Note: This document has been translated from a part of the Japanese original. The translation of the explanatory materials will also be disclosed on March 5, 2025. These documents have been translated for reference purposes only. In the event of any discrepancy between these translated documents and their Japanese originals, the originals shall prevail.

February 14, 2025

Name of Company: ISEKI & CO., LTD.
Company Representative: President, Shiro Tomiyasu
Code number: 6310
Stock exchange listing: Tokyo Stock Exchange Prime Market
Enquiries: Investor Relations Section
General Manager, Fumitoshi Suzuki
(Telephone: +81 3 5604 7709)

［Summary］Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Update)

ISEKI & CO., LTD. (hereinafter the "Company") hereby announces that we have analyzed and evaluated the current status of the "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," details of which were released on February 14, 2024, and have updated the status of our initiatives as follows.

1. Current State Analysis

The Company's price book-value ratio (PBR) has continuously remained below 1, standing at 0.30 as of December 31, 2024. We have broken down the components of PBR into return on equity (ROE) and price earnings ratio (PER), and evaluated factors contributing to each of these through analyses using "comparisons over time with other companies in the same industry," "opinions gathered from investors the Company is engaged with," and other methods.

(1) ROE

Changes in ROE over time show it has not reached the target figure of 8%. Factors contributing to this underperformance have been identified as the low net profit margin and total asset turnover. We believe that product-specific profit margins and SG&A ratio are among factors affecting the net profit margin, and inventories, capacity utilization rates, and other metrics are among factors affecting total asset turnover. Additionally, we have found that institutional investors, with whom we are in regular contact, perceive our cost of equity to be approximately 8%.

In 2024, the net profit margin deteriorated due to extraordinary losses incurred as a result of the implementation of structural reform measures.

(2) PER

PER has not exceeded 10x since 2020. We attribute this to insufficient disclosure about our growth prospects, strengths, profitability, and other information as well as discrepancies between projections and actual performance.

(Change in the Company's metrics)

	2017/12	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12	2024/12
PBR (x)	0.93	0.53	0.56	0.52	0.48	0.39	0.34	0.30
ROE (%)	4.2	1.6	1.1	(8.8)	5.1	6.2	0.0	(4.4)
PER (x)	22.9	32.6	52.2	-	9.8	6.4	841.5	-
Net profit margin (%)	1.8	0.7	0.5	(3.8)	2.0	2.5	0.0	(1.8)
Total asset turnover (times)	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8

2. Striving to Improve PBR

Given the challenges identified in the current state analysis, we will steadily proceed to advance measures set forth in Project Z, which is also under way, in our aim to achieve a PBR of 1x or higher by 2027.

Our vision (2027)

Consolidated operating margin 5% or higher
ROE 8% or higher ▶ PBR of 1x or higher
DOE 2% or higher

Direction for improvement and the progress of initiatives

(1) Improve profitability

■ Improve gross profit margin
- Optimization of production and intensification of domestic sales, which are included in fundamental structural reform initiatives, have progressed as planned.
  Optimization of development is experiencing some delays and will be addressed with additional resources. The effects are expected to be seen gradually from the second half of 2025.
- Initiatives for growth strategy are progressing as planned both in Japan and overseas.

■ Improve SG&A ratio
- Some changes were made to the plan to optimize employee composition.
- Some delays are seen in cost reduction.

(2) Enhance asset efficiency

■ Improve fixed asset turnover
- Curbed investment in reorganization of production sites (from 46.0 billion yen to 38.0 billion yen) and reviewed criteria for investment decisions based on the capital of cost.

■ Improve inventory turnover
- Turnover increased by 0.2 times in 2024 due to efforts to minimize stock of seasonal products and reduce inventory.

(3) Allocate cash for growth

- Operating cash flow returned to positive due to inventory reduction.

(4) Enhance IR activities & ESG initiatives

- Initiatives to expand and advance dialogue and information disclosure progressed as planned.
- Initiatives to strengthen governance structure progressed as planned.

3. Dialogue with Shareholders and Investors

To achieve sustainable growth and enhance corporate value over the medium- and long-term, we believe that the understanding of our shareholders and investors is essential. We will thoroughly explain our management policies, engage in a constructive dialogue, and strive to build trusting relationships that endure over the long-term.

Officers in charge of business administration departments (Investor Relations Section, Corporate Planning Department, Financial Department, and General Affairs Department) oversee these dialogues and strive to actively engage with shareholders, investors, and other stakeholders during financial results briefing sessions and other opportunities.

For more details, please refer to the attached document.