# **Value Creation Process**

ISEKI Group engages in business activities that are founded on its corporate philosophy and governance and that leverage the capital supporting the Group as well as its unique strengths. In doing so, we provide customers with products and services that meet a variety of needs, thereby creating social and economic value. By addressing social changes and issues and reflecting them in the Mid-term Management Plans and materiality, and continuing this cycle of value creation, we strive to solve social issues and contribute to the "creation of a prosperous society," while achieving sustainable growth and enhancing corporate value of the Group.

## **Social changes** and issues

#### Changes and challenges in Japan

- Decrease in number and aging of farmers
- Increase in size of farm business
- Accelerated digitalization
- Improved productivity

## Changes and challenges in the world

- Food security (stable production and supply)
- Improved productivity

## **Environmental issues**

• Climate change

diverse

to

response

.⊑

services

and

products

of

Provision

- Natural disaster
- Energy and resource issues

• Reduction of environmental burden

Other trends

- Rapid technological innovation
- Spread of infection
- Lifestyle change
- Geopolitical risks

# ISEKI Group's capital

# **Business activities of ISEKI Group**

# Value provision

### **Human capital**

Diverse human resources that enable ISEKI Group growth
• number of employees (consolidated): 5,454 Center for Human Development for experts specializing in the fields of development, production, sales, and services (IETC/ITTC/IGTC)

## Intellectual capital

Patents held as well as high-level technological capabilities and intellectual properties

Number of patent application registrations per specialty field in Japan: No.2

- Patent allowance rate (in all industries) in Japan: No.1
  Number of invention awards received in Japan: 232

# (Manufacturing capital (sites)

• Large-scale maintenance facilities in Japan: 54 Dream Agricultural Research Institute

#### Social and relationship capital (network)

- Collaboration with partners, municipalities, research institutions, and universities in Japan and overseas

   Japan: number of collaborations with national and local governments and private-sector companies: 9
- Development: number of joint development with researc institutions and universities: 13 themes

#### **Natural capital**

Initiatives aimed at reduction of environmental burden Promotion of environmentally sound smart agriculture • EMS certification acquisition rate: 95%

# Financial capital

Source of business activities and growth investments

- Cash and deposits: 10.7 billion yenInterest-bearing debt: 68.1 billion yen

Mid-tern Management Plan P27-30 Materiality 22.22 Development and nanufacturing P43-46 🗘 ISEKI Overseas sales
P39-42

Overseas sales
P39-42

Overseas sales
P39-42

Overseas sales
P39-42 Management Philosophy and Corporate Governance

#### **Social value** Value creation with stakeholders

- Provision of products and services contributing to solving social issues
- Contribution to the formation of circular society in the global environment
- Mutual sustainable growth and improvement of corporate value with suppliers
- Revitalization and development of local communities
- Creation of diverse human resources and provision of rewarding workplaces
- Stable dividend payment

### **Economic value Enterprise value of ISEKI Group**

- Improvement of corporate value through sustainable growth
- Accumulation of technology and expertise Establishment and reinforcement of trust
- Improvement of corporate brand
- Investment for growth

with stakeholders

2025 targets for the Mid-term Management Plan

Consolidated operating margin: 5%

Cash flows from operating activities: five-year cumulative total of 60.0 billion yen

# **Creation of** an affluent society

Contribution to SDGs achievement



# **Solution Provider for Agriculture and Landscape**

Realization of ISEKI Group long-term vision (2030)

Mid- to long-term environmental targets

Reduction of group-wide CO<sub>2</sub> emissions

46% reduction by FY2030 (Compared with 2014)