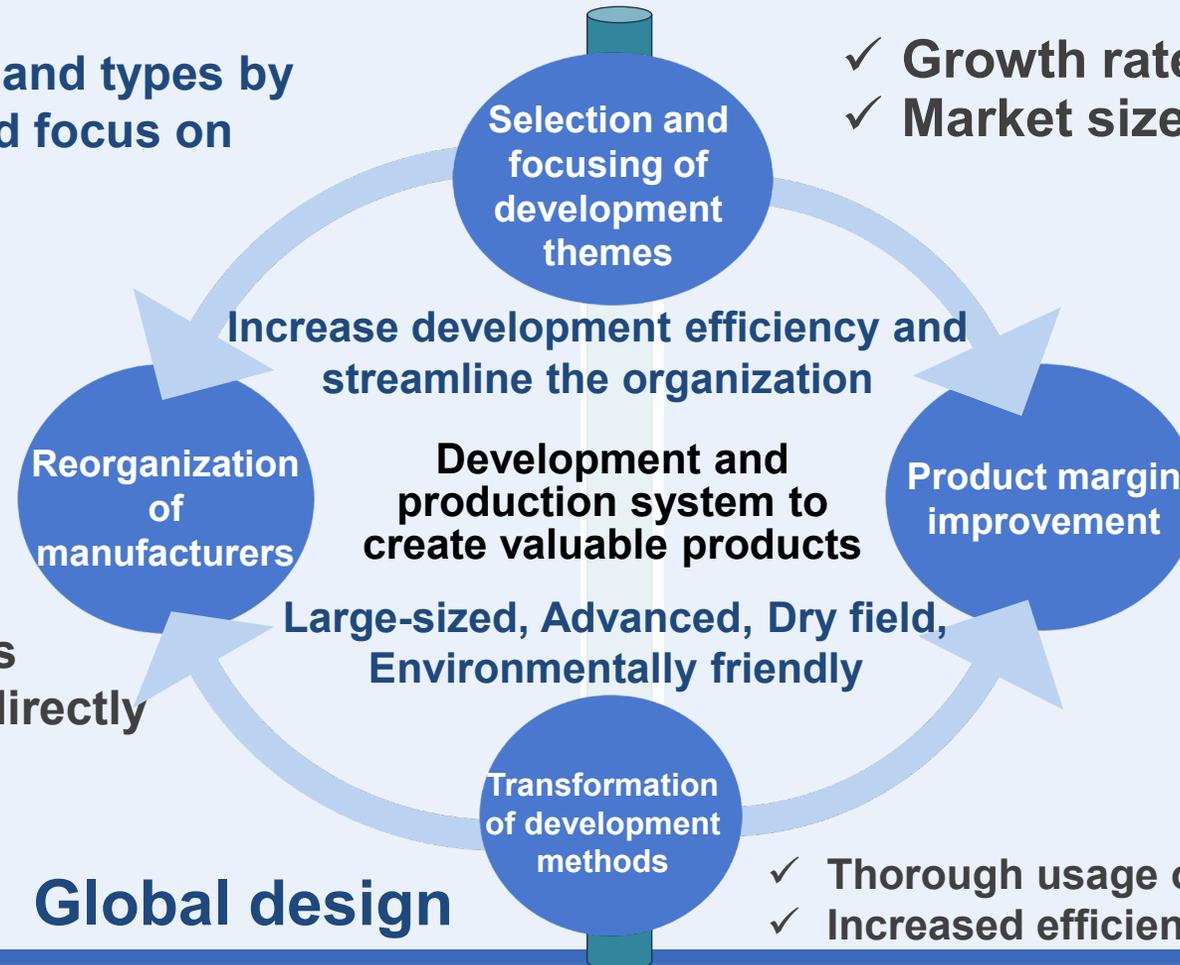
# Optimize Development

## Product margin improvement and development efficiency improvement Delayed in some areas

- Product margin improvement is lagging in some areas compared to the original plan. We intend to recover the delay by deploying more resources. The improvement effects will be seen gradually from the second half of 2025, and we aim to achieve the improvement targets in 2027
- Development efficiency was improved by identifying the models and types to be reduced Progressed as planned

Reduce models and types by 30% or more and focus on growth strategy

- ✓ Growth rate
- ✓ Market size



Reduce product variable costs by 10% or more to improve product margin in a short period of time

- ✓ Intensive short-term efforts
- ✓ Cross-model efforts
- ✓ Standardization

Global design: Make sure the cores of products have common design and that only different parts depending on the region are designed specifically

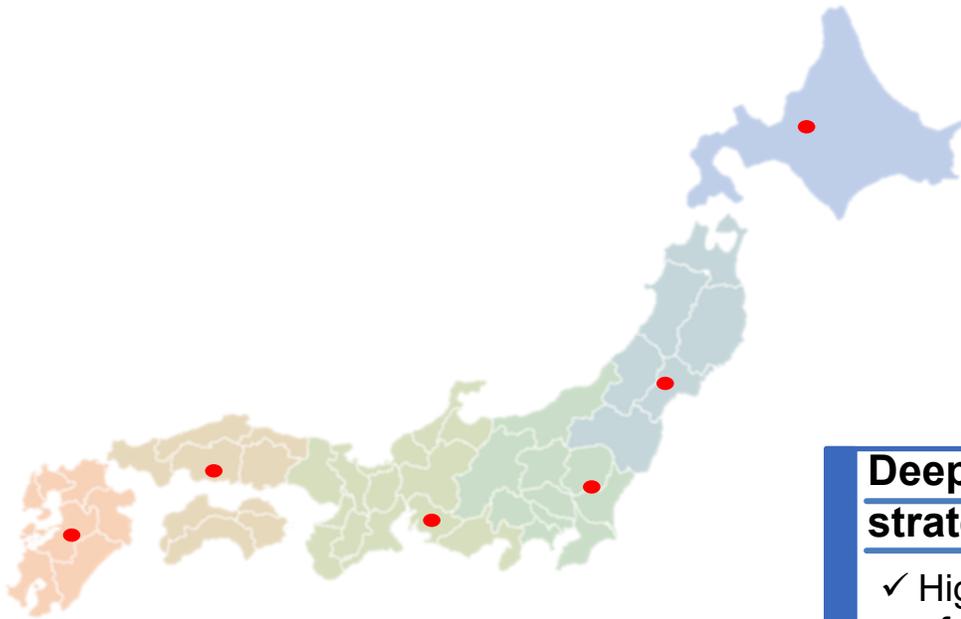
Global design

- ✓ Thorough usage of common design for parts
- ✓ Increased efficiency

# Deepen Domestic Sales

## Establishment of ISEKI Japan in January 2025

- Management integration of domestic sales companies over a wide area (6 companies) and Mie ISEKI Sales
- Integrate functions of the new company and ISEKI Business Division to improve management efficiency
- Revamp the management and execution structure of the sales company  
Execute rapid decision-making functions and strong driving force



## Progressed beyond the plan

国内広域販売会社が合併し「株式会社 ISEKI Japan」となりました



### Deepen domestic sales: Building a base for strategic growth

- ✓ Higher efficiency due to concentration and redistribution of management resources
- ✓ Reduced logistics costs due to optimization of inventory hubs and reassessment of logistics

### Progressed beyond the plan

◆ Increase in operating income in 2027

**2** approx.  
2.0 billion yen  
(compared to 2023)  
\*Originally 1.5 billion

Effects

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未来の  
ために、  
いま選ぼう。

ISEKI Group joins the nationwide action called “COOL CHOICE” run by the Ministry of the Environment Government of Japan, which promotes to make “smart choices” for the global warming. As a proposal of “smart choices”, we develop and deliver environmental-friendly products like “eco products”.

食から日本を考える。

**NIPPON  
FOOD  
SHIFT**