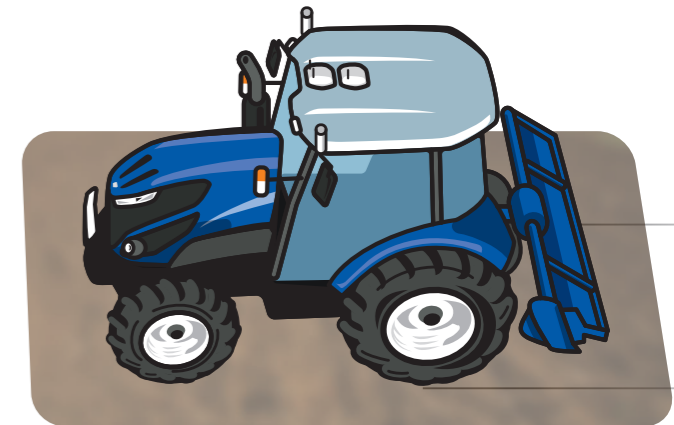


# ISEKI Report 2023



Contact about this ISEKI report

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Issued in June 2023



**ISEKI & CO., LTD.**



Corporate Philosophy (Purpose)

Purpose

ISEKI Group strives to contribute to the creation the prosperous and sustainable society through “providing innovative products and higher quality of services to the customers”

Long-term Vision

Vision

To be a “Solution Provider for Agriculture & Landscape”

Supporting a farming industry full of dreams and beautiful landscapes and creating a future of sustainable agriculture and landscape

Important Values

Value

Seven Promises

– To Contribute to the Creation the Prosperous and Sustainable Society –

1. **Spirit** ..... Inheriting our company’s founding philosophy, we always carefully consider food, agriculture and landscape and move forward with farmers.
2. **Front runner** ..... As a front-runner, we produce innovative products and higher quality services.
3. **Quality** ..... We will always make premium quality products with passion.
4. **Solution** ..... We constantly take action for solutions to customer issues.
5. **Innovation** ..... We create innovations with cutting-edge technologies and provide new value.
6. **Global** ..... With a global perspective, we work toward solutions to the world’s social issues.
7. **Future** ..... Paving the way for tomorrow, open up the future of food, agriculture and landscape.

Spirit of ISEKI – Passion of founder –

“I want to free farmers from exhausting labor”

Agriculture was hard work, done by hand and with the help of animal power. To change this, Kunisaburo Iseki, the founder, realized laborsaving through mechanization and endeavored to further develop agriculture.

“We produce good machinery,” Kunisaburo Iseki, the founder, used to say. He devoted himself to providing products that made customers happy. The founder’s passion has been inherited in an unbroken line to this day as “ISEKI’s spirit.”

Company Motto

Our management philosophy is to provide:

1. **Products that satisfy customers;**
  2. **A stable workplace to the employees;**
  3. **Appropriate dividend to the shareholders;**
- and thereby we will fulfil our social mission.



## Key Point — 1

### What kind of company is ISEKI?

Social issues that we have solved to date and business activities

[Introduction \(P5–11\)](#) / [Business strategies \(P27–57\)](#)



## Key Point — 2

### ISEKI Group's vision

Our long-term vision of being a “solution provider for agriculture and landscape” and our mid- to long-term strategies, measures, and materiality for achieving that vision

[Message from our President \(P13–18\)](#) / [Value creation process \(P19–20\)](#) / [Materiality \(P21–22\)](#) / [Mid-term Management Plan \(P27–30\)](#)

## Key Point — 3

### Uniquely “ISEKI” initiatives

The strengths that ISEKI Group has cultivated to date and unique initiatives such as environmental management

[ISEKI Group's strengths \(P31–34\)](#) / [Strategies of R&D and intellectual property \(P43–46, P51–52\)](#) / [Environmental initiatives \(P54–57, P61–62\)](#)



#### Publication of ISEKI Report 2023

This report was produced as a Group-wide project led by young and mid-career employees. As the Director in charge of investor relations, with responsibility for this report's preparation, I affirm that this report was produced in good faith with the involvement of the management team and the cooperation of individual departments, and its content is accurate.

Director & Senior Corporate Officer  
In charge of Personnel, Corporate Planning,  
and Public & Investor Relations  
Deputy in charge of Compliance

Masayuki Fukami

**About the front cover:** The cover illustrates the concept of creating a future of sustainable agriculture and landscape through ISEKI Group's flagship “Japan series” machines and electric riding lawn mowers for the European market.  
From the top: Combine harvester with straight-travel assist function, robot rice transplanter, robotic tractor, and electric riding lawn mower

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## Editing policy

This report presents both financial and non-financial information to introduce initiatives for improvement of the corporate value of ISEKI Group to a wide range of stakeholders including shareholders and investors in an easy-to-understand manner.

## Covered period

From January 2022 through December 2022.

The report also includes some information from and after January 2023.

## Scope

As a general rule, this report covers the activities of ISEKI & Co., Ltd. and ISEKI Group's associated companies in Japan and overseas. Notes will be added in this report when the range of activities and/or data is limited in certain part hereof.

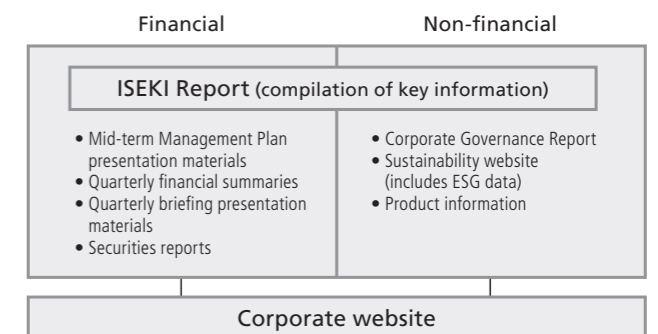
## Referenced guidelines

- International Integrated Reporting Council (IIRC) : “The International Integrated Reporting Framework”
- Ministry of Economy, Trade and Industry “Guidance for Collaborative Value Creation”
- GRI Standards
- ISO26000
- Ministry of the Environment, “Environmental Reporting Guidelines 2018”
- Ministry of the Environment, “Environmental Reporting Handbook–Environmental Reporting Guidelines 2018”

## Communication map

ISEKI Group uses a variety of tools to communicate with its stakeholders, sharing a range of information.

We will continue our efforts toward constructive dialogue and the enhancement of information disclosure to ensure our stakeholders' understanding of the Group.



## About forecasts, plans, and targets

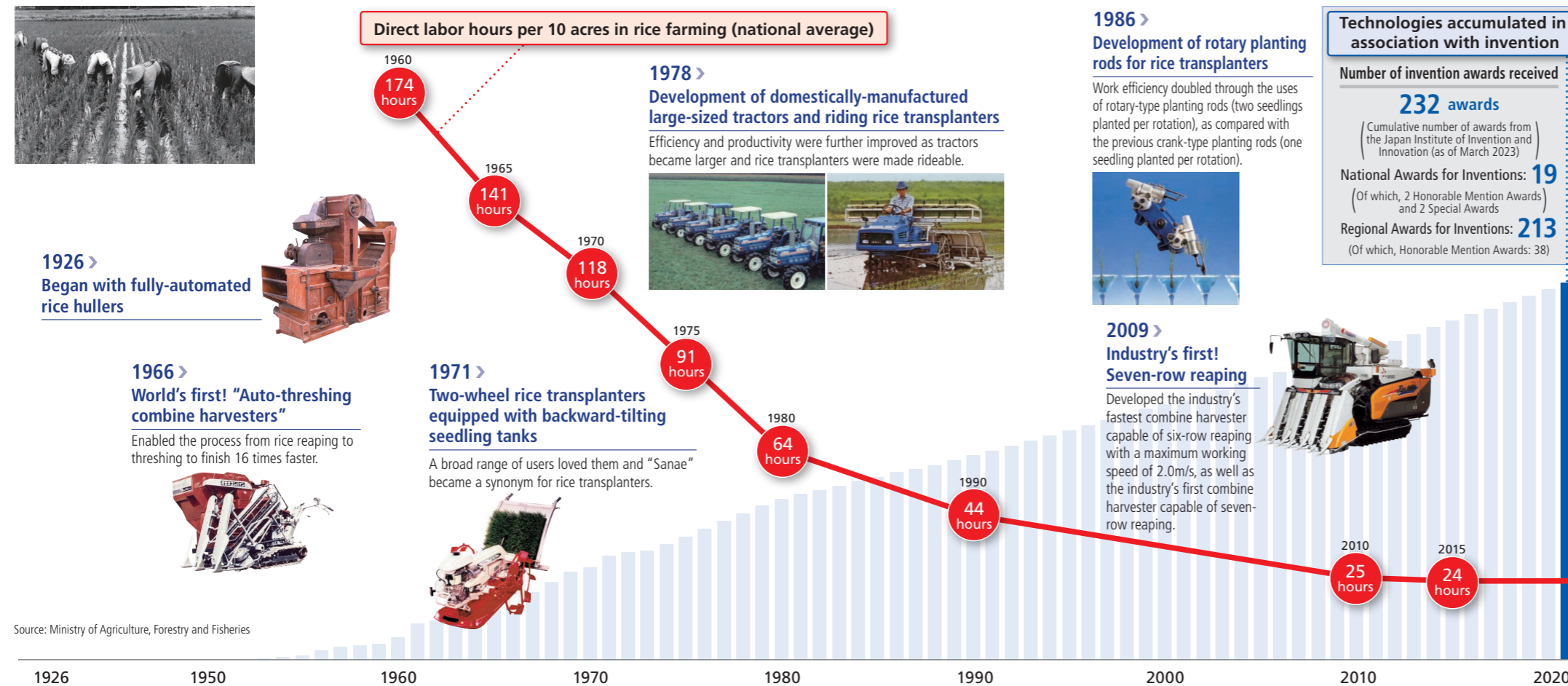
Forward-looking statements contained in this report were prepared based on information available at the time of the preparation and involve potential risks and uncertainties. Actual results may differ from those expressed by the statements due to changes in economic conditions and market trends.

\*Amounts and numbers of shares are rounded down to the unit.

# History of solving social issues

We embarked on our journey with the philosophy of our founder, "free farmers from exhausting labor," and have created social and economic value through "providing innovative products and higher quality of services to the customers."

**We have established the standard of Japanese agricultural machinery and contributed to the progress of automation of agriculture**



Source: Ministry of Agriculture, Forestry and Fisheries

Year	1926	1945 to 1950s	1960 to 1970s	1980 to 1990s	2000s	2010 to 2020s	2030	
<b>Main social issues and needs</b>		<ul style="list-style-type: none"> <li>Post-war food production increase</li> <li>Start of the high economic growth period</li> </ul>	<ul style="list-style-type: none"> <li>High economic growth period, decline in agricultural work force due to concentration of population in urban areas</li> <li>Modernization of farming</li> </ul>	<ul style="list-style-type: none"> <li>Progress of globalization</li> <li>Decline in agricultural workers, aging population</li> </ul>	<ul style="list-style-type: none"> <li>Increasing interests in security and safety of food</li> <li>Improvement in food self-sufficiency rate</li> <li>Continued development in agriculture</li> </ul>	<ul style="list-style-type: none"> <li>Increase in size of farm business</li> <li>Decline in agricultural workers, aging population</li> </ul>	<ul style="list-style-type: none"> <li>Adding high value to farm produce</li> <li>Reduction of environmental burden</li> <li>Food security</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to SDGs achievement</li> </ul>
<b>ISEKI Group's solutions</b>		<ul style="list-style-type: none"> <li>Development and spread of agricultural machinery, which supports food production increase</li> </ul>	<ul style="list-style-type: none"> <li>Increase in size and diversification of agricultural machinery</li> <li>Establishment of integrated system for automating rice farming</li> </ul>	<ul style="list-style-type: none"> <li>Development of machinery contributing to labor-saving in and lowering cost of farming</li> <li>Mechanization of vegetable farming</li> <li>Development of riding lawn mowers for Europe</li> </ul>	<ul style="list-style-type: none"> <li>Development of large machinery to contribute to improvement of productivity</li> <li>Strengthening of intangible aspects such as farm business proposals and support</li> <li>Full-fledged roll-out of agricultural machinery in Asian countries</li> </ul>	<ul style="list-style-type: none"> <li>Realization of smart agriculture utilizing latest technology and data</li> <li>Promotion of environmentally sound agriculture</li> </ul>	<ul style="list-style-type: none"> <li>Solutions for agriculture and landscape</li> </ul>	
<b>Creation of social value - Contribution to sustainable agriculture -</b>	<ul style="list-style-type: none"> <li>Saving of labor and improvement of productivity through automation of agriculture</li> </ul>		<ul style="list-style-type: none"> <li>Contribution to industrialization and economic development of Japan</li> <li>Our auto-threshing combine harvesters and rice transplanter were selected among the best 100 innovations in post-war Japan.</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of profitability through labor-saving and lower costs</li> <li>Diversification and higher profitability through expansion to vegetable farming, etc.</li> <li>Improvement of work efficiency in landscaping in countries outside Japan</li> </ul>	<ul style="list-style-type: none"> <li>Further improvement of efficiency and productivity by making machinery larger, smarter, and so on</li> <li>Reduction of environmental burden</li> <li>Improvement of productivity of agriculture in Asian countries</li> </ul>			

1926 Iseki Farm Implement Trading Co. was established.  
1936 ISEKI & CO., LTD. was established.

1946 Matsuyama Factory was established.  
1949 Kumamoto Factory was established.



1958 Began establishing sales subsidiaries. Subsequently, sales subsidiaries established around Japan.  
1961 Niigata Factory was established. Listed its shares on the Tokyo Stock Exchange.  
1969 Renamed Tokyo Branch as Tokyo Headquarters.  
1971 Established N.V. ISEKI Europe S.A. in Brussels.  
1972 Expanded Matsuyama Factory, relocated Head Office to Matsuyama.  
1977 Established Central Training Center in Ibaraki Prefecture. Commenced exporting tractors (OEM) to North America



1986 > Development of rotary planting rods for rice transplanters

Work efficiency doubled through the uses of rotary-type planting rods (two seedlings planted per rotation), as compared with the previous crank-type planting rods (one seedling planted per rotation).



Technologies accumulated in association with invention

Number of invention awards received

232 awards

(Cumulative number of awards from the Japan Institute of Invention and Innovation (as of March 2023))

National Awards for Inventions: 19

(Of which, 2 Honorable Mention Awards and 2 Special Awards)

Regional Awards for Inventions: 213

(Of which, Honorable Mention Awards: 38)

2009 > Industry's first! Seven-row reaping

Developed the industry's fastest combine harvester capable of six-row reaping with a maximum working speed of 2.0m/s, as well as the industry's first combine harvester capable of seven-row reaping.



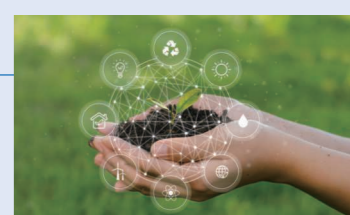
**Present day and toward the future**

**Smart agriculture**  
We are promoting smart agriculture that utilizes the latest technologies such as robot technologies and information and communication technology (ICT). We aim to realize highly efficient and productive farm business.

**Contribution to agriculture of the world**  
We will contribute to more efficient food production and more productive agriculture through automation of agriculture in ASEAN and other countries.

**Enhancement of quality of life**  
We will contribute to town development in Europe and enrichment of private lives in North America and other countries.

**Environmental preservation**  
We will contribute to the realization of a decarbonized and recycling-oriented society.



# ISEKI Group

## At a glance

### 2025 100th anniversary of the founding

Integrated manufacturer specializing in agricultural machinery

### Establishing the standard of Japanese agricultural machinery

- Saving of labor and improvement of productivity through automation of agriculture
- Accumulated technologies in association with many invention

(P5-6)

### Accelerating overseas expansion

(Overseas net sales)



(P16, 39-42)

### Three strengths that form our foundation

- 1 Technological capabilities
- 2 Innovation based on collaboration
- 3 Support capabilities to offer farm business proposals

(P31-34)

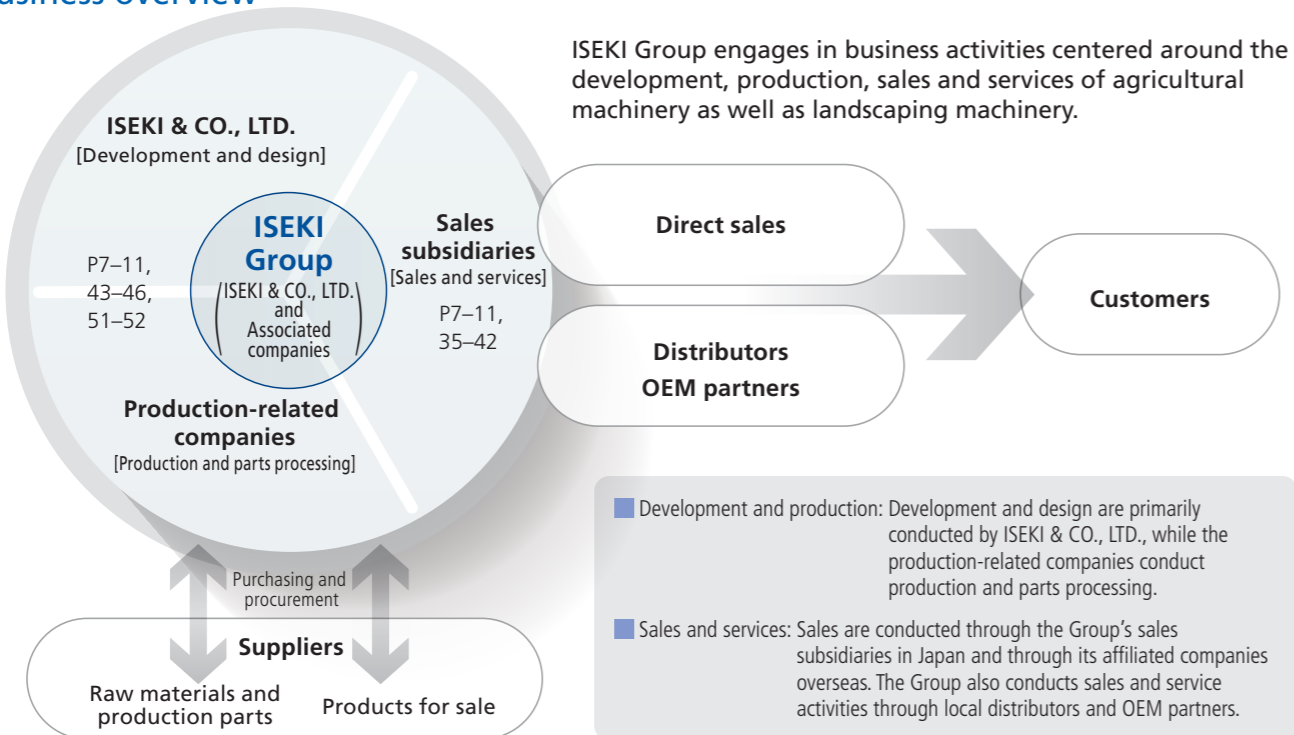
### SDGs to be realized by ISEKI Group through its business

#### Toward the realization of a sustainable society

- Supporting the enhancement of resilience in agriculture
- Landscaping for comfortable villages and towns
- Environmental preservation for a recycling-oriented society

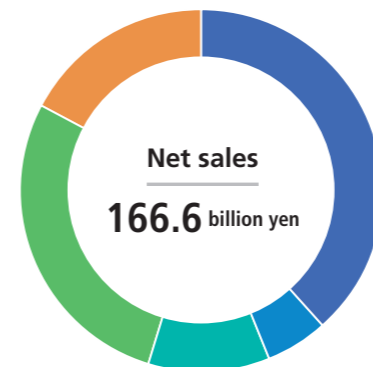


## Business overview



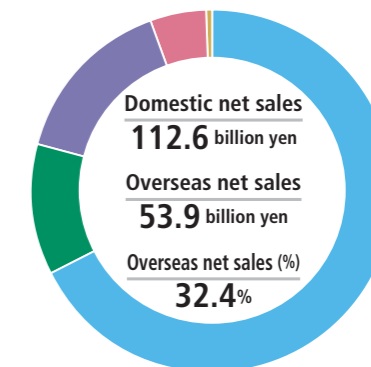
## Net sales

### By product



- Cultivating and mowing machinery ..... 63.9 billion yen (38.4%)
- Planting machinery ..... 9.3 billion yen (5.6%)
- Harvesting and processing machinery ..... 17.9 billion yen (10.8%)
- Implements, spare parts and repair fees ... 46.9 billion yen (28.2%)
- Other agriculture-related business ..... 28.3 billion yen (17.0%)

### By region



- Japan ..... 112.6 billion yen
- North America ..... 19.5 billion yen
- Europe ..... 25.1 billion yen
- Asia ..... 8.6 billion yen
- Other ..... 0.6 billion yen

## Overview of products and services

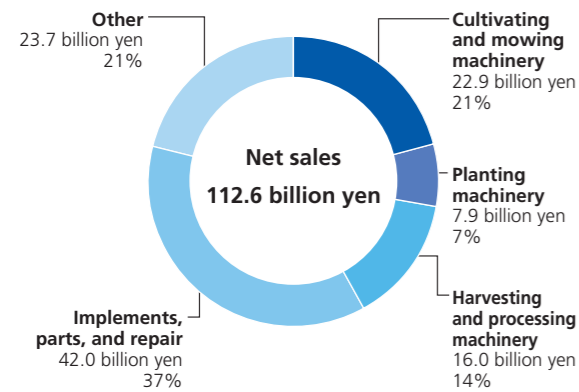
We engage in a variety of businesses that include development, production and sale of and post-sales services for cultivating and mowing machinery such as tractors and riding lawn mowers, planting machinery such as rice transplanters and vegetable transplanters, and harvesting and processing machinery such as combine harvesters for agricultural use by agricultural producers, hobby farmers, etc. in Japan and other Asian countries, as well as for landscape developers, hobby farmers, general consumers, etc. in Europe and North America. We also sell OEM products such as implements and parts.

	Main Products	Main sales region
<b>Cultivating and mowing machinery</b> Tractors ▶	Tractors, riding lawn mowers, tillers, multipurpose vehicles, high-clearance multipurpose vehicles, etc.	Japan and Asia (for agricultural use) Europe and North America (for landscaping)
<b>Planting machinery</b> Rice transplanters ▶	Rice transplanters, vegetable transplanters, etc.	Japan and Asia (for agricultural use)
<b>Harvesting and processing machinery</b> Combine harvesters ▶	Combine harvesters, binders, rice hullers, measuring and sorting machinery, rice graders, etc.	Japan and Asia (for agricultural use)
<b>Implements, spare parts and repair fees</b> Implements ▶	Parts for repairing products of Japanese and foreign implements manufacturers, etc., repair, maintenance, etc.	Japan, Asia, Europe, and North America
<b>Other agriculture-related business</b> Solution culture facility ▶	Facility construction, agricultural materials, coin rice milling business, rice cooking business, etc.	Japan

## ISEKI Group

We conduct business with priority on "Japan," "Asia," "Europe," and "North America."

### Japan



Manned monitoring-based robot transplanters which promote high expectations for further laborsaving

Through sales subsidiaries, we not only sell and provide services related to agricultural machinery to customers but also collect voices and needs of customers to reflect them in our product development and other activities.

#### Sales route

- 11 sales subsidiaries

#### Agricultural machinery products (for agricultural use)

As an integrated manufacturer specializing in agricultural machinery, we have established an integrated system for automating farming of rice, field crops, vegetables, etc. and we also have a broad range of product lineup including products for hobby farmers.

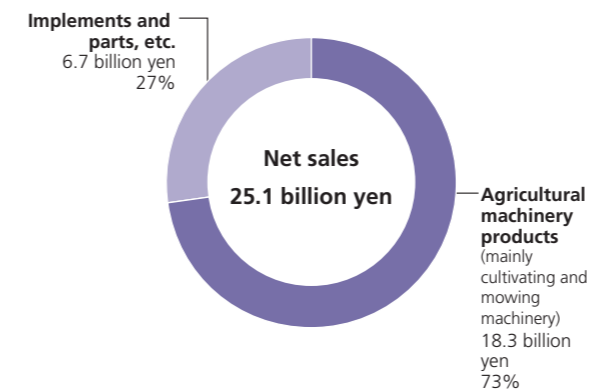
#### Implements, parts and repair fees

A greater emphasis has been placed on the maintenance system (readiness of parts and for repair) following the increase in size of farm business. We have placed a focus on ancillary services such as implements, parts, and repair as a stable revenue base not too much dependent on market trends.

#### Other

We handle construction of facilities such as agricultural facilities and solar power-based plant factories, agricultural materials such as fertilizers, food/kitchen-related products, etc.

### Europe



Riding lawn mowers used for maintenance, etc. of parks and fields

We started business in the 1960s. Since then, the sales area has expanded to cover the entire Europe.

We offer ISEKI-brand compact and high-performance products in line with market needs mainly for landscaping use.

#### Sales route (major agents)

- France: ISEKI France (consolidated subsidiary)
- Germany: ISEKI Germany (consolidated subsidiary)
- U.K.: ISEKI UK & IRELAND

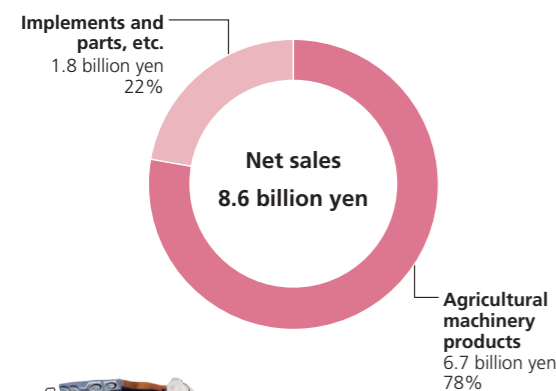
#### Agricultural machinery products (for landscaping)

We offer ISEKI-brand products, mainly compact tractors used for landscaping, such as mowing lawns in parks and road cleaning, as well as riding lawn mowers and tractors for agricultural use.

#### Other products

We purchase and sell electric- and gasoline-powered lawn-mowing products which have a high synergy effect with our products.

### Asia



Combine harvesters for South Korea

Tractors locally manufactured in China

We sell rice farming-related and other machinery nurtured through our business in Japan in each of the ASEAN, East Asian (South Korea and Taiwan), and Chinese markets.

#### ASEAN market

In the ASEAN market where future growth is expected, we conduct sales and services into neighboring countries with IST, our consolidated subsidiary, playing a central role.

#### Sales route

- IST (consolidated subsidiary)

#### East Asia (South Korea and Taiwan)

In response to their increased needs for advanced technologies and large-scale agricultural machinery, we provide large-sized, high-performance rice-farming machinery, etc. that is in active use in Japan through local sales agents.

#### Sales route

- South Korea: Local sales agents
- Taiwan: Local sales agents

#### Chinese market

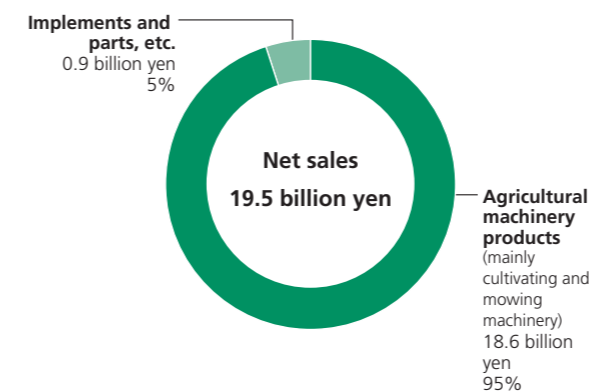
We locally manufacture and sell tractors, rice transplanters, combine harvesters, etc. which are adapted to operation in rice paddies. We also sell agricultural machinery equipped with latest technologies and manufactured in Japan.

#### Sales route

- Dongfeng Iseki (equity-method subsidiary)

\*Local net sales of Dongfeng Iseki are not included in our consolidated financial statements.

### North America



Used for hauling with a front loader



Used for mowing with a mower

We supply Massey Ferguson-brand products on an OEM basis through our business partnership with AGCO Corporation, a major global manufacturer of agricultural machinery.

#### Sales route

- U.S. and Canada: AGCO Corporation (OEM)

#### Agricultural machinery products: Compact tractors

We sell our products, mainly sub-compact tractors for private users, in entire North America, including Canada.

We contribute to the improvement of quality of private lives through landscape, as our compact tractors equipped with a front loader, backhoe, mower, etc. are used for park management and development as well as hauling of such materials as feeds for horses.

## ISEKI Group

## number of employees (consolidated)

5,454

Development and manufacturing department	1,660
Sales department	3,445
Other division	349

(As of December 31, 2022)

## Japan: Main associated companies/sales subsidiaries

## ◆ Associated companies

ISEKI-Matsuyama MFG. Co., Ltd. ◆  
 ISEKI-Kumamoto MFG. Co., Ltd. ◆  
 ISEKI-Niigata MFG. Co., Ltd. ◆  
 ISEKI-Shigenobu MFG. Co., Ltd. ◆  
 ISEKI-Minamiyoshida MFG. Co., Ltd. <sup>(\*)1</sup> ◆  
 ISEKI AGRI Co., Ltd.  
 ISEKI Logistics Co., Ltd.  
 ISEKI TLS Co., Ltd.  
 Kita-Nihon Shodo K.K.

## ● Sales subsidiaries

ISEKI Hokkaido Co., Ltd. ■  
 ISEKI Tohoku Co., Ltd. ■  
 ISEKI Kanto Koshinetsu Co., Ltd. ■  
 Gunma ISEKI Sales Co., Ltd.  
 Ishikawa Shokai Co., Ltd. <sup>(\*)1</sup>  
 ISEKI Kansai Chubu Co., Ltd. ■  
 Mie ISEKI Sales Co., Ltd.  
 Nara Iseki Sales Co., Ltd. <sup>(\*)1</sup>  
 Nishioka Shokai Co., Ltd. <sup>(\*)1</sup>  
 ISEKI ChuShikoku Co., Ltd. ■  
 ISEKI Kyushu Co., Ltd. ■

We leverage group-wide strengths at home and abroad to engage in the business.  
 Our products are used in more than 100 countries and regions around the world.

## Overseas: Main associated companies/strategic partners

## [Associated companies]

**Belgium** N.V. Iseki Europe S.A. (ISEKI Europe) <sup>(\*)1</sup>  
**France** ISEKI France S.A.S. (ISEKI France)  
**Germany** Iseki-Maschinen GmbH (ISEKI Germany)  
**U.K.** PREMIUM TURF-CARE LTD. (ISEKI UK & IRELAND) <sup>(\*)1</sup>  
**Thailand** IST Farm Machinery Co., Ltd. (IST)  
**Indonesia** PT. ISEKI INDONESIA (ISEKI INDONESIA) ◆  
**China** Dongfeng Iseki Agricultural Machinery Co., Ltd. (Dongfeng Iseki) ◆ <sup>(\*)1, \*)2</sup>

## [Strategic partners]

**U.S.** AGCO Corporation of AGCO Group <sup>(\*)3</sup> (AGCO)  
**India** Tractors and Farm Equipment Limited (TAFE) (business alliance)

◆ Production sites

■ Wide-area sales companies (our investment ratio: 100%)

\*1: Non-consolidated subsidiaries

\*2: Equity-method subsidiary \*3: OEM customer

## Production sites/main machine types produced

Associated companies (location)	ISEKI-Matsuyama MFG. Co., Ltd. (Japan)	ISEKI-Kumamoto MFG. Co., Ltd. (Japan)	ISEKI-Niigata MFG. Co., Ltd. (Japan)	ISEKI-Shigenobu MFG. Co., Ltd. (Japan)	PT. ISEKI INDONESIA (Indonesia)	Dongfeng Iseki Agricultural Machinery Xiangyang Factory and Changzhou Factory (China)
Main machine types produced	Tractors, riding lawn mowers, high-clearance multipurpose vehicles, and diesel engines	Combine harvesters, and carrot harvesting machinery	Rice transplanters, vegetable transplanters, and rice hullers, binders	Tillers, multipurpose vehicles, and implements (rotaries, mowers, etc.)	Tractors and riding lawn mowers	Tractors, rice transplanters, combine harvesters, high-clearance multipurpose vehicles, and vegetable transplanters
Main destination for shipment	Japan, Asia, Europe, and North America	Japan and Asia	Japan and Asia	Japan, Asia, Europe, and North America	North America, Asia, and Europe	Asia