

[Delayed] Supplementary Information to Consolidated Financial Results

(January 1, 2025 – June 30, 2025)

ISEKI & CO., LTD.

August 8, 2025

- 1. Outline of Financial Results for the Second Quarter Fiscal Year Ending December 31, 2025**
- 2. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2025**

Higher sales and operating income (6 months (Jan. to Jun.), year on year) As with 1Q, significant growth for domestic sales and stable performance for overseas (mainly in Europe) in 2Q

Domestic Sales:	Farmers' purchasing appetite remained strong due to rising rice prices Last-minute demand for agricultural machinery ahead of the price revision in July contributed to a significant increase in net sales for agricultural machinery in 2Q (Apr. to Jun.), following the increase in sales of farming implements in 1Q (Jan. to Mar.)
Overseas Sales:	Although the sales declined in Europe due to foreign exchange fluctuations, sales continued to grow on a local currency basis, thanks to the stable performance in France and the consolidation of PTC Limited in the UK For North America, sales declined due to the continued weak market conditions. For Asia, sales increased in Korea and Indonesia
Operating Income:	Higher operating income mainly from the increase in domestic sales
Ordinary Income:	Increase of ordinary income has partially slowed down due to foreign exchange losses related to receivables and payables
Profit:	Profit increased significantly driven by the sale of non-current assets and absence of impairment losses with structural reforms in the same period of previous fiscal year
Project Z:	Expected effects for 2025 have progressed as planned, measures are currently being implemented toward 2027

Upward Revision to the Full-year Forecast

Compared to the Full-year Forecast: Net sales +¥5.0 billion, Operating income: +¥0.9 billion, Profit: +¥0.5 billion

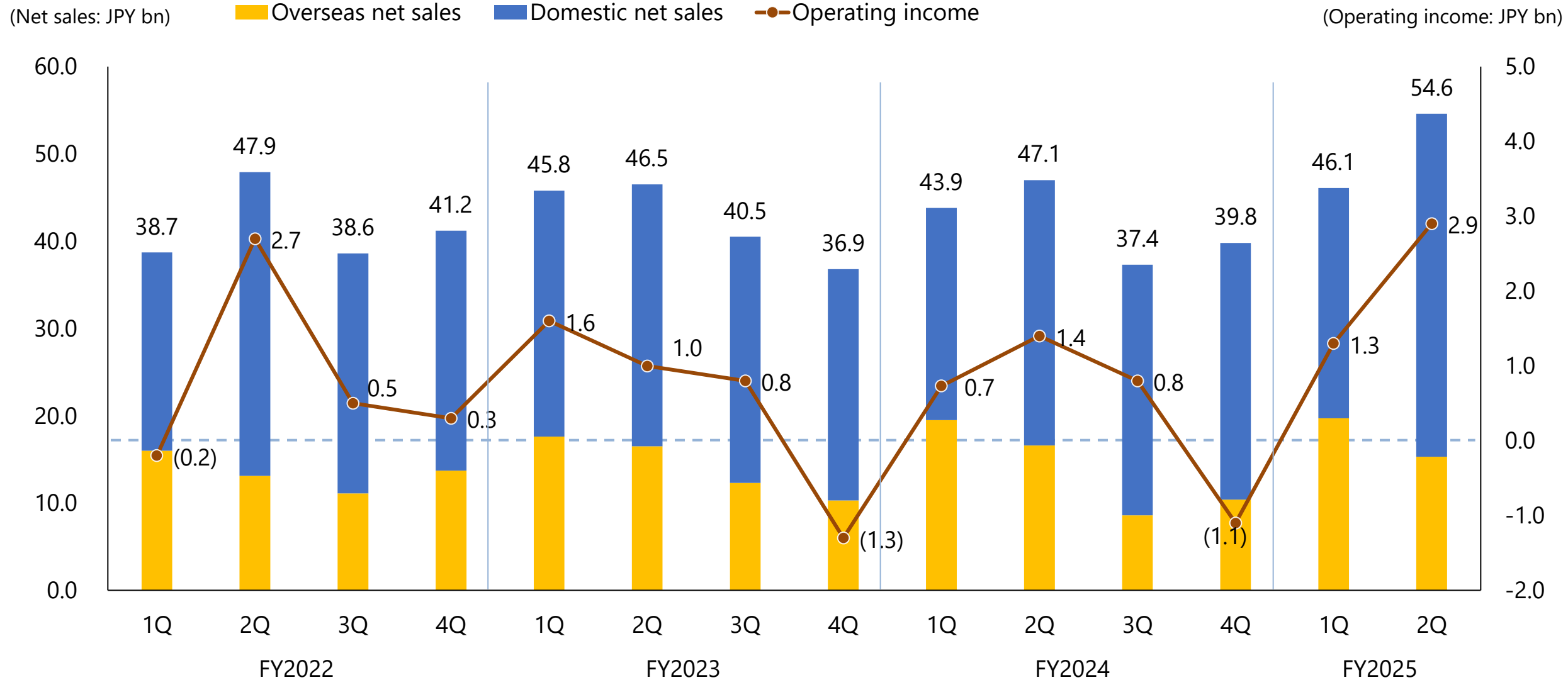
- 1. Outline of Financial Results for the Second Quarter Fiscal Year Ending December 31, 2025**
2. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2025

Outline of Consolidated Business Performance

(JPY bn, unless otherwise noted) (January 1, 2025 to June 30, 2025)		FY2022/12 2Q Actual	FY2023/12 2Q Actual	FY2024/12 2Q Actual	FY2025/12 2Q Actual	YoY Change
Net Sales		86.7	92.3	91.1	100.8	+9.7
	(Domestic)	57.5	58.2	54.8	65.8	+10.9
	(Overseas)	29.1	34.1	36.2	35.0	-1.2
Gross Profit		25.1	27.2	26.9	29.3	+2.4
	Gross Profit Margin (%)	29.0%	29.5%	29.5%	29.1%	-0.4%
Operating Income		2.5	2.7	2.2	4.3	+2.1
	Operating Margin (%)	3.0%	3.0%	2.4%	4.3%	+1.9%
Ordinary Income		3.3	3.0	2.4	3.7	+1.3
Profit (Loss) Attributable to Owners of Parent		2.5	1.9	(6)	3.2	+3.9
Average * Exchange Rate (JPY)	US\$	117.4	134.5	151.7	149.7	-2.1
	Euro	141.5	156.8	172.1	162.5	-9.6

*From 2025, the PL conversion rate for overseas subsidiaries has been changed to the average rate during the fiscal year. (Previously, the rate at the end of each fiscal year was used).

Trends in Consolidated Financial Results (Quarterly)



Domestic Sales

(JPY bn)			FY2022/12	FY2023/12	FY2024/12	FY2025/12	
			2Q Actual	2Q Actual	2Q Actual	2Q Actual	YoY Change
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	14.3	12.9	12.3	14.6	+2.3
		Planting Machinery	5.5	5.1	4.4	5.6	+1.2
		Harvesting & Processing Machinery	5.4	5.7	4.4	7.3	+2.9
		Subtotal	25.3	23.8	21.2	27.7	+6.5
		Farming Implements	10.9	11.0	11.2	14.1	+2.9
		Spare Parts	7.2	7.5	7.6	8.3	+0.6
		Repair Fees	2.8	2.8	2.9	3.0	+0.1
		Subtotal	21.0	21.4	21.7	25.5	+3.8
	Total		46.3	45.2	42.9	53.3	+10.3
	Construction of Facilities		1.2	2.4	1.3	2.3	+1.0
Others		9.8	10.5	10.5	10.1	-0.3	
Total		57.5	58.2	54.8	65.8	+10.9	
Ratio of Revenues from Farming Implements and Maintenance			36.5%	36.8%	39.7%	38.9%	-0.8%

Main factors of YoY changes

- Farmers' purchasing appetite remained strong due to rising rice prices
- Following the increase in sales of farming implements in 1Q, net sales increased significantly for agricultural machinery in 2Q

Agricultural machinery:

Sales increased significantly due to the last-minute demand ahead of the price revision in July

Farming implements/maintenance revenues: (Spare parts/Repair fees)

Sales increased steadily as a stable source of revenue

Construction of facilities:

Sales increased due to the completion of large facility projects

Overseas Sales

(JPY bn, %)	FY2022/12	FY2023/12	FY2024/12	FY2025/12	YoY Change
	2Q Actual	2Q Actual	2Q Actual	2Q Actual	
Europe	14.2	21.0	26.2	25.1	-1.0
North America	8.4	7.4	6.3	5.5	-0.7
Asia	6.1	4.6	3.1	4.0	+0.8
Others	0.3	0.9	0.5	0.2	-0.2
Total	29.1	34.1	36.2	35.0	-1.2

Overseas sales ratio	33.6%	36.9%	39.8%	34.7%	-5.1%
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Main factors of YoY changes

- **Steady performance in Europe, higher sales in Asia**
- **Weak in North America**

Europe:

Sales declined in Europe due to foreign exchange fluctuations, but sales continued to grow on a local currency basis, thanks to the stable performance in France and the consolidation of PTC Limited in the UK

North America:

Sales declined as the compact tractors market remained weak and the impact of tariffs is currently limited

Asia:

Sales increased mainly in Korea and Indonesia

Full-year impact in 2025 is expected to be minimal

- Since tariff payments will be made by the importer (OEM customer), there is no direct cash outflow from ISEKI
- A sufficient amount of local inventory (held by the OEM partner and ISEKI, covering 10 months or more) had cleared customs before the tariff hike
- Already reached an agreement of having the OEM partner to cover up to 10% of the tariffs on U.S. imports
- Sales to North America accounted for 6.7% of our consolidated net sales (Actual results for 2024), and due to relatively low margins in OEM supply, the impact on profit is limited

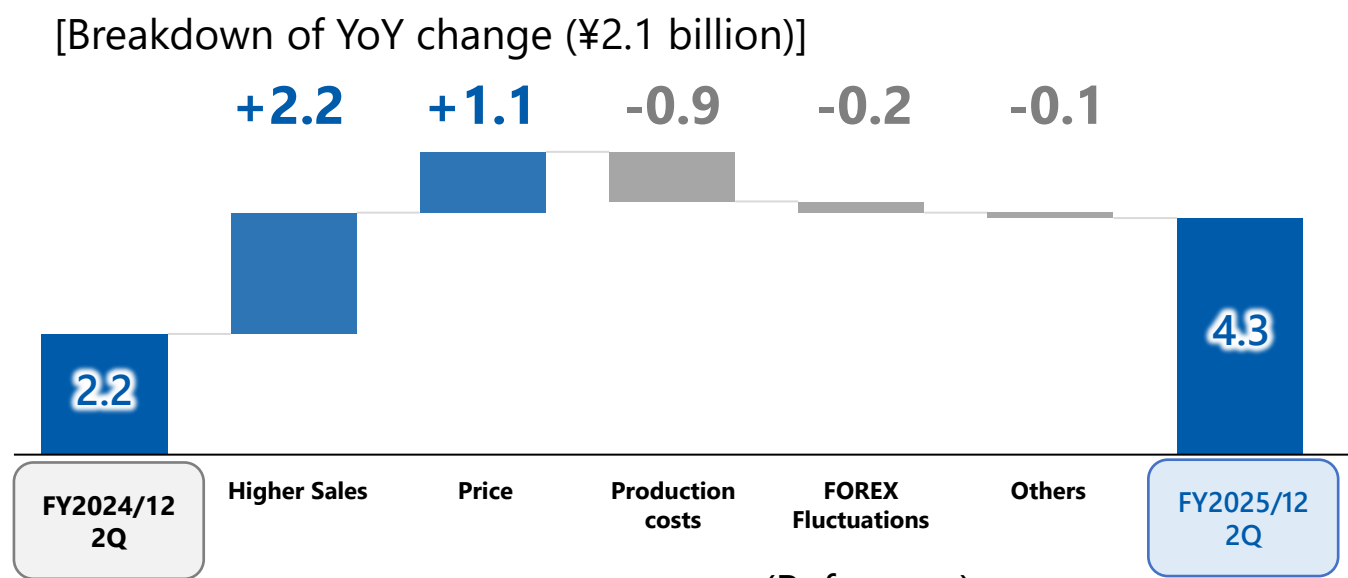
Forecast and measures from 2026 onward

- Demand trends due to the impact of tariffs remain uncertain, and we are closely monitoring the effects of rising local retail prices
- In the mid to long term, we plan to consider expanding local sourcing and assembly

Operating Income

- Higher operating income mainly from the increase in domestic sales

(JPY bn, %)	FY2024/12 2Q Actual	FY2025/12 2Q Actual	YoY Change
Net Sales	91.1	100.8	+9.7
Gross Profit	26.9	29.3	+2.4
Gross Profit Margin	29.5%	29.1%	-0.4%
SG&A Expenses	24.7	25.0	+0.3
Personnel Expenses	13.9	14.1	+0.2
Other Expenses	10.7	10.8	+0.0
Operating Income	2.2	4.3	+2.1
Operating Margin	2.4%	4.3%	+1.9%



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

Net Sales	Cost of Sales	SG&A Expenses	Operating Income
(1.4)	0.9	0.3	(0.2)

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

Operating Income	2Q Actual	Full-year Forecast
Effect	0.5	1.5
Temporary * expenses	(0.4)	(0.8)

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

Ordinary Income & Profit

- Increase of ordinary income has partially slowed down due to foreign exchange losses related to receivables and payables
- Profit increased significantly driven by gain on the sale of non-current assets and absence of impairment losses with structural reforms in the same period of previous fiscal year

(JPY bn)	FY2022/12 2Q Actual	FY2023/12 2Q Actual	FY2024/12 2Q Actual	FY2025/12 2Q Actual	YoY Change
Operating Income	2.5	2.7	2.2	4.3	+2.1
Financial income (expenses), net	(0.3)	(0.8)	(0.7)	(0.8)	-0.0
Other non-operating income (expenses), net	1.0	1.1	1.0	0.2	-0.7
Ordinary Income	3.3	3.0	2.4	3.7	+1.3
Extraordinary Income	0.0	0.0	0.0	1.1	+1.0
Extraordinary Losses	(0.2)	(0.1)	(2.3)	(0.1)	+2.1
Income Before Income Taxes	3.1	2.9	0.2	4.7	+4.5
Income Taxes-Deferred	(0.6)	(0.9)	(0.8)	(1.4)	-0.6
Profit (loss) Attributable to Owners of Parent	2.5	1.9	(0.6)	3.2	+3.9

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

Other non-operating income (expenses), net	
Foreign exchange gains (losses)	(0.6)

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

Extraordinary income/losses (Positive: profit improvement)	
Gain on sale of non-current assets	1.0
Decrease in impairment losses (Recorded in the same period of previous fiscal year due to structural reforms)	2.1

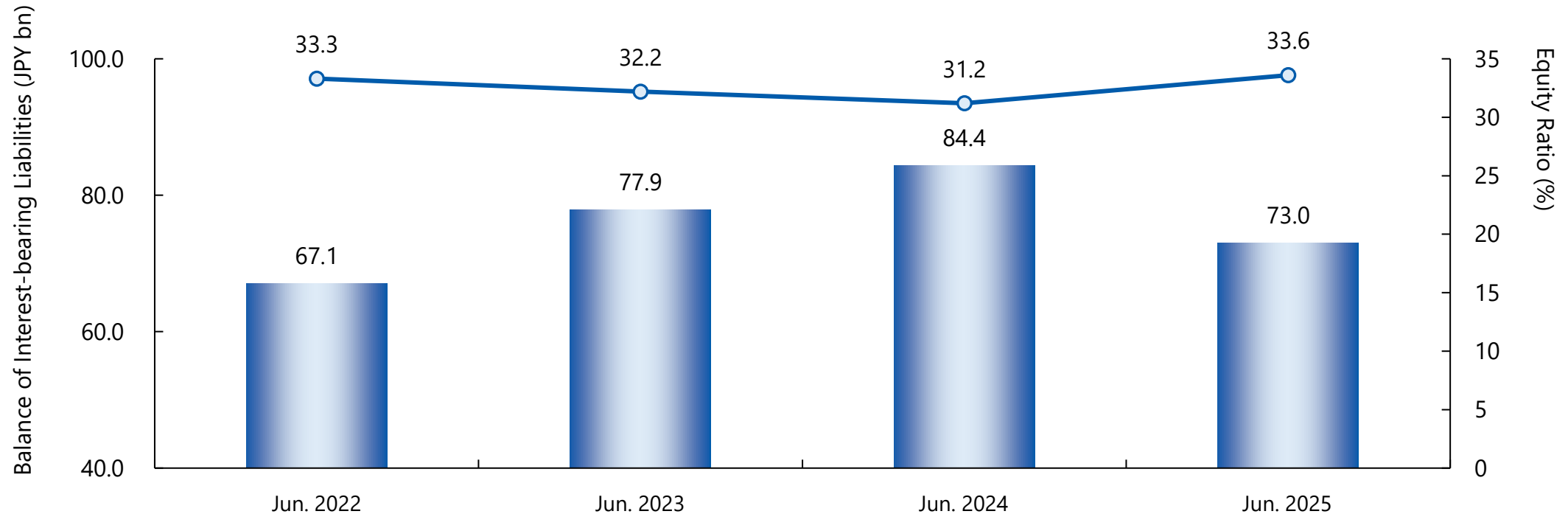
Balance Sheet

- Strong performance in domestic sales led to a significant decrease in inventories (largest year on year change in the past 10 years)
- Interest-bearing liabilities also decreased significantly

(JPY bn)	As of Jun. 30, 2024	As of Dec. 31, 2024	As of Jun. 30, 2025	YoY Change	Change from Dec. 31, 2024		As of Jun. 30, 2024	As of Dec. 31, 2024	As of Jun. 30, 2025	YoY Change	Change from Dec. 31, 2024
Cash & Deposits	10.8	8.2	9.9	-0.8	+1.7	Accounts Payable-Trade	28.2	25.2	25.6	-2.5	+0.4
Accounts Receivable-Trade	37.8	25.4	40.8	+2.9	+15.4	Interest-bearing Liabilities	84.4	75.4	73.0	-11.3	-2.3
Inventories	70.9	66.9	56.7	-14.1	-10.1	(Loans Payable)	76.8	68.1	66.0	-10.8	-2.0
Other Current Assets	3.6	5.0	4.0	+0.3	-1.0	Accounts Payable-Other	11.9	10.2	12.5	+0.5	+2.3
						Other Liabilities	24.4	23.3	24.8	+0.4	+1.5
Total Current Assets	123.3	105.6	111.6	-11.7	+6.0	Total Liabilities	149.0	134.2	136.2	-12.8	+1.9
Property, Plant and Equipment	82.0	81.3	80.6	-1.3	-0.6	Net assets	75.1	71.8	75.3	+0.1	+3.4
Intangible Assets	2.7	2.9	2.8	+0.1	-0.0						
Investments and Other Assets	16.0	16.1	16.3	+0.2	+0.1	(Retained Earnings)	19.4	16.6	19.6	+0.2	+3.0
Total Non-current Assets	100.8	100.5	99.8	-0.9	-0.6						
Total Assets	224.2	206.1	211.5	-12.6	+5.4	Total Liabilities and Net Assets	224.2	206.1	211.5	-12.6	+5.4

Equity Ratio / Interest-bearing Liabilities

- Ongoing decrease in interest-bearing liabilities has led the D/E ratio to drop below 1.0.



Loans payable, corporate bonds	60.1	71.0	76.8	66.0
Lease obligations	6.9	6.9	7.5	7.0
Interest-bearing liabilities Total	67.1	77.9	84.4	73.0

D/E ratio	0.97	1.04	1.12	0.97
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Note: D/E Ratio = Interest-bearing liabilities (incl. Lease obligations) / Net assets

Cash Flows

- Cash flows from operating activities improved significantly due to increased profits and a decrease in inventories. The sale of non-current assets led to a further improvement in free cash flow

(JPY bn)	FY2022/12 2Q Actual	FY2023/12 2Q Actual	FY2024/12 2Q Actual	FY2025/12 2Q Actual	YoY Change
Cash flows from operating activities	(2.0)	(7.5)	(1.1)	4.5	+5.6
Profit before income taxes	3.1	2.9	0.2	4.7	+4.5
Depreciation	3.0	2.8	2.7	2.5	-0.1
Impairment losses	0.1	0.0	2.2	0.0	-2.2
Decrease (increase) in trade receivables	(12.2)	(10.2)	(10.3)	(16.3)	-5.9
Decrease (increase) in inventories	(2.2)	(2.5)	4.0	11.1	+7.1
Increase (decrease) in trade payables	4.4	(3.2)	(14.2)	0.8	+15.1
Increase (decrease) in trade payables	(0.2)	(0.1)	11.4	2.2	-9.2
Other, net	1.9	2.8	2.8	(0.8)	-3.6
Cash flows from investing activities	(3.3)	(3.0)	(3.1)	(0.7)	+2.4
Purchase of property, plant and equipment and intangible assets	(3.1)	(3.0)	(3.1)	(2.4)	+0.7
Proceeds from sale of property, plant and equipment and intangible assets	0.2	0.1	0.3	1.7	+1.4
Free Cash Flow	(5.4)	(10.6)	(4.2)	3.7	+8.0
Cash flows from financing activities	3.2	8.0	4.9	(3.0)	-7.9
Net increase (decrease) in cash and cash equivalents	(1.8)	(2.1)	0.7	1.0	+0.3

Progress of Project Z

- Expected effects for 2025 have progressed as planned
- Major measures of the fundamental structural reform have generally progressed as planned
- Regarding the growth strategy, we have implemented stronger collaboration among consolidated subsidiaries in Europe for overseas and developed the new mowing business in Japan

Core themes

Measures currently being implemented toward 2027

Fundamental structural reforms	Optimize production	■ Reorganization of production sites	• Began construction of new buildings at domestic factories (Matsuyama, Shigenobu, Niigata) • The transfer of combine harvesters from Kumamoto is proceeding as planned
	Optimize development	■ Development efficiency improvement ■ Product margin improvement	• Models and types targeted for reduction have been selected, and the process has moved into the execution phase • For delays in some areas, we plan to deploy more resources to recover the delay and achieve the improvement targets in 2027
	Deepen domestic sales	■ Building a base for strategic growth	• Sales companies were merged ISEKI Japan was established. Large-scale Planning Section has started its operation • Decrease in inventories <u>has progressed beyond the plan</u>
	Common	■ Optimization of employee composition and investing in human capital ■ Cost reduction	• Labor costs maintained at the planned level • Conducted the review of operations
Growth strategy	Focusing management resources on growth segments	Overseas ■ Development of region-specific strategies	• Completed the consolidation of PTC Limited in the UK • <u>Promoting synergy creation</u> through collaboration among three consolidated subsidiaries in Europe
		Domestic ■ Focus on growth areas	• Strengthened initiatives toward: large-scale, advanced, dry-field, and environmentally friendly Developed the mowing business Developing next-generation products Started taking new initiatives

1. Outline of Financial Results for the Second Quarter Fiscal Year Ending December 31, 2025
2. **Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2025**

Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2025



- Upward revision for net sales and profit

(JPY bn, %)		FY2022/12	FY2023/12	FY2024/12		FY2025/12 (Previous Forecast) ^{*2}		FY2025/12 (Current Forecast)		Revision Amount	YoY after Revision
		Actual	Actual	Actual	%	Forecast	%	Forecast	%		
Net Sales		166.6	169.9	168.4	100.0	170.5	100.0	175.5	100.0	+5.0	+7.0
	(Domestic)	112.6	113.0	113.0	67.1	113.5	66.6	120.0	68.4	+6.5	+6.9
	(Overseas)	53.9	56.8	55.3	32.9	57.0	33.4	55.5	31.6	-1.5	+0.1
Operating income		3.5	2.2	1.9	1.1	2.6	1.5	3.5	2.0	+0.9	+1.5
Ordinary income		3.7	2.0	1.5	0.9	1.8	1.1	2.6	1.5	+0.8	+1.0
Profit (loss) Attributable to Owners of Parent		4.1	0.0	(3.0)	-	1.3	0.8	1.8	1.0	+0.5	+4.8
Average ^{*1} Exchange Rate (JPY)	US\$	132.7	139.7	151.7		143.0		143.0		-	-8.7
	Euro	140.7	156.6	164.8		157.0		165.0		+8.0	+0.2
Year-end Dividend (JPY)		30	30	30		30		30		-	-

*1 From 2025, the PL conversion rate for overseas subsidiaries has been changed to the average rate during the fiscal year. (Previously, the fiscal year-end rate was used).

*2 Forecast announced on May 15, 2025

Notes on the Future Forecast

- The objective of this presentation document is to provide information and never intends to induce any action.
- The document was created by ISEKI with currently available information, and it involves potential risks and uncertainties. The forecast may not be consistent with actual results depending on fluctuation of the economic situation and market trends.
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