For Earth, For Life

Kubota

Kubota Group

INTEGRATED REPORT 2022

An “Essentials Innovator for Supporting Life,”

Committed to a Prosperous Society and Cycle of Nature

Kubota Group INTEGRATED REPORT 2022 Contents

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The Kubota Group’s corporate principles and the spirit of Gonshiro Kubota that has been passed down since he founded the company.	Determination of the Kubota Group as it continues to take on the challenge of resolving social issues in the fields of food, water, and the environment as it heads toward 2030.	Latest initiatives to realize the Long-Term Vision “GMB2030.”	The value Kubota has delivered so far and future social issues it is concentrating on. Overall management strategy that

Kubota’s corporate website

Starting Point for Value Creation	Determination behind Value Creation	Front Lines of Value Creation	Value Creation Strategies
Corporate Principles www.kubota.com/corporate/identity/ 130th Anniversary Website Minute of Kubota 130 Years www.kubota.com/130th/	Corporate Information ▶Top Message www.kubota.com/ir/corporate/message/ Sustainability ▶Top Message www.kubota.com/sustainability/message/	Open Innovation www.kubota.com/innovation/open-innovation/ Environmental Management Basic Policy www.kubota.com/sustainability/environment-basic-policy/	Evolution of Kubota Technology www.kubota.com/innovation/evolution/ Our Business www.kubota.com/corporate/business/ Long-Term Vision “GMB2030” www.kubota.com/corporate/vision/

Kubota Group INTEGRATED REPORT 2022 is an annual report that focuses primarily on approaches in line with medium- and long-term management strategies, and future prospects. For more details, please see the Kubota’s corporate website.

Main information disclosure tools	Details
Kubota’s corporate website	A website that covers everything about Kubota, including the Long-Term Vision “GMB2030” and the Mid-Term Business Plan 2025.
Kubota Group INTEGRATED REPORT 2022	An annual report that focuses on Kubota’s approach, based on management strategies that take a medium-to-long-term perspective, and its future outlook.
Kubota Group ESG REPORT 2022	An annual report that provides particular detail on Kubota’s ESG-related initiatives.
Corporate Governance Report	A report listing details of systems and policies based on Kubota’s Corporate Governance Code.
Annual Securities Report	An annual report that provides particular detail on Kubota’s finances.

Purpose of the Kubota Group INTEGRATED REPORT 2022

Kubota Group INTEGRATED REPORT 2022 concisely compiles information on the Kubota Group's approach and future prospects for raising corporate value sustainably, such as business activities determined by business models we have constructed in line with management strategies from medium- and long-term perspectives, as well as ESG initiatives.

Period covered by the INTEGRATED REPORT 2022

From January 2021 to December 2021

* Matters outside the above period are partially included.

Boundary of the INTEGRATED REPORT 2022

In principle, the entire Kubota Group is covered.

* Some statements may refer to the non-consolidated Kubota.

* For details of SDGs (Sustainable Development Goals), please see the United Nations Information Centre website.
www.un.org/sustainabledevelopment/

takes a medium- and long-term perspective as well as Kubota's progress from a financial viewpoint.

Initiatives aimed at resolving issues in food, water, and the environment fields by division.

ESG initiatives that are putting the Kubota Group business on a sustainable path.

Major financial statements for FY2021 and basic information about the company.

Mid-Term Business Plan 2025
www.kubota.com/ir/corporate/plan/

Financial Highlights
www.kubota.com/ir/highlights/index.html

Kubota's Business Divisions and Advantages
www.kubota.com/ir/corporate/business-features/

Sustainability
www.kubota.com/sustainability/

Financial Reports
www.kubota.com/ir/financial/

Kubota's Past, Present, and Future
www.kubota.com/ir/corporate/next-stage/

Founded in 1890

Ever since its founding, Kubota has been tackling global issues related to food, water, and the environment.

In 1890, Gonshiro Kubota, the founder of the Kubota Group, started his metal casting business at the age of 19. Inheriting the founder's beliefs to this day, 40,000 employees of the Kubota Group are promoting the company's businesses all over the world as part of their efforts to realize the vision of Kubota Group: "Global Major Brand Kubota."

The Founding Spirit of Kubota's Founder, Gonshiro Kubota

— For the prosperity of society, we need to put all our efforts into creation.

— Our products should not only be technically excellent, but also useful for the good of society.

— We should create products with all our heart and soul, and realize the commodity values of such products in correct definitions.

Corporate Principles

Kubota Global Identity

Spirits

- Work for the development of society by drawing on all of our capabilities and know-how to offer superior products and technologies.
- Build today and open the way to tomorrow, with the aim of bringing prosperity to the company and happiness to employees.
- Challenge the unknown with creativity and courage.

Brand Statement

For Earth, For Life

Kubota

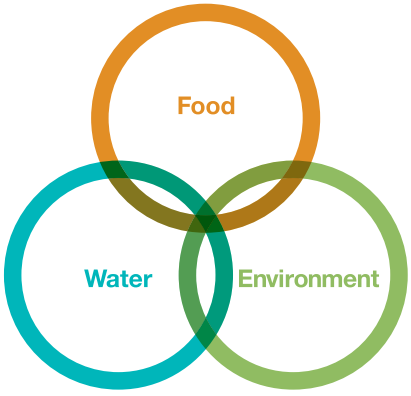
For Earth, For Life —
the Kubota Group promises to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth.

Mission

Food, water, and the environment are indispensable for human beings. The Kubota Group continues to support the future of the earth and humanity by contributing products that help the abundant and stable production of food, help supply and restore reliable water, and help create a comfortable living environment through its superior products, technologies, and services.

The world has many problems in the areas of food, water, and the environment, which are indispensable for human beings.
Those problems are not separate themes, but linked closely to each other.
The population growth has a great influence on environmental changes, brings problems to water resources, and leads to the short supply of food.
The Kubota Group considers food, water, and the environment as a singular theme and contributes to solve problems in these areas.

KUBOTA GLOBAL LOOP = Relations among food, water, and the environment
Food, water, and the environment are not separate themes, but linked closely to each other.



Top Message

Yuichi Kitao

President and
Representative Director,
Kubota Corporation

By Continuing to Take on the Challenge of Business Growth and Resolving Social Issues, We Aim to Be an "Essentials Innovator for Supporting Life"

In 2021, I truly felt we provide an essential business

Last year was the first year of both our Long-Term Vision "GMB2030" and Mid-Term Business Plan 2025, and it was also a year in which we were called on to run our business while facing up to the COVID-19 pandemic and myriad other external factors. In the first half of 2021, we started to be affected by the procurement issues for materials such as resins and semiconductors, while later in the year production and sales around the world were impacted by further waves of the pandemic. As the economy began to recover, labor shortages became more pressing, and supply chains became chaotic. Despite all this, the business environment and demand improved, and our sales topped 2,000 billion yen for the first time ever, with operating profits also reaching a record high. Once again, I truly felt that we provide an essential business. I am also genuinely thankful that it was a year in which we were able to gain the understanding and empathy of our customers and other stakeholders.

On the other hand, with the speed of business gradually increasing, needs for DX and other new services rising, and the necessity of achieving carbon neutrality as the climate changes, society is becoming more complex and more diverse on a global level. I feel that we are compelled to ask ourselves how we at the Kubota Group can respond to this, and what sorts of value we should be providing. As a company that has been working for more than 130 years with the mission of solving social issues, we are now being called on to show its real worth.

The thinking behind our Long-Term Vision "GMB2030"

Since I took up this position in 2020, our fundamental thinking has remained unchanged—we must realize our ideal, Global Major Brand Kubota (GMB Kubota). To ensure the realization of GMB Kubota in 2030, we formulated our Long-Term Vision "GMB2030." The world is becoming more uncertain and society ever more complex, with issues such as climate change, global warming, natural disasters, infectious diseases, and food and water shortages arising from constantly growing populations. Therefore, to continue to protect people's daily lifestyles, we will help bring about a more sustainable society. Our determination and readiness to act are embodied by our Long-Term Vision "GMB2030."

The Kubota ideal for the future is to be committed to a prosperous society and cycle of nature by aiming to be an "Essentials Innovator for Supporting Life." By providing solutions that can address issues in food, water, and the environment—fields without which people cannot live—we believe that we can make ourselves indispensable to society. In addition to further developing our existing business, we hope to be able to provide three new types of solutions by having each business field work together and cooperate with each other as a One Kubota Team—namely solutions aimed at enhancing the productivity and safety of food, promoting the circulation of water resources and waste, and improving urban and living environments.

I firmly believe that K-ESG management is the key to making our Long-Term Vision a reality

At the heart of our efforts to make our Long-Term Vision a reality are business operations that position ESG at the core of management. In recent years, society has undergone profound changes. During that time, with initiatives like the UN's Sustainable Development Goals (SDGs) and the Paris Agreement that provide long-term targets for the entire world, companies are being asked to take on a greater degree of social responsibility. In order for Kubota to continue to be a sustainable company, we will promote initiatives with a greater awareness of ESG (Environmental, Social, and Governance) than ever before. As a company engaged in the reduction of environmental impact and the resolution of social issues in its business activities in the fields of food, water, and the environment, we have defined the Kubota Group's unique ESG measures as K-ESG—measures that are rooted in the Group's corporate principles (the Kubota Global Identity). K-ESG management will provide the ethical and behavioral model to accomplish the goals of our Long-Term Vision "GMB2030" and, afterward, GMB Kubota.

Our focus is on four areas—solving environmental and social problems through business, accelerating innovation to solve problems, gaining empathy and participation of stakeholders, and building governance that increases sustainability—which we have broken down into twelve important matters (materiality).

The first of the four areas, solving environmental and social problems through business, could well be said to be a major part of our heritage, one of our core pillars. Since the company's founding, Kubota has aspired to resolve social issues by putting products and services out there. To prevent cholera, which is caused by unsanitary water, the company was the first in Japan to mass produce water supply pipes. After World War II, to resolve the food shortages that Japan faced, we helped mechanize farming, while in the period of rapid economic growth that followed, we provided Japanese society with products such as water treatment equipment and incinerators to deal with polluted water and municipal waste. Kubota's business does not only come from its excellence in technologies, but also from its ability to resolve social issues. That is truly part of our heritage, passed down in one unending line and as its inheritors we will both expand our existing businesses and offer new solutions. In the future, we will set concrete KPIs for materiality and, promote effective initiatives through dialogue with stakeholders.

Materiality for K-ESG management

Solving environmental and social problems through business	Accelerating innovation to solve problems
● Enhancing the productivity and safety of food ● Improving urban and living environments ● Promoting the circulation of water resources and waste ● Mitigation of and adaptation to climate change	● Business operations based on diverse values ● Strengthening of R&D and partnerships
Gaining empathy and participation of stakeholders	**Building governance that increases sustainability**
● Improvement of employee growth and job satisfaction ● Enhancement of transparency and dialogue ● Customer satisfaction and safety	● Strengthening of corporate governance ● Strengthening of risk management ● Penetration and practice of K-ESG management

A major shift to a solution provider for the next generation

Our efforts to achieve our Long-Term Vision "GMB2030," to support future generations, are founded on providing solutions and so we will accelerate initiatives that work toward that goal.

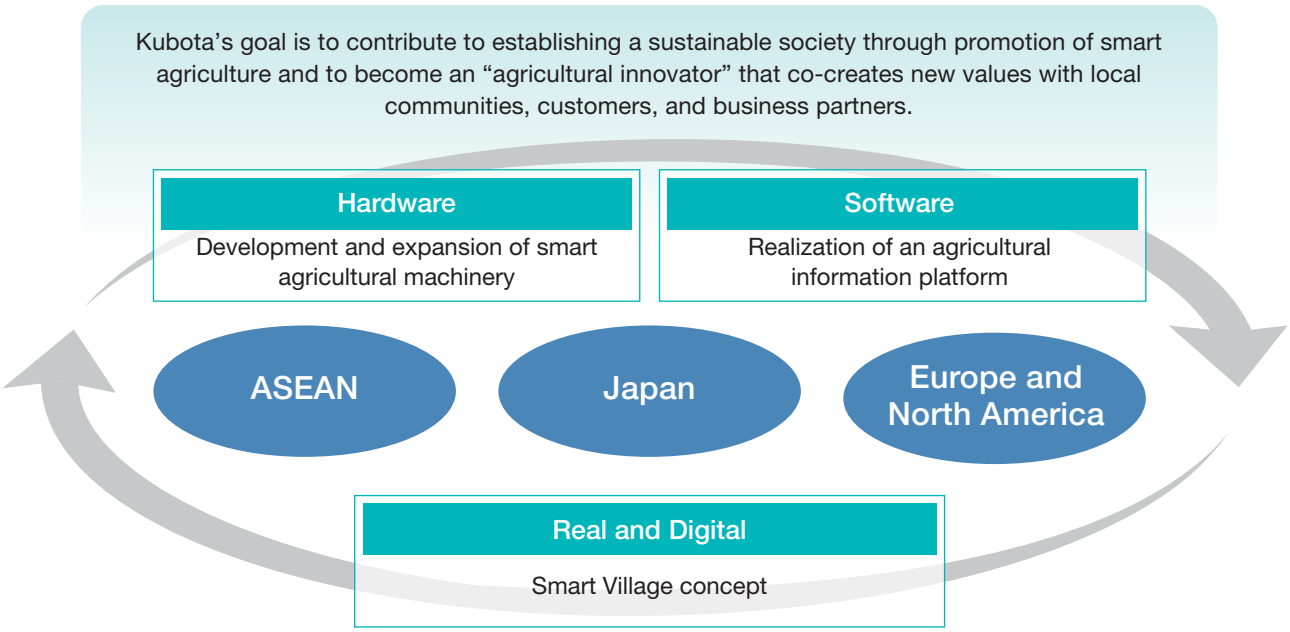
Firstly, with solutions to enhance the productivity and safety of food, we are pressing forward with the development of technologies to achieve smart agriculture. With the Kubota Smart Agri System (KSAS), a service that supports farm operations, we plan to make it open source so data can be shared with systems and apps offered by other companies. That way, we can provide this effective, sustainable service to even more farmers. To promote smart agriculture globally, we came up with the Smart Agriculture Grand Design, and we are developing smart agricultural machinery adapted to the individual needs of the Japanese, European and North American, and ASEAN regions. We will also speed up moves

to construct a farming information platform. In addition to developing our own technologies, of course, we are looking to strengthen partnerships with start-ups with AI systems or robotics technologies.

Next, for solutions that promote the circulation of water resources and waste, we are working to create a resource recycling-oriented business model. We are called on to play our part in bringing about a circular economy; the technologies that we possess, with which we can recover metals or energy resources from waste to create items of value, mean that resources can be reused and this will help lead to zero emissions. As well as investing in cutting-edge companies in the field of resource recycling, we have set up projects that aim to integrate their technologies with our own. Furthermore, one obstacle to carbon neutrality is the amount of CO_2 produced by agriculture. We are running R&D into how to reduce this, and we have begun initiatives aimed at making effective use of the organic waste, such as rice husks and straw, which are byproducts of farming.

Recently, in Japan, we have been concluding collaborative agreements with different local authorities. The more directly we hear about the issues that local communities are grappling with, the more I realize they are linked to farming, water, and the environment, and the more I feel as there is still much for us to do. By constructing an ecosystem in cooperation with a variety of partners, we will create total solutions that only we at Kubota can provide.

Smart Agriculture Grand Design



We are paying close attention to the global situation, and will boldly forge forward with a growth strategy to expand our existing businesses

Steadily developing our existing businesses is a vital part of supporting the creation of the foundations for the next generation. Based on the strengths of each business and market, we will continue to promote the expansion of product lineups, business expansion that meets the needs, and business expansion by updating, maintaining, and managing social infrastructure. As part of our Mid-Term Business Plan 2025, we have chosen four businesses to be our drivers of growth—construction machinery in North America, agricultural and construction machinery in the ASEAN region, global machinery and aftermarket services, and water environment solutions. In the past several years, the construction machinery

business in North America has grown in particular. As well as establishing local development frameworks, we began producing compact track loaders (CTLs) in North America, and we are making good progress toward starting mass production in the autumn of 2022. In the ASEAN region, where urbanization continues apace, we also expect to see greater demand for machinery. We will develop implements for use with dry field crops such as cassava, sugarcane, and corn locally, and by entering the local market we can promote the mechanization of dry field farming. In the machinery aftermarket service business, we are looking to build on what we have achieved by utilizing the rich lineup of operating equipment we have already put on the market. For our water environment solutions, we aim to break away from a focus on selling equipment to centering our business on O&M and solutions packages.

This year, we added another, fifth, driver of growth—the expansion of our business in India and entry into the basic machinery market. By maximizing synergy with Escorts, in whom we raised our investment ratio, we aim to increase our market share in India, which with 1 million units by 2030 is the world's biggest tractor market, to 25%, double our current share. We also plan to expand our exports of basic machinery both within India and elsewhere, particularly to Africa.

To respond to market needs, we will reform how our own business should function, at a speed that exceeds customer expectations.

Initiatives to develop new solutions

Total solutions across all products, technologies and services		
Solutions to enhance the productivity and safety of food	Solutions to promote the circulation of water resources and waste	Solutions to improve urban and living environments

Accelerate R&D with an eye on a carbon-neutral society

As the market changes, carbon neutral initiatives around the world are gaining speed. It's no exaggeration to say that various technological developments in this field will determine where each company is positioned in the market five or ten years from now.

In addition to the 400 billion yen we have budgeted for research and development in our Mid-Term Business Plan 2025, we have decided to invest an additional 100 billion yen by 2025. We have outlined our Environmental Vision for 2050: "While challenging to achieve zero environmental impact, we will contribute to realizing a carbon neutral and resilient society in the fields of food, water, and the environment." We will set a priority order for social issues in each region, and based on that we will start to investigate specific measures, such as by what methods we can reduce our CO_2 emissions and under what policy.

There are three areas where we will be accelerating R&D. The first is into technologies for carbon-free power trains. We will advance development in every direction, in a form suited to each market based on technological progress by Kubota and the rest of the world. Examples include hybrid, battery-powered EVs, fuel cells, hydrogen engines and other engines that are compatible with carbon-free fuels.

The second area is the development of smart agriculture and autonomous technologies. Agriculture and the global environment are inextricably linked; for example, if we look at it from the perspective of carbon neutrality, we see that agriculture-related activities make up around a quarter of total greenhouse gas emissions. Indeed, methane from paddy fields and nitrous oxide from fertilizer left in the soil each have a much bigger effect on global warming than CO_2—it is said that the damage is as much as approximately 25 times higher for methane, and about 300 times higher for nitrous oxide. Using smart agriculture, farmers can distribute only the amount of fertilizer or agricultural chemicals required, and by appropriately controlling water flowing in and out of paddy fields, methane levels can be controlled. By changing how farmers farm, I think we can help take a step toward carbon neutrality.

The third, and final, area is resource recycling technologies. As I mentioned earlier when I spoke of new solutions, the technologies we possess allow us to recover resources and energy from sources such as "urban mining," biomass, and agricultural residues. I think we can also help with creating resilient mechanisms through achieving negative emissions by

fixing carbon, and stopping rivers overflowing and preventing flooding by efforts like paddy field damming.

As the materiality that we have identified shows, the mitigation of, and adaption to, climate change is the common point that both links the three solutions we are aiming for with our Long-Term Vision "GMB2030," and is a prerequisite for it. By further increasing investment, we will create innovation that will firmly answer society's demands.

Fields in which we are accelerating R&D

1. Carbon-free power train technologies
2. Smart agriculture and autonomous technologies (autonomous and automatic)
3. Resource recycling technologies

Creating a sustainable management structure

Sustainable relationships with stakeholders and corporate governance are what will enable us to grow sustainably in the medium and long term.

The "S" in K-ESG stands for "society," which we take to also mean our stakeholders. Of those, we are prioritizing improvement of employee growth and job satisfaction, customer satisfaction and safety, and enhancement of transparency and dialogue. Employees are at the heart of the Kubota Group's activities. We plan to ensure that every single employee can grow and feel a real desire to work by promoting diverse ways of working and enhancing employee training.

The "G," then, stands for "governance." We have promoted diversity among managing executives—including looking at gender and nationality—and raised the effectiveness of the Board of Directors. Furthermore, we have carried out a review of the compensation system to incorporate elements of ESG. The corporate governance that we are putting in place will enhance the soundness of the company's management, as well as its effectiveness and transparency, while also boosting its sustainability. Society does not just ask for economic value from its companies, it places more importance on social value—in other words, how much of a contribution we make to society. Going forward, we will raise our corporate value on both economic and social values.

By taking the "On Your Side" approach, we aim to be an "Essentials Innovator for Supporting Life."

For me, it all started in my second year with Kubota. As a tractor engineer, I was living and working with dairy farmers in Hokkaido, and so I saw with my own eyes the difficulties of farmers. Day after day, farmers have so much work to do, battling nature as they deal with everything from the weather, crops, and the condition of their cows, to managing revenue. What should agricultural machinery and agriculture be for farmers? It made me ask myself what Kubota could, and should, be doing. The answer is that we should always look at things from the perspective of our customers and society, face up to issues, and do our best to resolve those issues. This is exactly what the "On Your Side" approach entails—an approach I believe Kubota must take to continue to be needed by society.

As an "Essentials Innovator for Supporting Life," the 40,000 members of the Group will work as a "One Kubota" and continue to contribute to the resolution of social issues in the fields of food, water, and the environment. Going forward, we aim to enhance stakeholders' understanding of the Kubota Group's approach and business, and will do our level best to build relationships that gain their empathy and participation. I hope we can continue to rely on your invaluable support.

Special Feature 1

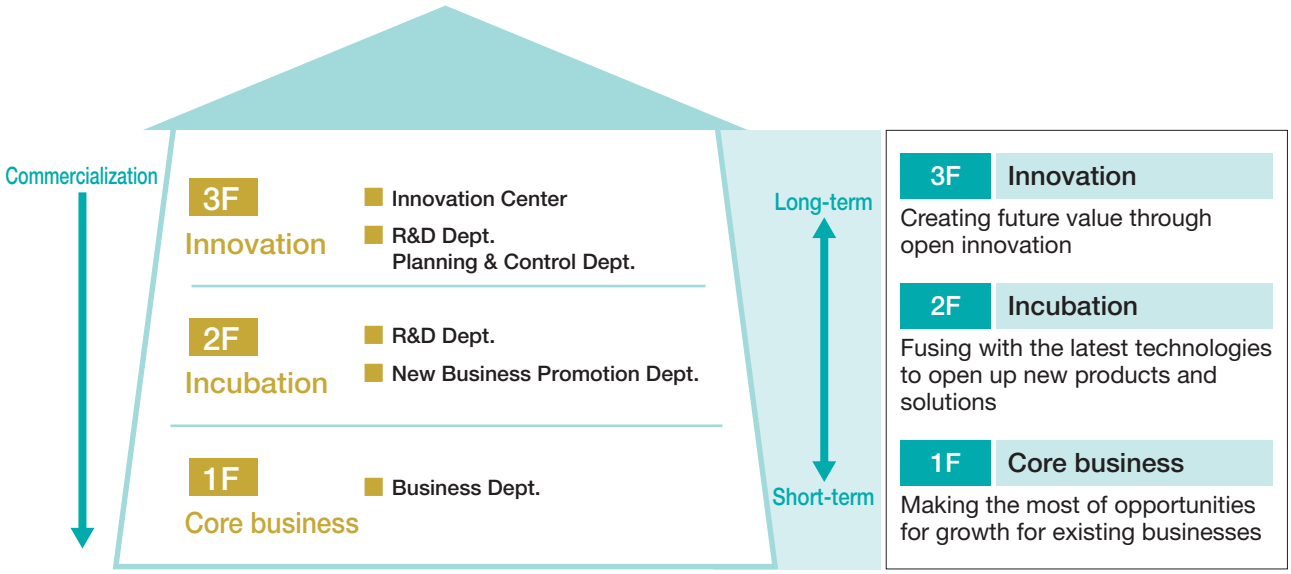
The Route to Realizing Our Long-Term Vision “GMB2030”

To confront these increasingly serious social issues and to protect our sustainable everyday lives, Kubota established its Long-Term Vision “GMB2030,” indicating the roles that Kubota should play and the guidelines for our group-wide efforts. By earning the trust of the greatest number of customers, we can make the greatest contribution to society. Here we introduce some of the value creation initiatives we are implementing to achieve that goal.

Value creation systems to be an “Essentials Innovator for Supporting Life”

As part of the Long-Term Vision “GMB2030,” we defined our future ideal roles as being an “Essentials Innovator for Supporting Life,” committed to a prosperous society and cycle of nature. Over the more than 130 years since our company was founded, we have contributed to solving social issues through our business. Recognizing that fact anew, we are working hard to create value so that we are an indispensable company able to assist in people’s daily lives, and contribute toward a prosperous society and cycle of nature.

We are applying the technologies and expertise that we have built up over the years to meet the needs of society and the market, and are steadily resolving current social issues. At the same time, we are forging ahead with the creation of new technologies and businesses that respond to future changes. The system behind our value creation processes is shown in the Three-Story House diagram below.



From upcoming product development to initiatives with long-term goals, we will balance our distribution of resources effectively. In this way, we aim to further develop as a sustainable company able to respond to change.

1F Core business

Making the most of opportunities for growth for existing businesses

To achieve the Long-Term Vision "GMB2030," it is imperative that we steadily develop our existing businesses. To that end we will promote business strategies that allow us to fully utilize opportunities for growth for those existing businesses, and expand our businesses.

For instance, one issue is ways to reduce the total cost of replacement, maintenance, and operations for public infrastructure that is deteriorating. In answer to this, Kubota will promote its solutions business based on the technology and know-how it has cultivated as a world-class water treatment specialist. Such solutions does not just involve delivering products; we will provide integrated packages that involve the design, procurement, construction, and maintenance of water environment infrastructure. By doing so, we will support water in every region.

2F Incubation

Fusing with the latest technologies to open up next-generation products and solutions

To create new businesses, we will meld existing products and solutions with cutting-edge technologies to provide never-before-seen added value.

One example in agriculture is the way in which new forms of value are being called for—whether it be ways of expanding production despite labor shortages, improving quality, or reducing environmental impact. To address these demands, we are combining cutting-edge technologies such as ICT and robotics technologies. Through this, we are developing next-generation products and services such as Smart Agri Solutions that can achieve labor savings as a result of automation, or support farm management through the use of data.

3F Innovation

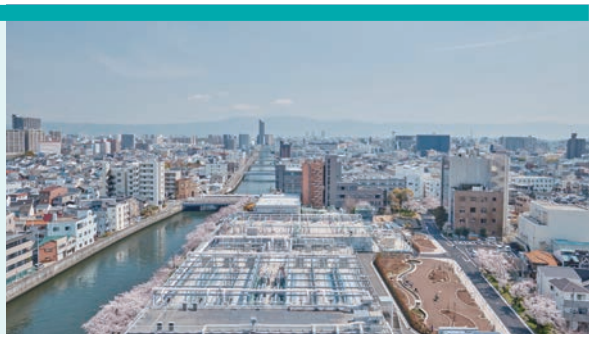
Creating future value through open innovation

We will strengthen our ties to external partners in different fields and industries to create future value that can contribute to the resolution of advancing, diversifying social issues in the years to come.

For example, to resolve food issues, we cannot just provide solutions in our existing business fields that have focused on agricultural produce. We must consider the entire food system as a "food value chain"—it is vital that we provide total solutions that cover everything from production to consumption. To be able to do so, we are strengthening relationships with start-ups, academic and research institutions, and other organizations, and bolstering our research and development collaboration. We have established R&D bases around the world, to accurately identify the particulars of each region's needs, and our goal is to create new value that goes beyond our existing product fields.

Kubota has, since the time of its founding, contributed to society in fields that are indispensable for all human beings in the world: food, water, and the environment. Our duty has always been to support the future of the planet and its people. Looking forward, we have outlined our ideal for the future—earning the trust of the greatest number of customers to become a "Global Major Brand (GMB)" that can make the greatest contribution to society. To this end, we are working to realize our Long-Term Vision "GMB2030."

Front lines of core business



1 Updating urban water environment infrastructure

Many of Japan's local authorities, in order to keep up the maintenance of public infrastructure—which was built decades ago in a period of rapid economic growth—under strict budgetary limitations, need to reduce their total costs. Kubota offers water environment infrastructure support in the form of total solutions that incorporate facility design and construction, as well as managing operations. We are working in this way to help local authorities both lower costs and reduce their maintenance and management workload.

Helping resolve complex issues with the Design & Build (DB) model, which integrates everything from design to construction

The city of Osaka is a major city, home to around 2.7 million people. The public infrastructure has grown as the city has developed and now supports the daily lives of the city's residents.

Incidentally, the city's sewage system can boast an impressive coverage of 99.9% of the population through its roughly 5,000 km of sewage pipelines and 12 sewage treatment facilities. One such facility, Nakahama Sewage Treatment Plant, was opened in 1960 and had been contributing to the preservation of the water environment for more than fifty years before deterioration necessitated a renewal and a shift to more advanced treatment to conserve the environment around receiving water areas.

Nakahama Sewage Treatment Plant in Osaka

In March 2017, Kubota received an order to run a project under a Design & Build (DB) model—i.e., handling everything from the design of a facility to its construction. Working closely with the Osaka city government and other partner businesses, the facility was completed and began operation in October 2021.

The sewage treatment system is at the heart of the facility's operations, and here we introduced Kubota's smart Membrane Bioreactor (MBR) technology, which is an extremely effective treatment method yet requires little in the way of space or electricity. This technology allows existing facilities to be used, while upgrading their capabilities, and are particularly useful in urban areas where available land is limited. In addition to MBR technology, we also introduced other systems, including a filtration system that makes use of difference in water levels. Compared to Kubota's conventional systems, this is predicted to achieve a roughly 50% cut in electricity usage.

For the two years after the facility's completion, we are assessing its performance. By controlling it through AI that can collect operational data and achieve both more effective sewage treatment and energy savings, we are working to reduce total costs.

Water environment solutions that continue to update the world's urban infrastructure

Kubota can trace its history back to the first mass production of cast iron water pipes in Japan. In the more than 130 years since then, we have made a great contribution to the development of water infrastructure. In recent years, we have provided more than just products—we have put the technologies and knowledge we have accrued over many years into action and been involved in every aspect of water environment infrastructure, from facility design to construction and management.

We have taken this expertise abroad with a project for sewerage system development in Phnom Penh, Cambodia, in April 2021 and a renewal and expansion project for the Big Creek Water Reclamation Facility in Georgia in the U.S. in July 2021, among others.

Front lines of incubation

2 Verifying next-generation agricultural solutions

In agriculture, there is a need to resolve different issues than before: as well as raising productivity, we need to improve crop quality and reduce environmental impact. We are promoting labor savings through robotic technologies and Smart Agri Solutions that support high-quality production by utilizing data. Through products and services that use cutting-edge technologies, we will transform agriculture into a stronger, more appealing business and help support plentiful, stable food production.

ICT systems that contribute to lesser workloads and more efficient production

In 2014, Kubota launched the Kubota Smart Agri System (KSAS) to support farm operations. Recording farm work or produce statuses on the cloud helps farmers to visualize how they manage their agricultural businesses. The system supports the creation of a farm management cycle, aiming for better yields and higher quality through data. As of April 2022, 18,260 farms had introduced the system, of which 3,856 had taken out the farm management support service.

We have also been actively pressing ahead with the development of automated and unmanned agricultural machinery; in 2018, we were the first company in Japan to successfully automate tractor, rice transplanter, and combine harvester operations. In particular, our rice transplanter with an automated steering function had sold more than 10,000 units by November 2021.

Agri Robo Rice Transplanter NW8SA, able to carry out unmanned transplanting

Another example is WATARAS, a farm water management system. The system allows water level management to be carried out remotely, massively reducing the workload involved in water management. It also ensures that water is used more effectively. In joint research with the National Agriculture and Food Research Organization, results from trials proved that the system reduced the workhours needed for water management by around 80%, and the amount of water used by about 50%.

Taking on core responsibilities for leading the whole country toward smart agriculture

Since FY2019, smart agriculture verification projects, launched by the Ministry of Farming, Forestry and Fisheries, have been conducted in Japan. The latest technologies have been introduced at production sites across the country and trials have been run to demonstrate the capabilities of the technologies. The tests have also been assessing the level of contribution they make to agriculture management.

Over the two years since the projects began, Kubota has been at the heart of the project, introducing equipment at around 40% of the total 121 selected trial sites, including 70% of paddy field and dry-field sites, and is working to improve Smart Agri solutions.

Smart Agri Solutions will support the future of the world's food

Kubota has developed products that closely meet farmer's needs in succession. In 1960, it established an integrated, mechanized system for growing rice using tractors, combine harvesters, and rice transplanters. Now, as a comprehensive agricultural machinery manufacturer that also caters to dry-field farming, we are utilizing cutting-edge technologies to develop products and services that meet the needs of local regions. In this way, we are supporting agriculture in every corner of the world.

In Asia, where the number of agricultural workers continues to decrease, we are contributing with automated products that lead to further improvements to productivity. Meanwhile, in Europe, where interest in food safety and reducing environmental impact is rising, we have developed solutions that enable highly advanced precision farming. Through our Smart Agri Solutions, we are contributing to the future of food and the farmers who support the world's food.

Front lines of innovation

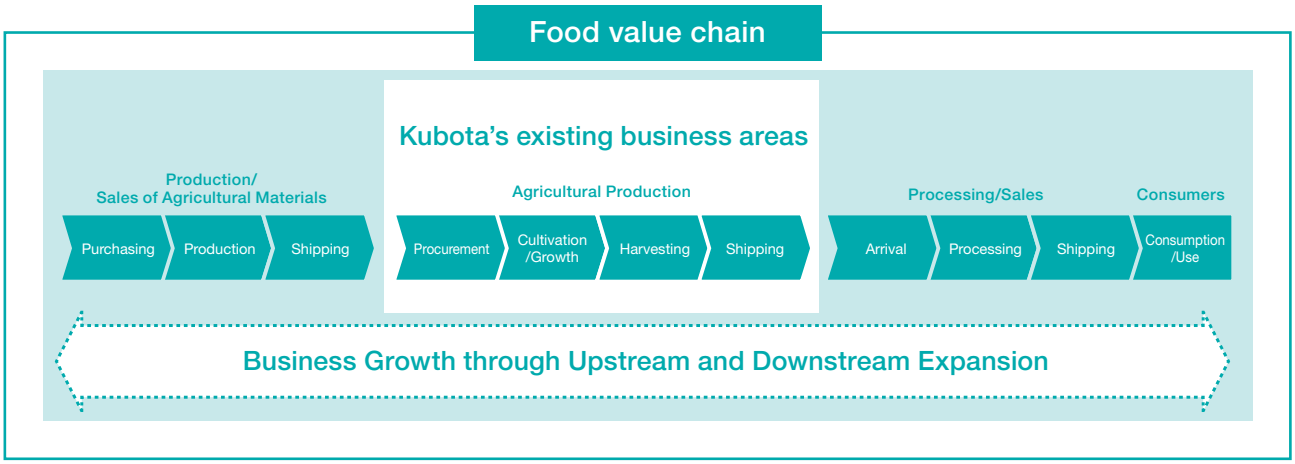
3 Envisioning our contribution to the food value chain

To resolve issues facing us, society requires an approach that broadens the areas of value that Kubota has ever been providing. For us to continue to offer competitive value in the future, we must deepen our understanding of the increasingly advanced, diverse problems that affect society, and create technologies and businesses to help address them.

In 2019, we launched the Innovation Center as a department to drive forward the creation of new businesses, products, and services. We aim to both plan and design businesses, products, and services unrestricted by existing product fields, as well as to promote open innovation through joint research or investment in external partners. Through such means, we are working to create new value.

Aiming to contribute to the food value chain

In the field of food, Kubota has mainly contributed to the resolution of problems by providing solutions that raise productivity for agricultural produce. In recent years, however, as well as looking at issues from an economic standpoint, such as through productivity improvements, wide-ranging initiatives are needed, including ones from social perspectives that concern climate change or human rights. Our goal is to look at issues through the lens of the entire food value chain, which includes not only food production, but distribution and consumption. By doing so, we aim to create value with our stakeholders to resolve issues.



The Kubota Innovation Center Europe (ICE) was established in the suburbs of Amsterdam, in the Netherlands, a country that is a world-leader in agriculture. The center conducts joint research with universities and invests in start-ups, actively promoting co-creation with external partners.

Open innovation making progress in one of the world's best wine-growing regions

One of the remarkable initiatives underway at ICE is its participation in the INNO'VIN cluster, which brings together more than 170 start-ups, universities, research institutions, and other organizations to drive a technological revolution in the Nouvelle-Aquitaine wine-growing region of Europe. In the field of fruit growing, while there are labor shortages, mechanization has proven difficult. The burdens on producers are large, and so a technological revolution is cried out for.

Based in Bordeaux, France, in the heart of the world's wine-growing region, we are collaborating with a wide range of companies and research organizations and carrying out verification tests and joint research to acquire knowledge and technologies that can be applied to fruit farming in every part of the world. Also, by participating in this cluster of bodies connected to producing items processed from agricultural produce—and their distribution—we hope to gain the expertise needed to contribute to the entire food value chain.

Furthermore, we are working actively toward various surveys and technology investment and to meet Europe's high levels of environmental awareness and strict environmental regulations. In the future, we plan to surround ourselves with start-ups, universities, research institutions, and other organizations that have technologies connected to green energy generation, carbon isolation, greenhouse gas emission controls and recycling, and similar, and will work together to develop new technologies.

Working to realize the Long-Term Vision "GMB2030"

Since the company was founded, we at Kubota have given back to society in fields that are indispensable for all human beings—food, water, and the environment. It has always been our solemn mission to support the planet and the people who live on it.

Many of the issues facing society are becoming more complex and more diverse on a global level. That is why we must have each business field work together and cooperate with each other to create solutions as a "One Kubota" and to create new value.

Putting our products and technologies to use, and through further collaboration with a variety of external partners, we are working hard to provide solutions in three key areas:

- **Enhancing the productivity and safety of food**
- **Promoting the circulation of water resources and waste**
- **Improving urban and living environments**

To provide solutions in areas like these requires the development and verification of new technologies and the opening up of new business fields. That is why we decided in Mid-term Business Plan 2025 to invest a total of 400 billion yen between 2021 and 2025. Later, to strengthen and accelerate development in important fields aimed at making society carbon neutral, we added an extra 100 billion yen to this budget, bringing our total investment in R&D to 500 billion yen. By combining our more than 130 years of knowledge with the cutting-edge technologies of our partners, we will create total solutions and tackle increasingly complex social issues.

In our Long-Term Vision, we speak of the idea of a "Global Major Brand (GMB)." By this, we mean a company that can make the greatest contribution to society by earning the trust of the greatest number of customers. We will both take on the social issues currently in front of us, and create new technologies and businesses focused on society five or ten years from now. By doing so, we aim to keep creating value and to contribute toward a sustainable society.

Special Feature 2 Kubota's Goal of a Sustainable Society

Under our brand statement—For Earth, For Life—we regard environmental management as a priority issue in our business activities. Therefore, to fit alongside our Long-Term Vision "GMB2030," we have formulated an environmental vision that looks to the year 2050. To make this vision a reality, we will work throughout our entire value chain to contribute toward the development of a sustainable society.

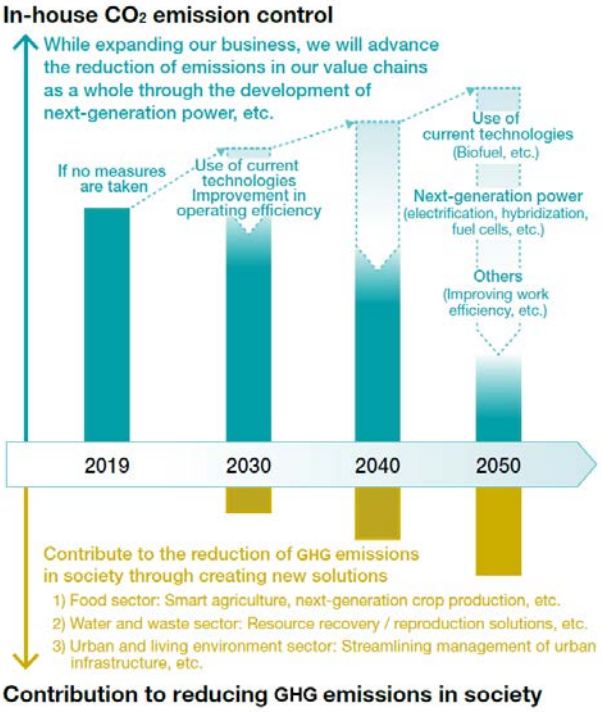
Environmental Vision —— Target Situation toward 2050 from an Environmental Perspective ——

While challenging to achieve zero environmental impact, we will contribute to realizing a carbon neutral and resilient society in the fields of "food, water, and the environment."

Realizing carbon neutrality

Working toward 2050

We are taking on the challenge of realizing carbon neutrality on two fronts—reducing our CO_2 emissions throughout the lifecycle of our products and minimizing greenhouse gases (GHG) generated by society by creating new solutions. Aiming for net zero emissions by 2050, we started full-scale efforts in 2021.



CO_2 emissions reductions at business sites

In order to reduce the CO_2 emissions from our sites, particularly at our production sites, we are systematically pushing forward with the following measures.

- Measures against equipment such as improving efficiency, etc.
- Energy-saving activities such as improving productivity, reducing wasteful use, enhancing operations, etc.
- Fuel shifts such as electrification, etc.
- Recovery and use of energy from waste heat and waste power, etc.
- Improvement of thermal insulation for buildings and equipment
- Incorporating energy-saving specifications when transferring or reorganizing production sites
- Introduction of solar power systems
- Purchase of green electricity

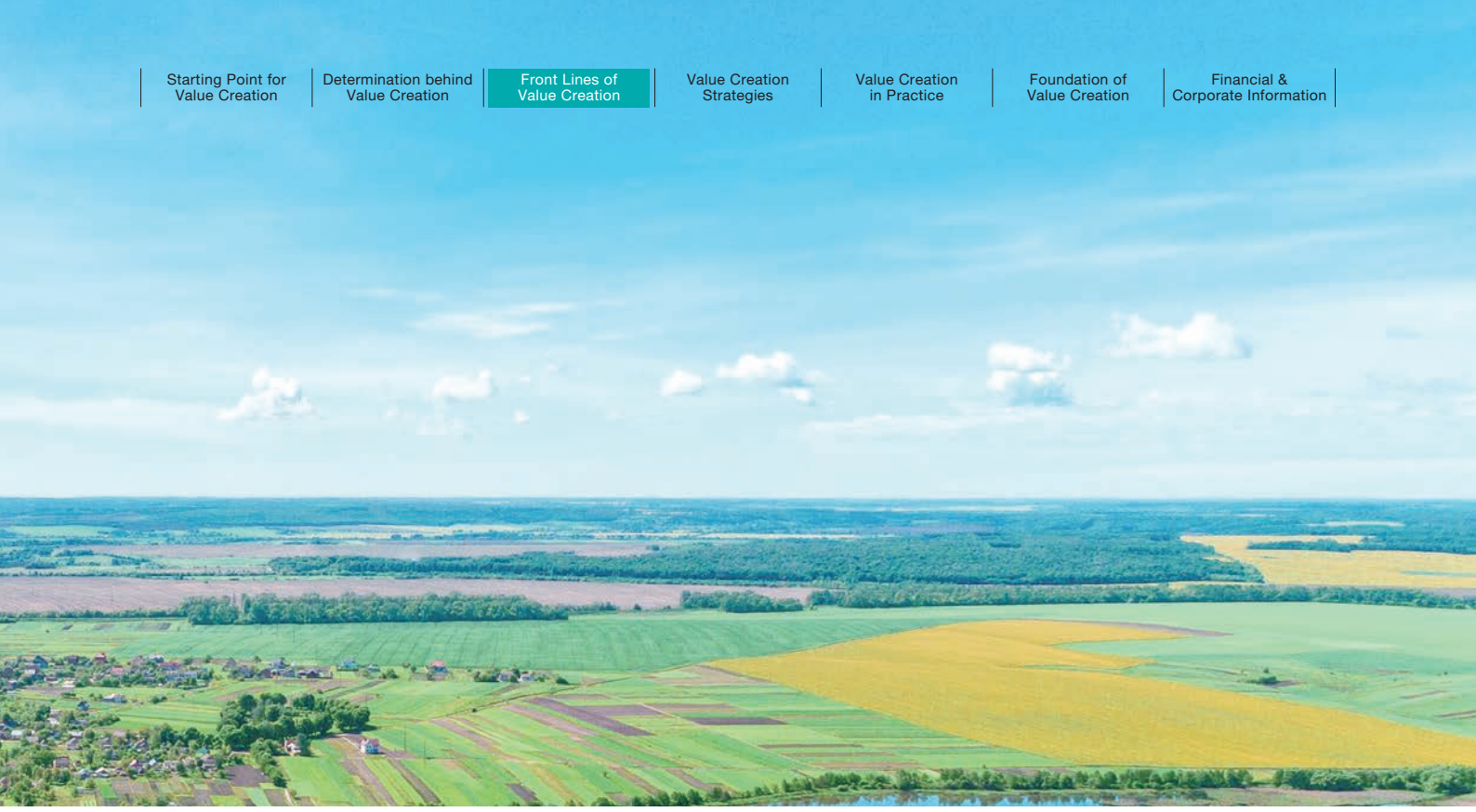
Switch at our Hanshin Plant from cupola furnaces to electric furnaces

Hanshin Plant, which manufactures cast iron pipes for water supplies, is proceeding with its switch from its cupola furnaces, which use coke, to electric furnaces. The switch is scheduled to be completed by the end of 2023, a move that is predicted to reduce the plant's CO_2 emissions by 15 kilotons per annum.

Upward revision of Long-Term Environmental Conservation Targets 2030

Taking on board the raising of targets by Japan and other countries, we revised the boundary and numerical targets for our CO_2 reductions for 2030.

Pre-revision	Post-revision
CO_2 emissions for 2030 from **sites in Japan**, compared to FY2014	CO_2 emissions for 2030 from **global sites**, compared to FY2014
30% reduction	**50**% reduction



Reducing CO_2 emissions generated during product use

To reduce the CO_2 emissions generated during product use, we are promoting research and development in the following areas.

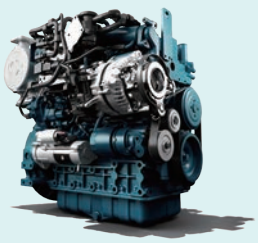
- Improvements to operational fuel consumption for agricultural and construction machinery
- Electrification of agricultural and construction machinery
- Hydrogen fuel cells and hydrogen engines
- Application of biofuels and synthetic fuels

Furthermore, the spread of smart agriculture, which uses automated operation, ICT, etc., will lead to less waste in terms of work and resources and improved energy efficiency.

The 130th anniversary concept tractor

Micro Hybrid Engine

Industrial engines are required to have high outputs and loads and with these hybridization is one effective means of reducing CO_2 emissions. Our first step in this direction is our Micro Hybrid Engine. While it depends on the type of engine-fitted machinery, generally only a small fraction of total work time actually requires high output. With the Micro Hybrid Engine, a motor provides temporary assistance only during those times where large output is needed. By increasing the amount of work that effectively utilizes the power of the motor, fuel consumption can be reduced. Plus, as the engine's simple design ensures it can be kept small, making it easy to fit into existing chassis, which minimizes the burden of designing chassis.



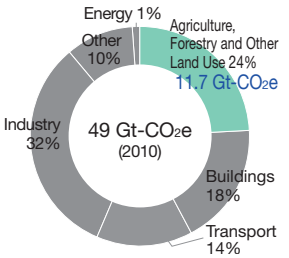
Controlling society's greenhouse gas emissions through our business activities

Greenhouse gas (GHG) emissions from the food field, including land usage, account for 24% of total global emissions. According to the IPCC's Sixth Assessment Report, the atmospheric density of two GHGs that are more damaging than CO_2—methane and nitrous oxide—is rising and therefore there is also a need to mitigate non-CO_2 gases and slow global warming as soon as possible.

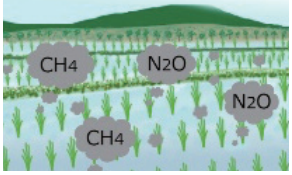
Agriculture is cited as an example of a major source of these, and within that it is livestock and paddies that generate most of the methane. In Japan and the rest of Asia, rice cultivation in paddy fields is commonplace and they generate a great deal of methane because the farming method disturbs methanogens (methane producing microorganisms) in the soil. Nitrous oxide, meanwhile, is generated by chemical fertilizers left in the soil.

Kubota, though, is helping to control emissions of these GHGs by utilizing smart agriculture and other farming management technologies, as well as water environment solution technologies. In the case of dealing with methane, when water is removed from paddy fields during mid-summer drainage, adding oxygen to the soil has proven effective. We also provide effective water management systems for cultivated land. In the future, we will create a mechanism whereby we can recover cut straw from paddy fields and produce biofuels and fertilizers. We also provide ways of tackling nitrous oxide, including precision fertilization solutions, such as the Kubota Smart Agri System (KSAS), and devices, like drones, that prevent the overuse of fertilizers or agricultural chemicals. In such ways, we are not only controlling GHG emissions, but also helping to prevent environmental pollution.

Greenhouse gas emissions by economic sectors



Source: Figure SPM.2 from Working Group Ⅲ's Summary for Policymakers in the IPCC's Fifth Assessment Report (AR5)

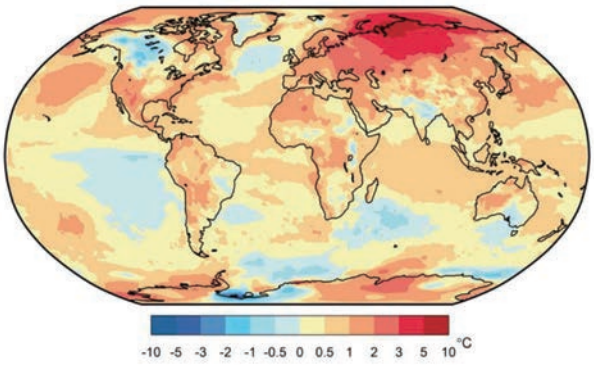


Making society more resilient

Solutions for sustainable agriculture

Global average temperatures are rising. In 2020, most regions of the world were warmer than long-term averages, equaling the record highs of 2016. The effects of these record-breaking temperatures can be seen in forest wildfires, droughts, and negative effects on farming and the quality of agricultural produce. In the future, the risk of such consequences is predicted to grow.

To adjust to these severe weather conditions, and minimize the amount of damage they can cause, Kubota offers smart agriculture technologies and helps to create food production systems able to withstand abnormal weather and its effects.



Temperature difference between 2020 and 1981-2010

Data usage

Our agricultural management support system KSAS is at the heart of the data-driven services we offer. Our systems collate information on workloads, cultivation techniques, taste, yields and other factors; they also utilize AI technologies to analyze data points such as weather information and farming data. By doing so, our services aim to help our customers to adapt to changing weather conditions such as rising temperatures.

Use of automation and robots for agricultural machinery

Utilizing agricultural machinery and drones that can operate autonomously using positioning satellites, we can improve farming efficiency dramatically. As well as helping to combat labor shortages, it also alleviates risks posed by severe weather conditions—such as the risk of heatstroke from working under the hot sun. In these ways we are contributing to making farming more sustainable.


Agricultural drone

Agri Robo tractor
(Unmanned specification)

Constructing water infrastructure that can withstand disasters and creating products that can assist post-disaster recovery

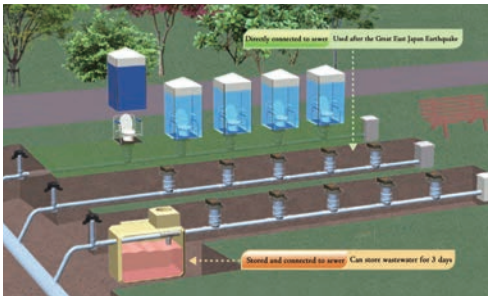
Almost every year, there is some kind of large-scale flooding or damage caused by water resulting from climate change. In Japan, we also need to be ready for earthquakes, a frequent occurrence here. That is why we are focusing our energies on developing products that can help prevent disasters, or aid with recovery when they do occur.

One such product is our hazard resilient ductile iron pipe. These pipes can withstand not only earthquakes but also typhoons, heavy rain, and other adverse conditions, to ensure water can continue to be supplied.

Furthermore, when heavy rainfall does cause problems, the drainage pump vehicles or the handy mobile pump package that we offer can make recovery possible by quickly removing water. In addition, other items—such as our rainwater storage and permeation products, piping systems for manhole toilets, and diesel engines for use as generators for emergency power supply during power outages—contribute to reduced damage during disasters and assist with faster recoveries.


Hazard resilient ductile iron pipes supporting water infrastructure


Highly maneuverable drainage pump vehicle


Piping system for manhole toilets for use during disasters

Executive officer message

Realizing our Environmental Vision

Koichi Yamamoto

Managing Executive Officer
General Manager of Manufacturing Engineering Headquarters
(Environmental Conservation Control Officer)

Why we formulated the Environmental Vision

Of late, we are seeing global-scale environmental issues, such as climate change, becoming even more urgent. With initiatives like the SDGs and the Paris Agreement that provide long-term targets for the entire world, efforts to resolve these issues are gaining pace. The Japanese government, along with those in Europe and North America, has declared its intent to achieve carbon neutrality by 2050. Another pressing issue is raising resilience against frequently occurring disasters such as weather-related catastrophes and earthquakes.

Therefore, the Kubota Group formulated its Environmental Vision to quantify its target situation for 2050. To bring that vision to life, we must continue to develop technologies so that we can support people's lives through products and services, and play our part in delivering reduced environmental impact and a society that is resilient and carbon neutral.

Efforts aimed at realizing the vision

1 In the agricultural field:

We aim to research, develop, and apply agricultural machinery fitted with power trains such as engines that consume less fuel, or decarbonization technologies such as electric motors, fuel cells, and hydrogen engines.

We are also working to further advance smart agriculture, which not only reduces agricultural workloads, but also expands harvest yields per area and improves the quality of crops. The aim is to raise yields without increasing the amount of cultivated land even if demand for food rises, as we believe that deforestation or natural damage incurred in expanding agricultural land is a serious problem. Furthermore, we strive to minimize greenhouse gas emissions produced on cultivated land by improving how water is managed on paddy fields and bettering how agricultural chemicals and fertilizer are distributed.

As an industry, agriculture is particularly susceptible to the physical effects of climate change. Drought, high temperatures, flooding, cold snaps—these and other examples of abnormal weather seen in recent years largely determine harvest yields. Even so, Kubota's farming management technologies—first and foremost in smart agriculture—support farm workers and will raise resilience toward climate change.

2 In the water infrastructure field:

We provide, among other things: hazard resilient, long-lasting cast iron pipes for water supplies; drainage pumps that minimize water flood damage during heavy rain; energy- and space-saving water-processing facilities; and solutions that enable operation of these items to be managed efficiently. By applying technologies that recover resources or energy from sewage or waste, we are taking on a challenge with three goals: decarbonization, greater resilience against natural disasters, and the achievement of a circular economy.

3 In the field of living environments:

We are contributing to future urban development by providing such advances as low-noise-output construction machinery with minimal turning circles, highly efficient air conditioners for zero net energy buildings (ZEB), and steel pipe piles that can help reduce construction times.

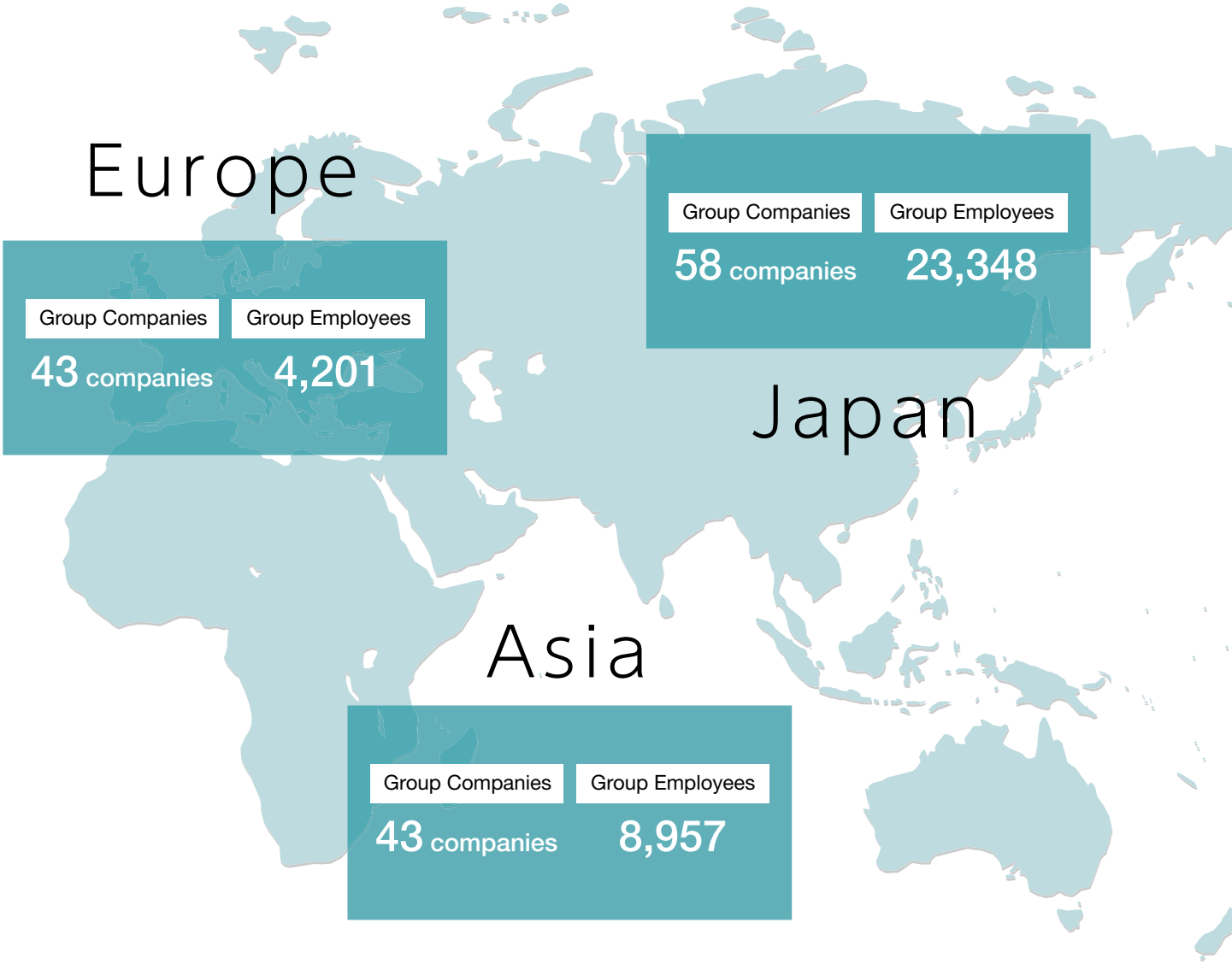
4 In manufacturing:

Even in our manufacturing, we are making progress with decarbonization, to the point where we have revised our 2030 target for CO_2 emissions in Scopes 1 and 2 to a 50% reduction from 2014 levels. We have also expanded the boundary of our target from purely sites in Japan to all sites worldwide, making this a Group-wide initiative.

We firmly believe that our initiatives to realize our Environmental Vision will lead to the resolution of social issues and a more sustainable world. By making full use of the technologies in our possession, we will continue to move forward—never backward—throughout our business' entire value chain.

The Kubota Group in Numbers

The global scale of the Kubota Group's development is the very footprint that Kubota has built over its history. The products developed, manufactured and sold by our global bases are in active use in countries and regions across the world.



Total tractor production volume

More than

5.1 million

units worldwide
(cumulative)

Kubota tractors are used in agricultural settings throughout the world, where they contribute to food production.

Total engine production volume

More than

30 million

units worldwide
(cumulative)

Kubota engines support global industry with characteristic high-efficiency, energy- and labor-saving performance.

Share of Thailand Tractor Market / Share of Asian Combine Harvester Market

No.1

Refined on the front lines of Japanese rice cultivation, Kubota agricultural machinery has an excellent reputation in Asia's leading rice producing countries.

Engine Line-up

Approximately

3,000 models

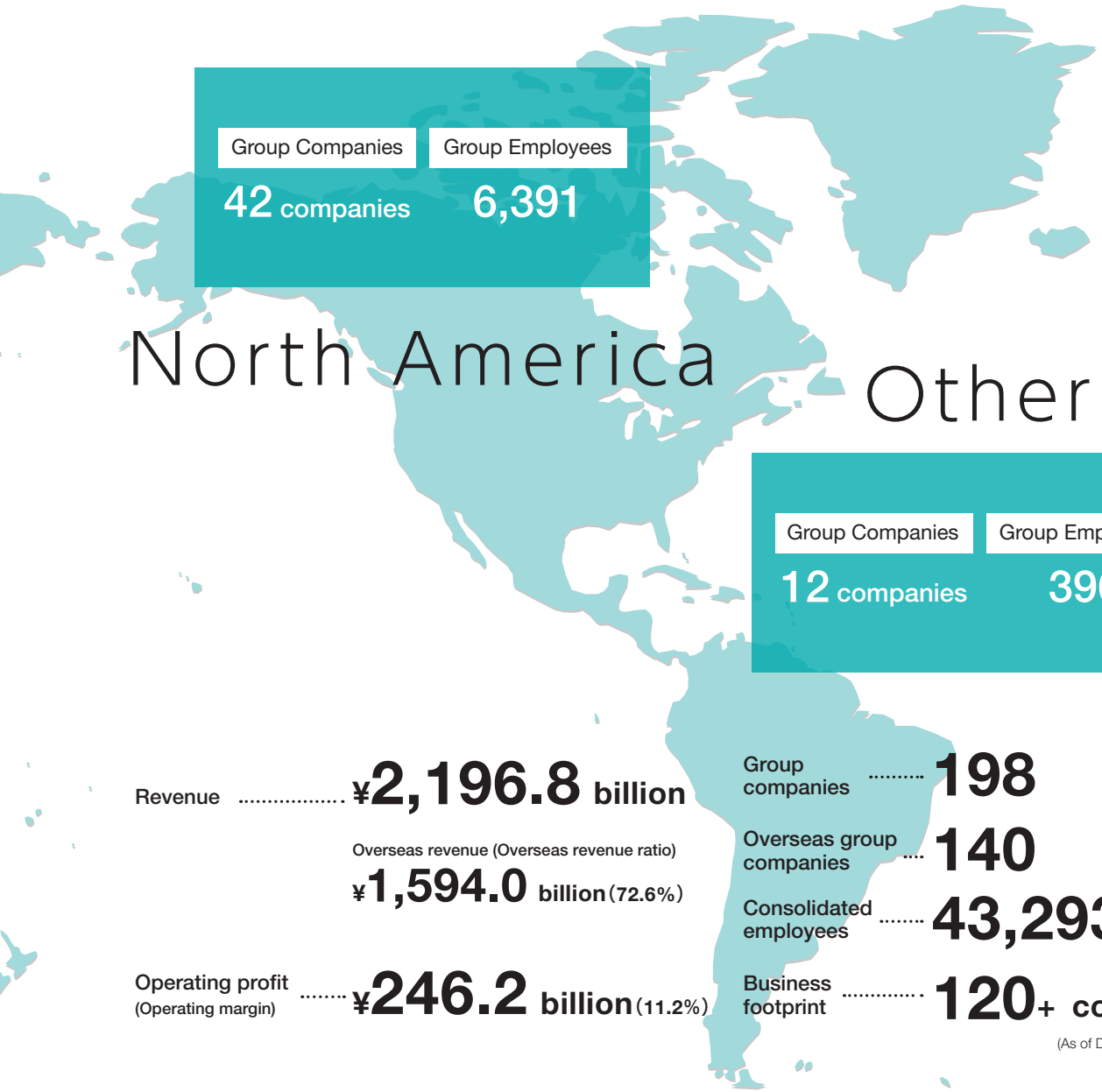
Kubota produces an abundant lineup of engines to meet every kind of customer need.

European Emissions Regulations

Stage V

compliant

Kubota has made engines that meet emissions regulations in countries around the world, including the most stringent—Europe's Stage V regulations. We support local industry while considering the environment.



North America

Group Companies	Group Employees
42 companies	6,391

Revenue ..... ¥2,196.8 billion

Overseas revenue (Overseas revenue ratio)
¥1,594.0 billion (72.6%)

Operating profit (Operating margin) ..... ¥246.2 billion (11.2%)

Other

Group Companies	Group Employees
12 companies	396

Group companies 198

Overseas group companies 140

Consolidated employees 43,293

Business footprint ..... 120+ countries

(As of December 31, 2021)

Sales Volume of Mini Excavators

Global No.1 for 20 consecutive years

Kubota pioneered the mini excavator, and has been quick to expand into overseas markets. These machines have earned high praise on building sites around the world.

* Since 2002, from "Off-highway research 2021."

Global Supply Record of Ductile Iron Pipes

Over **70 countries**

Kubota water pipes are world renowned for durability and performance. They are currently used in the water infrastructure of over 70 countries.

Submerged membrane unit deliveries

More than **6,600 worldwide**

Kubota's submerged membrane units—which decontaminate sewage and industrial wastewater—help solve wastewater treatment issues worldwide.

Adoption Rate of Kubota Facilities for High-purity Water Treatment Facilities in Japan

Approximately more than **80%**

* Based on activated charcoal-treated water volume

Products supported by Kubota's advanced water treatment technologies are used in many water purification facilities in Japan.

History of the Kubota Group

Kubota began its business by manufacturing and selling cast metal products. Since that time, Kubota has tackled the issues that have faced society in each age, pursuing the essence of manufacturing while endeavoring to resolve each one. Going forward, too, Kubota will work to protect our beautiful global environment and continue to support for prosperity in society and the cycle of nature.

Kubota's history of resolving social issues

Social issues

- Growing needs for mechanization with post-war food shortages
- Growing needs for mechanization suited to each country or region

Kubota initiatives

Developed the cultivator

Developed the tractor

Started manufacturing the original model of the modern rice transplanter

Started manufacturing tractors in the U.S.

Started the combine harvester business in China

1947 1960 1968 1989 1998

Social issues

- Growing needs for water and sewage infrastructure with the rapid spread of waterborne infectious diseases
- Growing needs for modern water and sewage infrastructure
- Worsened water pollution and other environmental damage caused by rapid economic growth

Kubota initiatives

Started manufacturing iron pipes for water supply

Began manufacturing pumps, as well as centrifugal casting pipes

Completed Japan's first overseas water pipe project in Cambodia

Entered the environmental improvement business (water supply, sewage, etc.)

Actively expanded the overseas business for submerged membrane unit

1893 1952 1960 1962 2001

Social issues

- Rise of heavy industry
- Increasing demand for better urban infrastructure

Kubota initiatives

Started manufacturing oil-based engines for agro-industrial purposes

Started manufacturing mini excavators

Started manufacturing compact construction machinery in Germany

Contributed to the construction of Tokyo's Aqua-Line with steel pipe piles and steel pipe sheet piles

1922 1974 1989

Kubota's Ideal Role

An "Essentials Innovator for Supporting Life," committed to a prosperous society and cycle of nature

Food

By making agriculture more efficient, we contribute to the abundant and stable production of food.

▶ Greater demand for food due to increased population in developing countries

▶ Greater demand for improved farming efficiency and labor savings due to the declining number of farmers

Established the first Japanese-owned tractor production plant in Thailand

Established a marketing base in Kenya to help mechanize agriculture

Established a dry-field farming tractor manufacturing company in France

Developed the KSAS cloud-based agricultural management support service using ICT and its compatible agricultural machinery

2009 2011 2014

Water

By developing water infrastructure, we contribute to reliable water supply and restration.

▶ Rise of natural disaster preparedness activities and climate change countermeasures

Installed earthquake-resistant ductile iron pipes for the first time in the U.S.

Constructed water treatment facilities in Myanmar

Developed the KSIS smart water infrastructure system using ICT

2012 2015 2017

Environment

By developing social infrastructure, we contribute to the creation and the preservation of comfortable living environments.

▶ Increasing environmental awareness and more stringent emissions regulations

Began operating intermediate treatment facility for industrial waste in Kagawa Prefecture

Became the first company in the world to meet stage 4 emissions regulations under the U.S. CARB system

Started selling commercial air humidifier-purifiers

2003 2011 2012

Social Issues in the Fields of Food, Water, and the Environment

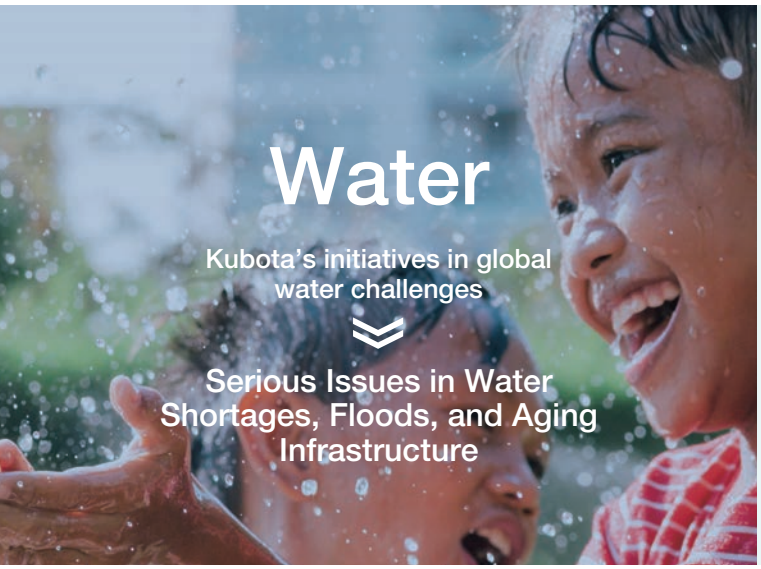
Since our founding, we have confronted the new social issues that have appeared in every age, discovering worksite needs in cooperation with stakeholders as we help to resolve those issues. Now, the world faces a number of issues in the fields of food, water, and the environment—fields that are indispensable parts of our lives. As a company that takes as its mission the resolution of social issues, we aim to help bring about a more sustainable society through our technologies and solutions.

Increasing Global Population and Demand for Food

The world's population is heading toward 10 billion. Concerns of a global food shortage

A United Nations forecast states that, while in 2019 the global population was 7.7 billion, it will likely rise to 9.7 billion by 2050, and 11.0 billion by 2100.*1 Due to this population increase and further economic growth, in 2050 global food demand is predicted to be 1.7 times greater than in 2010.*2 Another report estimates that 820 million people — about one person in nine globally — do not have enough food to eat.*3 One of the United Nations' Sustainable Development Goals (SDGs) calls for improved nutrition and the end to hunger throughout the world. This will require the promotion of sustainable agriculture on a global scale, with a reduction in food loss and waste.

*1. World Population Prospects 2019, United Nations
*2. Global Demand for Food in 2050 (September 2019), Japan's Ministry of Agriculture, Forestry and Fisheries
*3. 2019 - The State of Food Security and Nutrition in the World, Food and Agriculture Organization (FAO) of the United Nations



Not Enough Safe Water for the World's Population

One-third of us live without safe drinking water in the world

About one-third of the world's population — approximately 2.2 billion — does not have access to safe drinking water.*1 Global demand for water is forecast to increase an additional 55% between the year 2000 and 2050, as the population rises rapidly and economic growth continues.*2 In other words, the need for new infrastructure to supply water safely will keep growing worldwide.

*1. Progress on household drinking water, sanitation and hygiene 2000-2017: Special focus on inequalities, Joint Monitoring Programme (JMP) promoted by the United National Children's Fund (UNICEF) and the World Health Organization (WHO)
*2. OECD Environmental Outlook to 2050 (2012), Organisation for Economic Co-operation and Development (OECD)

Rapid Urbanization: A Global Issue

Rapid urbanization boosts demand for better social and industrial infrastructure

In 1950, the world's urban population was 751 million. Through natural increase and in-migration from farming villages, the number had soared to 4.2 billion by 2018. It is predicted to keep soaring, reaching 6.7 billion in 2050. Back in 1950, urban residents made up no more than 30% of total world population, whereas a hundred years later, in 2050, that ratio is predicted to reach 68%. Experts forecast that in 2030 our planet will have 43 megacities (cities with more than 10,000,000 people), with cities in developing regions responsible for almost all of the increase. The growing world population and in-migration into urban areas will boost metropolitan population density, making it imperative that social and industrial infrastructure be improved for people to live in security and comfort, while at the same time sustainable conditions preserve the global environment.

* World Population Prospects 2019, United Nations
* 2018 Revision of World Urbanization Prospects, United Nations
* The World's Cities in 2018, United Nations

Aging Farmers and Labor Shortage

A growing need for agricultural efficiency and higher productivity

Aging farming populations and labor shortages are worldwide issues in agriculture. In Japan, 2.60 million people were engaged in agriculture in 2010, but only 1.68 million in 2019.*1 Of the latter number, 1.18 million (about 70%) were age 65 or older.*1 The average age being 67.*1 The total number of people employed in agriculture is declining in many countries.*2 And yet, at the same time worldwide grain consumption is trending upward, due to a growing population in developing countries and rising income levels. Thus, with fewer workers and a greater need for more farmed land, the world is facing a growing demand for agricultural efficiency and better productivity.

*1. Employment in Agriculture, The World Bank (September 2019 data)
*2. Agricultural Labor Statistics, Japan's Ministry of Agriculture, Forestry and Fisheries (2019 data)

Global population

2019 **7.7 billion** » 2050 **9.7 billion** » 2100 **11.0 billion**

Total no. of agricultural workers in Japan

2010 **2.60 million** » 2019 **1.68 million**

1.18 million aged 65+ Average age: **67**

Obsolescence: A Threat to Water Infrastructure

Aging water supply, raising the risk of leakage and water damage grows

In developed countries, especially, aging of water infrastructure is a growing issue. Even in Japan, which enjoys a high water supply penetration rate of 98% (2017 statistic*1), most of them are pipelines laid during the country's period of high economic growth in 1950's and 1960's. This means that a growing percentage are surpassing their legislated 40 years of useful life. In North America and Europe, too, many water pipes are approaching their useful life, or are even older.*2 Aging water infrastructure runs the risk of leakage and associated problems; and the risk continues to grow. Tremendous damage may occur during an earthquake or other disaster, resulting in shutting down access to lifeline. As a safeguard, upgrades must be planned throughout the world.

*1. Water Main Key Statistics, Ministry of Health, Labour and Welfare
*2. 2017 Infrastructure Report Card, American Society of Civil Engineers

Global water demand forecasts

2000 ➡ **2050** Approx. **55%** increase (forecast)

Water pipelines beyond legal lifespan in Japan		Replaced water pipelines in Japan	
2006 **6%**	2016 **14.8%**	2006 **0.97%**	2016 **0.75%**

Water infrastructure deterioration problems will increase, particularly in developed countries

Heritage Cityscapes Conservation and Aging Challenges

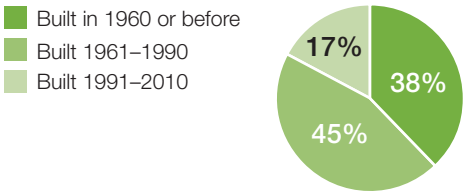
Historic cities require the replacement of obsolete infrastructure without damage to priceless heritage

Developed countries built and improved community infrastructure during periods of vigorous economic growth. But that infrastructure is becoming obsolete, requiring urgent remedial measures. Cities having a long and illustrious history, especially some in Europe with heritage cityscapes, need to revitalize their obsolete infrastructure, but at the same time they need to preserve buildings of historical and cultural value. The infrastructure crisscrosses urban areas, and in many places is located at narrow laneways. Construction in such places requires technology and machinery that can perform the work efficiently while taking extra care to prevent damage. Thus, the approach taken by ancient cities, as they aim for sustainability while preserving their heritage, needs to be different from that of large modern cities.

Growing world's urban population

1950 **751 million** » 2018 **4.2 billion** » 2050 Approx. **6.7 billion**

Age of buildings in Europe



Long-Term Vision “GMB2030”

The Kubota Group’s long-term goal is to realize Global Major Brand Kubota (GMB Kubota), by which we mean a company that can make the greatest contribution to society by earning the trust of the greatest number of customers, and achieve this by resolving social issues in the fields of food, water, and the environment. As we move toward a world in which it is normal to live a sustainable life, in order for the entire Group to share the direction that Kubota should take and accelerate efforts to realize these goals, we have formulated our Long-Term Vision “GMB2030” which looks ten years ahead.

Megatrends that attract Kubota’s attention

- Achieving both economic growth and resource recycling (Circular economy)
- Net zero greenhouse gas emissions (Carbon neutral)
- A society where the marginal cost of products is close to zero through recycling and sharing
- Formation of new small- and medium-sized community that is not obsessed only with global capitalism

Social issues in the three fields of food, water, and the environment

Kubota’s initiatives to the global food challenge

Forecasts Indicate Insufficient Food Resources and Fewer Agricultural Workers, Worldwide

Kubota’s initiatives in global water challenges

Serious Issues in Water Shortages, Floods, and Aging Infrastructure

Kubota’s initiatives to the global living environment challenges

Population Growth Spurs Urbanization, Raising Demand for Better Social and Industrial Infrastructure

Value we provide 3: Contributing to resolving social issues in a variety of communities

What

Business development Initiatives for New Solutions

Total solutions across all products,

- Solutions to enhance the productivity and safety of food
- Solutions to promote the circulation of water resources and waste

Expansion of existing

Expansion of more suitable businesses, products,

Value we provide 2: Realizing development of a sustainable society a circulation loop

- **Innovation** — Building a foundation to create innovation
- **Investment** — Investment to strengthen business structure
- **Global Management** — Global management and utilizing human resources

Improving streamlining

Business foundation to be

How

Philosophy

Spirit of the Founder

“For the prosperity of society, we need to put all of our efforts into creation.”
“Our products should not only be technically excellent, but also useful for the good of society.”

Founder: Gonshiro Kubota

Value we provide 1: Providing solutions to support infrastructure in the areas of food, water, and the environment

technologies and services

Solutions to improve urban and living environments

businesses

and services to the regional society

DX

Digital transformation

KPS

management efficiency by positioning of manufacturing at the core

ESG

Management based on comprehensive corporate value

strengthened

and

Our vision for the Kubota Group in 2030

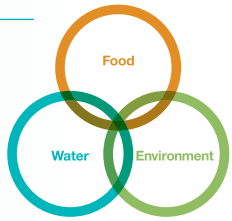
An "Essentials Innovator for Supporting Life," Committed to a Prosperous Society and Cycle of Nature

Realizing Global Major Brand Kubota

Kubota Global Identity

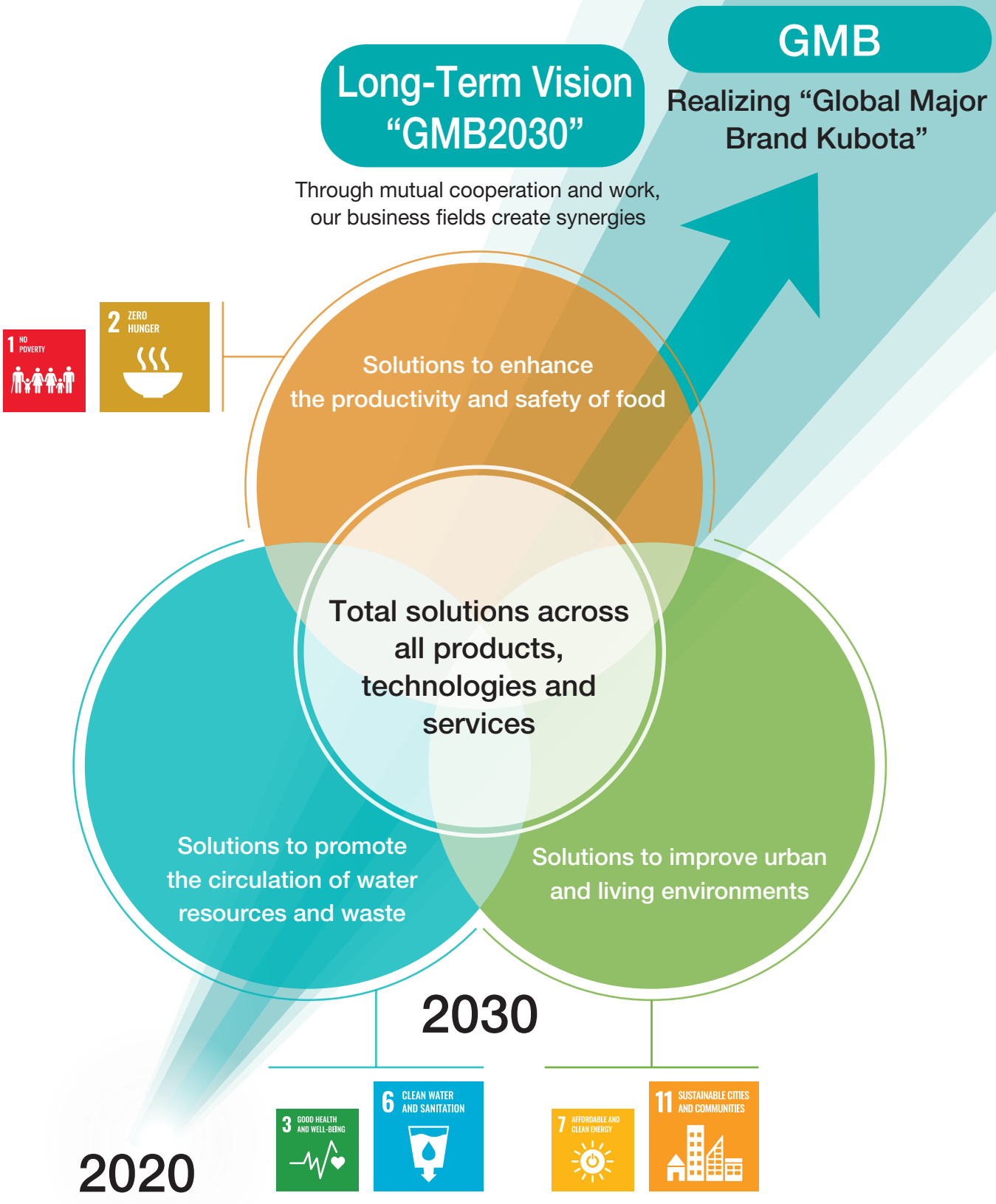
Mission

Food, water, and the environment are indispensable for human beings. The Kubota Group continues to support the future of the earth and humanity by contributing products that help the abundant and stable production of food, help supply and restore reliable water, and help create a comfortable living environment through its superior products, technologies, and services.



The Kubota Group's Total Solutions

By having each business field work together and cooperate with each other, we can create new value and offer total solutions in the fields of food, water, and the environment as a "One Kubota."



Business development Initiatives for new solutions

Solutions to enhance the productivity and safety of food

Global agriculture faces a range of issues, including food shortages and a shrinking farming population. To address these problems, we plan to develop autonomous and unmanned agricultural machinery as well as automated farm management system that utilizes AI to improve crop yields and quality, and so raise agricultural productivity. By collaborating with the agricultural sector as well as other industries, we will create an open agri-platform and provide solutions for the entire food value chain. We will help create agricultural industries that are all appropriate for their regions and their times.

Business development

- Yield expansion, crop quality improvement, and productivity improvement (e.g. advanced Smart Agriculture)
- Solving issues across the entire food value chain (e.g. construction of an open agri-platform)
- Production of next-generation crops

Solutions to promote the circulation of water resources and waste

Through the purification of domestic wastewater and sewage, we are improving water quality and reducing pollution caused by processes that are a part of economic development. We are also helping to recycle water resources through products and services that use water reclamation technologies. In line with efforts toward a circular economy where waste from economic activities becomes a resource, we will build a total solution for resource recovery and reproduction based on the recovery technology of phosphorus or valuable metals, combined with other companies' technologies.

Business development

- Reduction of environmental impact from social and industrial activities
- Purification and reuse of domestic wastewater and sewage
- Zero landfill waste and resource recovery from waste (e.g. provision of resource recovery solutions)
- Establishment of an eco-system for CO_2 reduction

Solutions to improve urban and living environments

In developed countries in particular, responding to the aging of water supply and sewage treatment facilities, personnel shortages, and preparedness for natural disasters are urgent issues. As a water specialist that has continued to refine its skills for more than 130 years, we put in place efficient facility management platforms that allow remote observation, diagnosis, and control of water environment equipment using IoT-linked systems. Also, by providing products and services that are resilient to earthquakes and other disasters, we are contributing to safe, secure, and sustainable infrastructure.

Business development

- Improving the efficiency of urban social infrastructure management (e.g. building a water and environment platform)
- Creation of higher quality, more comfortable and safer living spaces

Materiality That We Take as Key Management Issues

To accelerate the achievement of our Long-Term Vision "GMB2030," we have identified four areas we wish to focus on, and have broken these down into 12 points of materiality that consider the demands of society and our stakeholders, as well as our goals and management direction. Going forward, each materiality will have key performance indicators (KPIs) set, and through disclosure and dialogue we will earn stakeholders' understanding and empathy.

Established the ESG Management Strategy Meeting and the ESG Promotion Department under the direct control of the President	Identified twelves points of materiality in four areas	Set KPIs for each materiality, and by presenting and discussing this with stakeholders, have gained their understanding and empathy

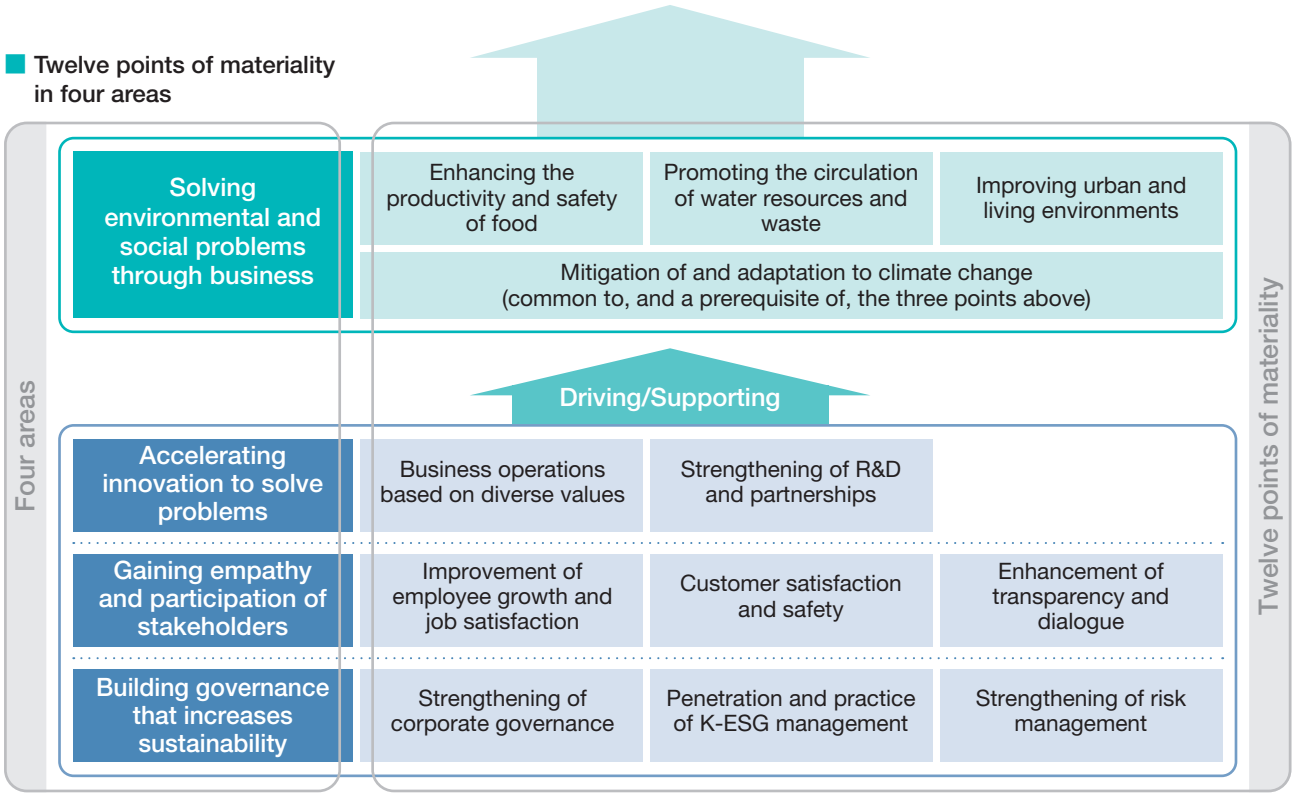
■ Long-Term Vision

Long-Term Vision "GMB2030"

An "Essentials Innovator for Supporting Life,"

Committed to a Prosperous Society and Cycle of Nature

■ Twelve points of materiality in four areas



Materiality investigation process

Established the ESG Management Strategy Meeting and the ESG Promotion Department under the direct control of the President	Major departments in each field considered materiality, indicators, and numerical targets	During exchanges with investors and shareholders, we provided explanations and received feedback and evaluations	At the ESG Management Strategy Meeting, we reviewed the results and revised them at a company-wide level	Decisions are made by the Board of Directors

Indicators related to what we hope to achieve (solving environmental and social problems through business)

Materiality		Meaning	Indicators
Solving environmental and social problems through business	**Enhancing the productivity and safety of food**	Create value by developing sustainable agriculture and constructing a food value chain, by using smart agriculture and new solutions	• Progress of smart agriculture and other new solutions • Status of smartification and application of autonomous technologies
	Promoting the circulation of water resources and waste	Create value by bringing about a recycling-oriented society and a natural recycling loop, by using resource recovery and new solutions	• Progress of resource recovery and other new solutions • Status of resource recovery technologies
	Improving urban and living environments	Create value by improving sustainable urban and living environments, by using water environment platforms and new solutions	• Progress of water environment platform and other new solutions
	Mitigation of and adaptation to climate change	Help reduce society's greenhouse gas emissions overall, through our business activities (products and services) and through new technologies and solutions	• Emissions in Scopes 1, 2, and 3 • Status of decarbonization efforts

Indicators for how we hope to achieve our goals

Materiality		Indicators	What the indicators represent
Innovation	**Business operations based on diverse values**	• Proportion of female and foreign employees at Executive Officer level or above • Proportion of female managers	Whether, or not, there is diversity among managing executives
			Whether, or not, there is diversity among managers and the next generation of managing executives
	Strengthening of R&D and partnerships	• Patent Asset Index (total value of patent portfolio)	Whether, or not, we have a high level of R&D capabilities and strength in innovation
Stakeholders	**Improvement of employee growth and job satisfaction**	• Employee engagement score • DX personnel	Achievement, or not, of an environment where employees can fulfill their maximum potential
			Presence, or lack, of DX-related capabilities, a common theme in our Mid-Term Business Plan 2025
	Customer satisfaction and safety	• Customer/dealer satisfaction	Achievement, or not, of customer trust
	Enhancement of transparency and dialogue	• Evaluation level from outside evaluators • Participation in social contribution activities	Whether, or not, there is a high degree of transparency in our business management, when looked at objectively
			Whether, or not, we are giving due consideration and responding to non-business-related regional issues
Governance	**Strengthening of corporate governance**	• Evaluation level for the effectiveness of the Board of Directors	Whether, or not, the executive side is acting to ensure the Board of Directors fulfills its roles and functions
	Penetration and practice of K-ESG management	• Permeation of K-ESG management	Whether, or not, the way of thinking behind K-ESG management, the ethical and behavioral model to achieve the goals of the Long-Term Vision "GMB2030," has taken root
	Strengthening of risk management	• Response to human rights due diligence	Whether, or not, human rights risks in the supply chain are minimized

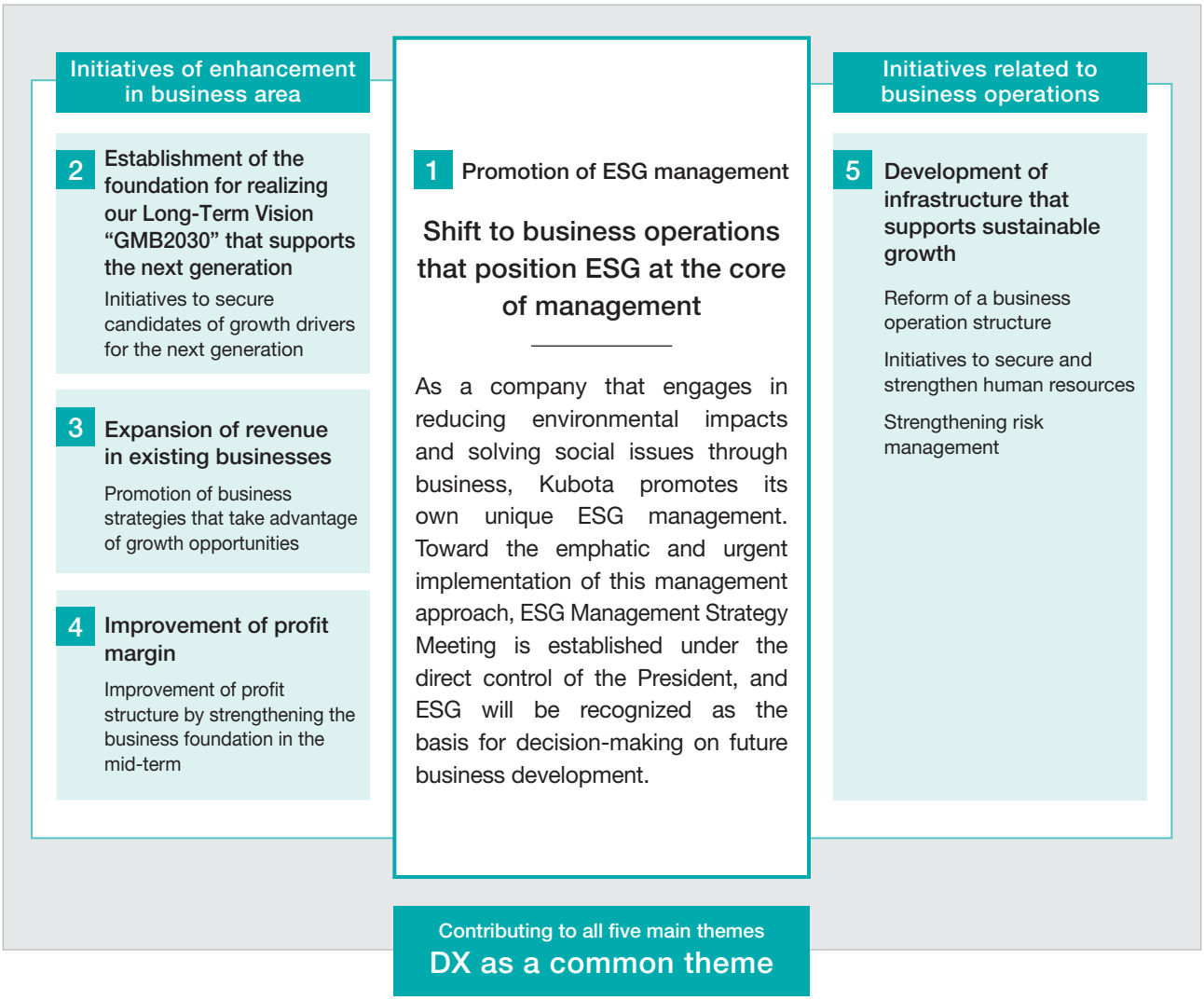
Mid-Term Business Plan 2025

With the aim of becoming an “Essentials Innovator for Supporting Life,” committed to a prosperous society and cycle of nature—as outlined in our Long-Term Vision “GMB2030”—we formulated Mid-Term Business Plan 2025 and have been working since 2021 to that end. We plan to promote our five main themes and DX as a common theme, and develop business operations that position ESG at the core of management.

Outline of Mid-Term Business Plan 2025

We have selected the five years that Mid-Term Business Plan 2025 covers as a period in which we will complete the foundations from which we can achieve the goals of our Long-Term Vision “GMB2030.” The plan was then created by working backwards from our ideal for 2025.

The plan aims to both make new investments and improve profitability by having ESG perspectives at the heart of our decision-making processes, and expanding sales and raising profit margins in existing businesses. Looking to the next generation, we will invest our management resources proactively and systematically in an organized manner.



1 Promotion of ESG management

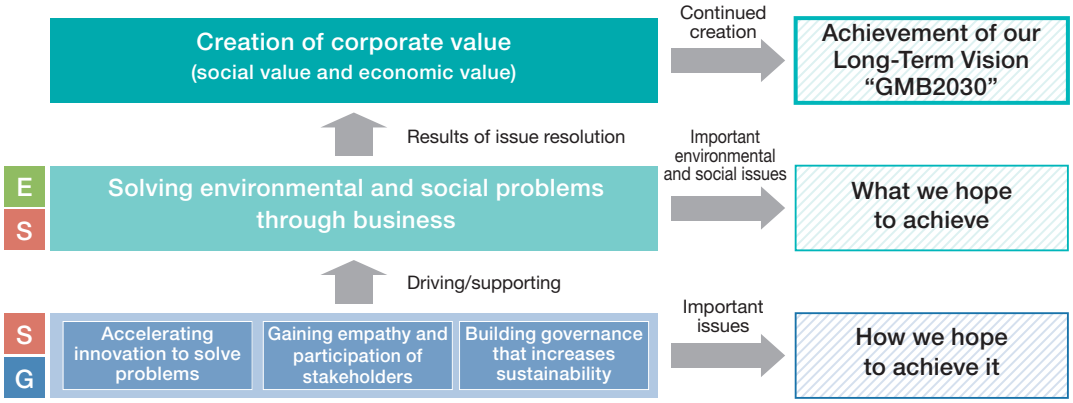
Shift to business operations that position ESG at the core of management

Due to changes in values resulting from the growing severity and complexity of environmental and social issues, customer needs and investment have converged toward the resolution of the problems facing society. Kubota sees this situation as a chance to leap forward and aims to develop its traditional CSR management—which focused on fulfilling social responsibility—into our unique K-ESG management founded on its corporate principles, the Kubota Global Identity. By doing so, Kubota aims for sustainable corporate management.

Fundamental ESG management policy—the Kubota Group's unique ESG measure, K-ESG management

We believe that we can create corporate value—that incorporates both social and economic value—by resolving environmental and social issues through our business activities.

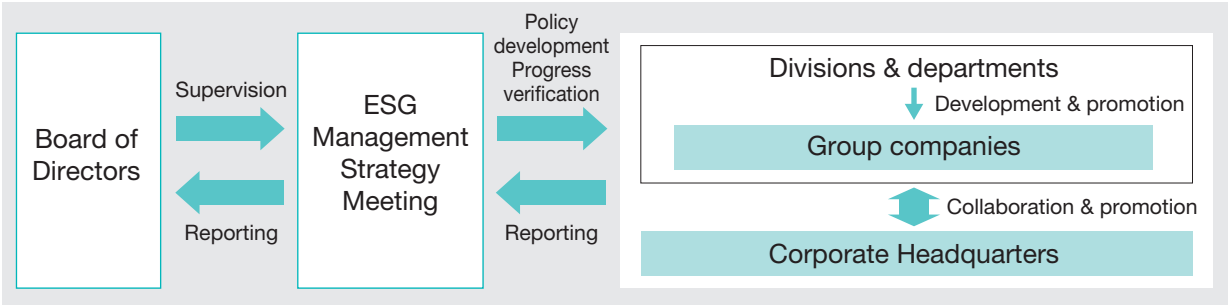
To that end, we aim to achieve the goals of our Long-Term Vision "GMB2030" by focusing on points of materiality such as acceleration of innovation, stakeholder empathy and participation, and governance that increases sustainability.



ESG management promotion framework

To promote K-ESG management, we established the ESG Management Strategy Meeting and the ESG Promotion Department under the direct control of the President.

These bodies are placed to determine the Group's important management policies, and ESG will be recognized as the basis for decision making on future business development. We will set KPIs for each materiality and promote them while gaining understanding and empathy through disclosure and dialogue with stakeholders.



Initiatives and progress

Environment: We established our Environmental Vision, which looks to 2050, and are now pushing forward in the field systematically.

Society: We are working not only from the perspective of stakeholders, but also to improve employee growth and motivation in particular by introducing human resource training measures and diverse ways of working. We are moving ahead with the construction of relationships that will help us gain the empathy and participation of all stakeholders.

Governance: In addition to promoting diversity among the managing executives, we are working to strengthen our governance, such as by including elements of ESG in executive officers' evaluations.

Category		Progress
E	Environment	• Set our Environmental Vision • Established the Carbon Neutral Promotion Department • Promoted conversion of cupola furnaces to electric furnaces • Selected as a company to take on the Zero Emissions Challenge • Promoted compliance with TCFD recommendations
S	Society & Stakeholders	• Implemented measures to improve employee growth and job satisfaction (by promoting workstyle reforms, strengthening human resource training, etc.) • Strengthened partnerships with society (industrial-academic collaboration with the University of Tokyo, agricultural studies at Hokkaido Ballpark, and support for new farmers)
G	Governance	• Advanced diversity (in terms of gender and nationality) among the managing executives. • Recruited presidents of overseas subsidiaries from the local area • Spread management policies through dialogue between the managing executives and other employees • Added ESG elements to the list of factors that executive officers are evaluated on • Improved the effectiveness of the Board of Directors through evaluation questionnaires

2 Establishment of the foundation for realizing our Long-Term Vision “GMB2030” that supports the next generation

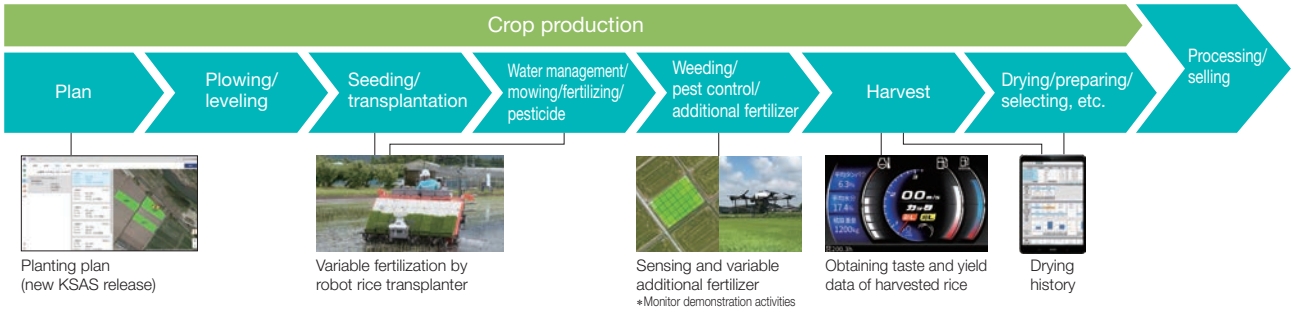
Solutions to enhance the productivity and safety of food—Toward the realization of Smart Agriculture

Using solutions that will help to enhance food productivity and safety, we are promoting initiatives to realize smart agriculture.

The first such initiative, as a way to expand and evolve the Kubota Smart Agri System (KSAS), is to expand solutions in each of the processes involved in crop production while making it open source by linking to systems and applications provided by other companies.

The second is the setting of our Grand Design—which clarifies our targets for each of our key regions: Japan, Europe and North America, and ASEAN.

Expansion and evolution of KSAS

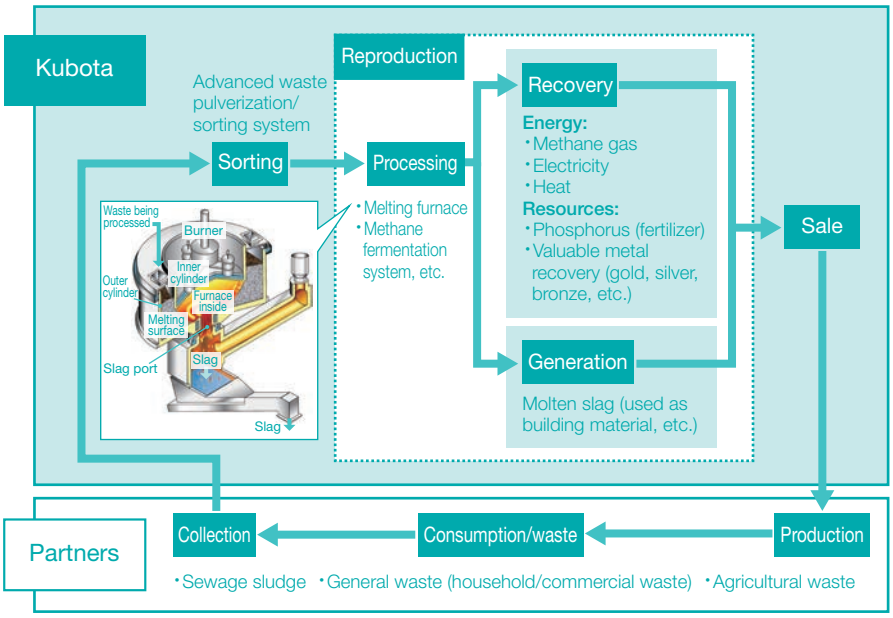


Solutions to promote the circulation of water resources and waste—Constructing a resource recycling business model

Using solutions that encourage the recycling of water resources and waste, we are promoting initiatives that aim to build a business model focused on resource recycling.

As well as investing in Ichikawa Kankyo Holdings, which is at the cutting edge of the resource recycling field, we have launched projects that look to combine their resources and expertise with our technologies.

We also began efforts aimed at the effective use of organic agricultural waste, an obstacle to carbon neutrality.



3 Improvement of revenue in existing businesses

Status-analysis and basis strategies

Analyze the current situation, and then deepen our existing businesses.

Deepening existing businesses

■ Expanding product lineup ■ Expanding business through taking advantage of increasing demand for mechanization
■ Expanding after-sales business by utilizing abundant operating machineries
■ Expanding business related to renewal, maintenance and management of aging infrastructure
■ Development of sales networks mainly in emerging countries ■ Strengthening measures for crops other than rice

Putting in place and promoting growth drivers

The following businesses are positioned as growth drivers for the next five years.

North America Construction Machinery Business

Aiming for a significant increase in market share by expanding product lineup and locally integrated operations of development, production, and sales

We are constructing a local development framework with the establishment of CE Engineering Dept. North America

- We will develop new compact track loader (CTL) models
- We will develop implements for these (smart attachments)
- We will commence CTL production in North America, working toward mass production in the autumn of 2022

ASEAN Farm & Industrial Machinery Business

Aiming for a further increase in sales of farm equipment and construction machinery along with urbanization

- We will develop a variety of implements, particularly for dry-field farming use
- We will launch 3-metric-ton mini excavators that meet needs in Thailand
- We will strengthen cooperation between R&D, manufacturing and sales, and Kubota Farm (demonstration and training)

Farm & Industrial Machinery After-market Business

Aiming to expand “after-sales business” by utilizing abundant operating machineries on a global level

- We will widen commercial product lineups through alliances with aftermarket companies in Japan and Europe
- We will start demonstration testing in Japan of operational data aggregation using construction machinery telematics
- We will complete the European Central Parts Center in 2022 (establishment of 3 pillars for repair parts supply, Japan, North America, and Europe)

Water & Environmental Solutions Business

Along with the labor shortages in local governments and aging infrastructure, aiming to shift from equipment sales-oriented business to O&M- and solution-oriented business by utilizing IoT and other technologies

- We will strengthen the business framework, centered on the Water & Environmental Solutions Developing and Sales Department
- We will expand environmental O&M (Operation & Maintenance) and pipeline solutions businesses
- We will utilize IoT technologies such as those used in the automatic control of paddy water levels via KSIS and WATARAS

Farm & Industrial Machinery Expansion of our business in India and new entry into the basic machinery market

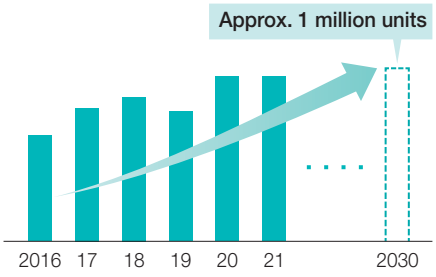
Leveraging synergies with Escorts, aiming to increase market share in India, which is the largest tractor market in the world, and expand business globally by exporting basic machinery

Business expansion policies

- Increase share of the tractor market in India
- Expand exports of basic machinery
- Assess viability of development and manufacture of products aimed at the basic machinery market in India (including combine harvesters and construction machinery)

R&D	• We will combine Escorts’ frugal engineering philosophy with Kubota’s technologies • We will promote the development of Kubota products using Escorts’ R&D resources
Manufacturing & procurement	• We will introduce the Kubota Production System (KPS) to improve the level of manufacturing • We will make wide use of low-cost, high-quality parts by utilizing India’s procurement network and also supply these to other Kubota manufacturing sites
Sales	• We will enhance our market coverage ratio by effectively combining mutual sales networks and product lineups

Indian tractor market



4 Improvement of profit margin

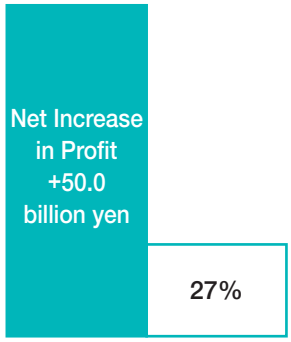
Improvement of profit structure by strengthening the business foundation in the mid-term

- Kubota aims to generate a net increase in profit of 50.0 billion yen (compared to FY2019) in 2025 and both secure investment resources and improve profitability
- We expect to see steady progress of growth in profitable fields due to expansion in overseas repair parts business
- Kubota is also working on other measures. The effects will become apparent in the latter half of Mid-Term Business Plan.

1 **Steady growth in profitable businesses**
(Expanding repair parts business and O&M business)

2 **Establishment of a profitable structure**
(Reduction of material, logistics, and fixed costs; promotion of investment effects; etc.)

3 **Streamlining business operations thoroughly**
(Improvement of productivity via fundamental reform of operations through DX, etc.)



5 Development of infrastructure that supports sustainable growth

Reform of the business management system —Transforming our operational structure in response to globalization

- We will promote local production for local consumption at production sites
- We will consider two-site production from the viewpoint of risk management
- We will enhance our consolidated performance management reports

Initiatives to secure and strengthen human resources —Aiming to strengthen human resources who support sustainable growth

- We will strengthen human resources by expanding employment of new graduates and mid-career hires
- We will promote the right person to the right place by expanding employment fields for each job type
- We will improve employee skills through on-demand education and business skills training
- We will start the development of human resources who can lead the DX

Strengthening risk management —Aiming to develop and expand an organization that can develop countermeasures more actively in response to various risks

BCP
- We are implementing disaster countermeasure projects
- We have formulated a draft policy aimed at stabilizing procurement (ensuring inventory in the short term, and procuring from multiple countries and suppliers in the mid- to long-term)

Compliance
- We will shift our risk management approach from being rules-based to being risk-based
- We will promote risk diversification through risk financing

Cybersecurity
- We will strengthen security measures at the global level
- We will enhance global security governance by building regional IT control structures

Common themes DX promotion

Innovation in products, services, and production sites
- We will diagnose ductile iron pipes using AI
- We will identify areas that require repair services early using AI data analysis of defect information
- We will enhance communication with customers using customer management systems
- We will start using AI image inspection in the manufacturing inspection process
- We will digitalize skills at production sites by analyzing workers' perspectives
- We will manage vehicles using construction machinery telematics

Innovation in business processes
- We will reduce office work and improve its efficiency through process automation
- We will accelerate data utilization across departments, such as quality assurance, procurement, services, and logistics, through DX platforms

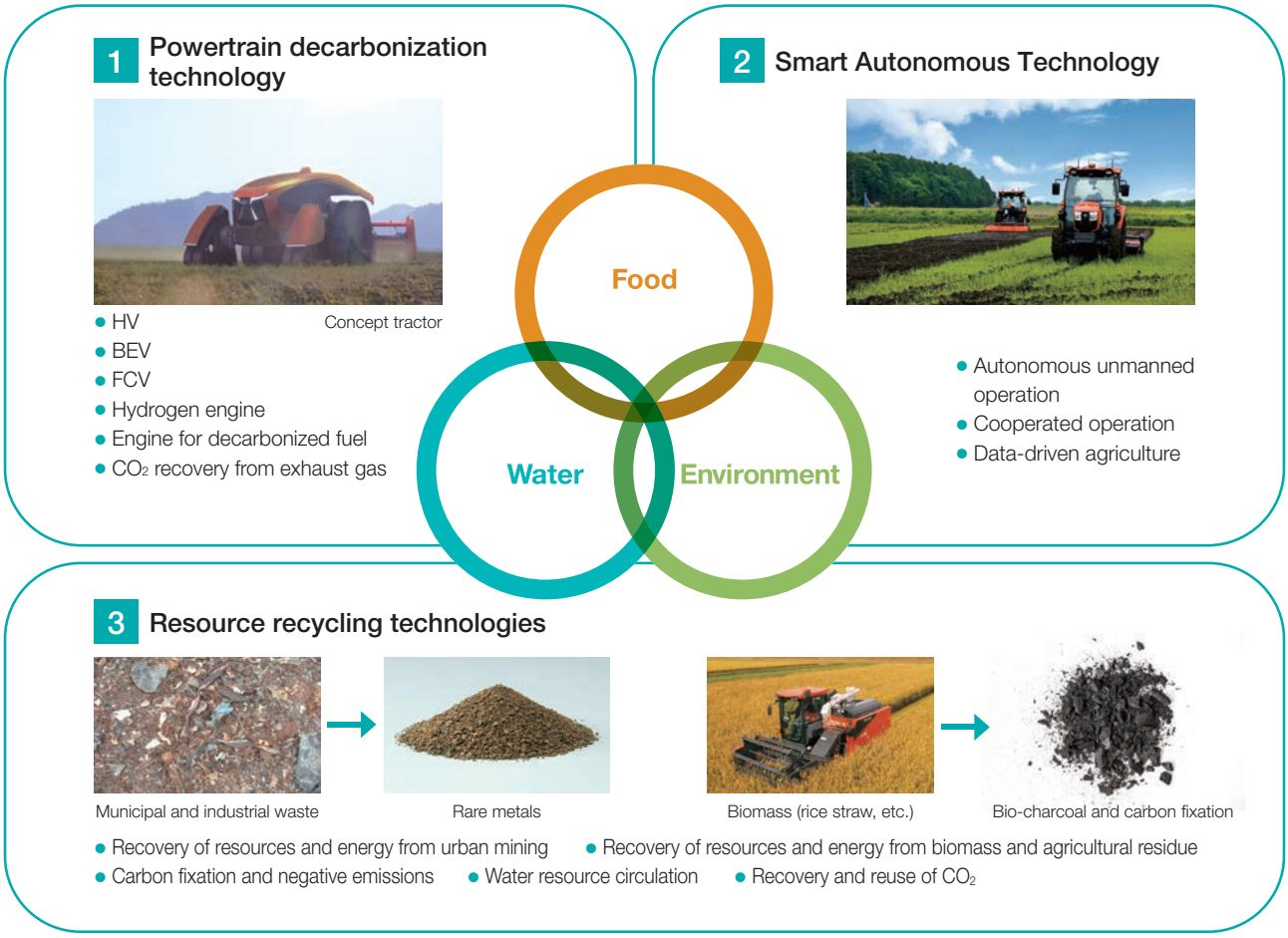
Innovation in communications and collaborations
- We will promote communication with external parties using video (online events, etc.)
- We will enhance interdepartmental communication through in-house social media and two-way communication between the executive team and other employees

Accelerating R&D in response to changes in the business environment

Around the world, efforts to achieve carbon neutrality are picking up pace but this will require us to make a variety of technical developments. It is no exaggeration to say that these developments and the outcome of these efforts will determine the position the company finds itself in five or ten years' time. With this attitude in mind, we wish to bolster and accelerate our research and development in important fields related to making society carbon neutral. That is why, in addition to the 400 billion yen budgeted for R&D in our Mid-Term Business Plan 2025, we have decided to invest an additional 100 billion yen by 2025.

Three R&D Acceleration Fields—Focusing on making society carbon neutral

As our agricultural and construction machinery is fitted with diesel engines, CO_2 emissions increase as our business grows. That is why we believe we must take a two-pronged approach to grow the business at the same time as contributing to carbon neutrality. By developing next-generation power sources, we can reduce emissions throughout the entire value chain. Equally, by creating new solutions, we aim to both reduce CO_2 emissions from the atmosphere and achieve negative emissions.



We will push to accelerate research and development in three key fields to achieve business growth, contribute to carbon neutrality efforts, and reduce agriculture-related greenhouse gas emissions.

The first is the development of carbon-free powertrain technologies. We are working toward this and deepening our cooperation with universities, local authorities, startups, and other bodies outside the company. The second is the promotion of smart agriculture through smart and autonomous technologies. This will contribute to resource and energy conservation and emissions reductions through water management and refined farming methods. The third is the development of resource recycling technologies. The recovery of resources and energy from urban mining, biomass, and agricultural residue can lead to the resolution of issues that draw global attention such as the disposal of municipal and industrial waste. Carbon fixation in the agricultural sector and water management for rice paddies will also make it possible to create environments that are more resilient against flooding and water damage.

To further hasten these research and development areas that seek to make society carbon neutral, we will invest additional funds and work with the entire Group pulling in the same direction.

Message from the Executive Vice President

We will make upfront investments while also maintaining and enhancing the soundness of our finances.

Masato Yoshikawa

Executive Vice President and Representative Director,
Kubota Corporation

An extremely healthy financial structure—Virtually debt-free operations

Ours is a manufacturing business whose main business domains are Farm & Industrial Machinery and Water & Environment. As a way of maintaining sales growth in Farm & Industrial Machinery, though, we are expanding our retail financing business —which deals with the customers who buy our products—to North America, Thailand, and other key regions. Year after year, the retail financing business has grown alongside the expansion of our Farm & Industrial Machinery business and by the end of 2021 it had a finance receivables balance of around 1,400 billion yen (37% of total assets at the time). The interest-bearing debt balance on the capital needed to supply those funds is approximately 1,100 billion yen. As a result, our financial structure is different from that of a normal company that runs a manufacturing business; in fact we have a hybrid manufacturing-financing business. Our retail financing business is able to take advantage of the special characteristics of our loan claims—our customers tend to be highly trustworthy with few cases of bankruptcy, and contracted loan amounts are small with bonds well dispersed—and follows a policy of finance procurement that focus on turning loan claims into securities. In this way, we are pursuing financial self-sufficiency. If we exclude credits and liabilities associated with this self-sufficient retail financing business and look at the ordinary manufacturing business alone, we had achieved virtually debt-free operations until the end of 2021. I feel that we can say, without fear of contradiction, that this extremely healthy financial structure will be able to support sufficiently our future business growth.

Moreover, we are paying attention to our return on invested capital (ROIC), an important financial indicator, and aiming to

use the capital we invest in business activities effectively so we can achieve greater profits. We are aware that the retail financing business is an important aspect of our business, and we will manage ROIC as an integrated index that combines the manufacturing industry and the retail financing business. In the future, we predict that as the machinery business grows, the finance receivables balance for the retail financing business—which has a lower ROIC than the Farm & Industrial Machinery business—will increase, but we will maintain an appropriate level of ROIC for the company as a whole.

Making upfront investments while also maintaining and enhancing our performance and financial soundness for sustainable business

In Mid-Term Business Plan 2025, we put forward how we will actively make necessary upfront investments. Global efforts to become carbon neutral are gathering speed, and the development of various technologies, such as carbon-free powertrain technologies, has become necessary to drive the shift to carbon neutrality. We also aim, as we describe in the Long-Term Vision "GMB2030," to become an "Essentials Innovator for Supporting Life," committed to a prosperous society and cycle of nature, and so we are working to develop technologies related to smart agriculture and resource recycling. In addition to research and development that focuses on the next five or ten years in these fields, we are investing funds in areas such as DX and in state-of-the-art equipment to propel future business growth. At the same time, though, we will keep a watchful eye on our efforts to maintain and improve our performance and financial soundness. To ensure that upfront investment does not lead to an increase in expenses and impact performance, we have been strengthening our business foundations to raise our profit margin. These efforts not have just been about lowering costs, but also have included a steady recovery in the effectiveness of investments, a thorough efficiency improvement of business operations, and fundamental enhancements to operational productivity through the application of DX technologies. Equally, as I mentioned earlier, while we have secured sufficient financial reserves, we will carefully consider cash flows and ensure financial discipline so that our upfront investment does not increase our debt burden or affect our financial base.

To simultaneously secure positive performance and financial soundness will also require further growth in our existing businesses. Our Farm & Industrial Machinery business has a great deal of hidden potential in areas such as our North American construction machinery business, our agricultural and construction machinery businesses in the ASEAN region, and our Indian tractor business. In Water & Environment, too, we can make reforms to become a more stable, sufficiently profitable business by rebuilding our product and business portfolio. As something that is common to both Farm & Industrial Machinery and Water & Environment, we can make full use of digital technologies to strengthen the aftermarket business, an area forecast to be highly profitable. These initiatives in existing businesses will enable us to further strengthen our business foundation and enhance profitability, further ensuring that upfront investment is compatible with maintenance and improvement of business performance, and financial soundness.

Stable dividend increases will raise our shareholder return ratio

We believe that shareholder return is our way of giving back to our shareholders—a vital type of stakeholder—for their engagement with our business; participation is of course a form of risk taking for them. As such, we pay close attention to our shareholder return ratio, which includes dividends and also the acquisition or retirement of treasury stock, and this is something we aim to improve.

As a company, we will continue to push forward with medium- and long-term initiatives to resolve the many and varied issues that face society. Therefore, I hope that our shareholders too will be a part of this endeavor by engaging with our business in the long term, in the form of holding our shares. For this engagement, shareholders should enjoy an appropriate return, and to that end we need to steadily improve our performance over the medium to long term. By implementing a variety of measures, including necessary investments, we will increase our capital, the underlying resource of shareholder returns. Alongside this, to encourage shareholders to hold on to their shares in the long term, and for their peace of mind, we will forge ahead with policies that aim to sustainably raise dividends and shareholder return ratio over the medium and long term, without yearly fluctuation.

I hope that we can continue to count on the support and understanding of all of our stakeholders.

Financial Strategy—Current management situation and future financial forecasts

Here we provide a review of the management situation for fiscal 2021 and overall performance and the strategies we will employ to achieve our financial targets from Mid-Term Business Plan 2025. In fiscal 2022 financial forecasts, we plan to implement proactive upfront investments aimed at firmly cementing a future foothold toward our Long-Term Vision “GMB2030” and propelling the business forward.

Financial targets for 2025	Revenue	Operating profit	Free cash flow	ROE
	¥2,300.0 billion	¥300.0 billion	Cumulative total of 5 years: 2021–2025 ¥280.0 billion	Over 10% for 2021–2024 Over 11%

Review of fiscal 2021 in Mid-Term Business Plan 2025

In fiscal 2021, our overall revenue reached a historical high, exceeding 2,000 billion yen for the first time ever. While sales in Water & Environment and Other actually decreased, sales in Farm & Industrial Machinery increased dramatically due to a number of factors: a recovery in demand after a downturn that followed a surge in sales before the consumption tax increase in Japan in the previous year; an increase in North America due to the boom in moving to the suburbs; a recovery in Europe from the effects of the pandemic; and stable weather in Asia outside Japan.

On the profit front, while the price of steel and other raw materials and logistics costs soared, we achieved record high profits due to the effect of increased sales.

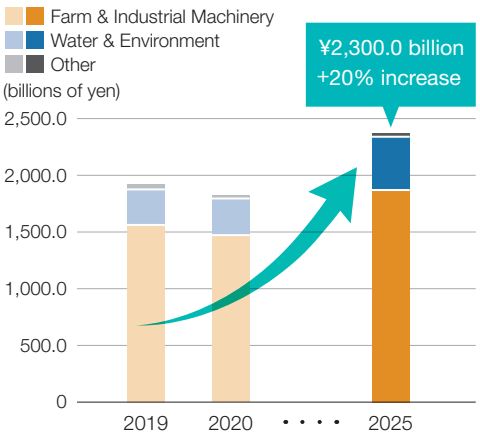
ROE rose 2.3 percentage points from the previous fiscal year to reach 11.1%.

Mid-Term Business Plan 2025 financial targets (PL) and FY2021 results

(billions of yen)

	FY2021 (Actual)	FY2022 (Forecast)	FY2025 (Target)
Revenue	2,196.8	2,450.0	2,300.0
Farm & Industrial Machinery	1,864.8	2,080.0	1,870.0
Water & Environment	305.4	340.0	400.0
Other	26.6	30.0	30.0
Operating profit	11.2% 246.2	10.2% 250.0	13.0% 300.0

Revenue target



Mid-Term Business Plan 2025 financial targets (Other) and FY2021 results

	2021 (Actual)	2021– 2025 (Target)
ROE	11.1%	Maintain over 10% / over 11% in 2025
Shareholder return ratio	40.3%	Set the mid-term target of over 40%, and aim at 50%
Operating cash flow	92.5 billion yen	880.0 billion yen (cumulative total of 5 years)
Free cash flow	–33.2 billion yen	280.0 billion yen (cumulative total of 5 years)

FY2022 financial forecasts (as of publishing, February 14, 2022)

We predict that sales will increase by 253.2 billion yen to total 2,450 billion yen, replacing our current historical high. Operating profit is forecast to increase by 3.8 billion yen to 250 billion yen. Profit attributable to owners of the parent will increase by 2.4 billion yen to 178 billion yen.

These figures do not include data for Escorts.

(billions of yen)

		FY2022 (Forecast)		FY2021 (Actual)		Increase/decrease	
						Amount	%
Revenue		2,450.0		2,196.8		+253.2	+11.5
	Japan	645.0		602.8		+42.2	+7.0
	Overseas	1,805.0		1,594.0		+211.0	+13.2
Operating profit		10.2%	250.0	11.2%	246.2	+3.8	+1.5
Profit before income taxes		10.3%	253.0	11.5%	252.6	+0.4	+0.2
Profit attributable to owners of the parent		7.3%	178.0	8.0%	175.6	+2.4	+1.3

Operating profit forecasts

Operating profit is predicted to increase by 3.8 billion yen to total 250 billion yen. 21 billion yen of that increase will be due to the effects of foreign exchange fluctuations, while 8 billion yen decrease will be caused by worse foreign exchange gains/losses.

In terms of raw material prices, increased prices for steel and other materials will cause profit to drop by 53 billion yen in Farm & Industrial Machinery, while in Water & Environment, steel scrap and coil price increases account for a profit decrease of 16 billion yen. Therefore, raw material prices will account for a drop in profits of 69 billion yen in total.

For incentive rate fluctuations, interest rates are predicted to increase gradually, particularly in the US, which will cause profit to decrease by 7.8 billion yen, while increased sales profits will cause profit to increase by 46 billion yen. We will increase product prices substantially in order to cover soaring raw material prices and logistics costs. The remaining 54.4 billion yen of profit decreases is accounted for by other factors. Its main elements include the worsening logistics situation, increased R&D expenses to accelerate R&D efforts, increased depreciation and amortization due to increased capital expenditures, and higher personnel expenses.

(billions of yen)

	FY2022 (Forecast)		FY2021 (Actual)		Increase/decrease	
	Amount	%	Amount	%	Amount	%
Operating profit	250.0	10.2	246.2	11.2	+3.8	+1.5

Major cause for the increase (+3.8 billion yen) in operating profit

1	Foreign exchange fluctuations	US dollar: from 110 yen to 114* Euro: from 130 yen to 128* Other	+25.0 billion yen −1.0 billion yen −3.0 billion yen	+21.0 billion yen
2	Gains/losses on foreign exchange			−8.0 billion yen
3	Raw material prices	Farm & Industrial Machinery: steel, purchased components, etc. Water & Environment: scrap, coils, resin, etc.	−53.0 billion yen −16.0 billion yen	−69.0 billion yen
4	Incentive rate fluctuations	North America: −7.1 billion yen, other		−7.8 billion yen
5	Increase/decrease in sales			+46.0 billion yen
6	Product price increases			+76.0 billion yen
7	Other			−54.4 billion yen

* The rates required to realize a profit (taking into consideration shipping and warehousing) for products exported from Japan were: US dollar: from 108 yen to 114; Euro: from 129 to approx. 129

Operating profit forecasts by business segment

In operating profit forecasts by business segments, costs categorized as “Adjustments” increase due to a loss on foreign exchange and an increase in R&D expenses.

(billions of yen)

		FY2022 (Forecast)	FY2021 (Actual)	Increase/decrease
Farm & Industrial Machinery	Revenue	2,080.0	1,864.8	+215.2
	Operating profit	289.0	250.4	+38.6
	Operating margin	13.9%	13.4%	+0.5P
Water & Environment	Revenue	340.0	305.4	+34.6
	Operating profit	21.0	22.3	−1.3
	Operating margin	6.2%	7.3%	−1.1P
Other	Revenue	30.0	26.6	+3.4
	Operating profit	4.0	3.7	+0.3
	Operating margin	13.3%	13.9%	−0.6P
Adjustments	Operating profit	−64.0	−30.2	−33.8
Total	Revenue	2,450.0	2,196.8	+253.2
	Operating profit	250.0	246.2	+3.8
	Operating margin	10.2%	11.2%	−1.0P

Capital expenditures, depreciation and amortization, and R&D expenses

Capital expenditures are forecast to be up to 190.0 billion yen. We will invest proactively, including in the establishment of an R&D base in Sakai in Japan and toward BCP and DX.

Overseas, we plan to invest, as already disclosed, in a construction machinery production base in the US.

Depreciation and amortization is forecast to total 62.6 billion yen, while R&D expenses are set to total 86.3 billion yen.

(billions of yen)

	FY2022 (Forecast)	FY2021 (Actual)	FY2020 (Actual)
Capital expenditures*	190.0	121.4	87.2
Depreciation and amortization*	62.6	55.6	53.2
R&D expenses	86.3	65.3	55.3

* Recognition of right-of-use assets and depreciation of right-of-use assets along with adoption of IFRS 16 *Leases* are not included.

Financial Highlights

Five-year Summary of Key Financial Data

* From the fiscal year ended December 31, 2018, International Financial Reporting Standards (IFRS) have been applied instead of Generally Accepted Accounting Principles (U.S. GAAP) that were applied previously. For the fiscal year ended December 31, 2017, financial figures in accordance with IFRS are presented as well.
Terminologies which differ between U.S. GAAP and IFRS are presented together in the format "U.S. GAAP / IFRS."

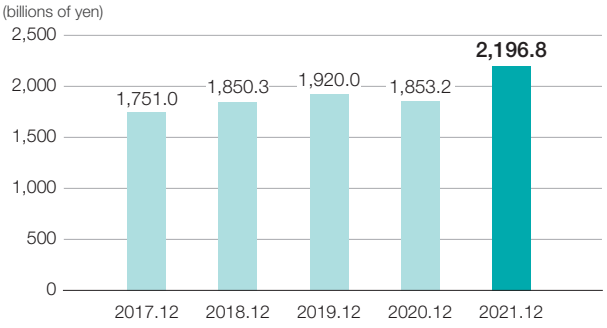
	U.S. GAAP	IFRS				
	2017.12	2017.12	2018.12	2019.12	2020.12	2021.12
Operating results for fiscal year (billions of yen)						
Revenues / Revenue	¥ 1,751.5	¥ 1,751.0	¥ 1,850.3	¥ 1,920.0	¥ 1,853.2	¥ 2,196.8
Operating income / Operating profit	198.8	200.0	189.3	201.7	175.3	246.2
Income before income taxes and equity in net income of affiliated companies / Profit before income taxes	212.9	214.0	197.2	209.0	185.9	252.6
Net income attributable to Kubota Corporation / Profit attributable to owners of the parent	136.4	134.2	138.6	149.1	128.5	175.6
Capital expenditures*1	52.2	52.2	64.1	86.7	87.2	121.4
Depreciation and amortization*1	45.3	45.1	49.6	48.9	53.2	55.6
R&D expenses	48.1	43.4	53.8	53.1	55.3	65.3
Net cash provided by operating activities	222.3	137.2	89.1	82.4	142.9	92.5
As of fiscal year-end (billions of yen)						
Total assets	¥ 2,853.9	¥ 2,832.4	¥ 2,895.7	¥ 3,139.3	¥ 3,189.3	¥ 3,773.5
Shareholders' equity / Equity attributable to owners of the parent	1,301.3	1,291.1	1,339.9	1,442.8	1,476.0	1,678.0
Interest-bearing debt / Interest-bearing liabilities	836.6	834.1	839.3	903.0	874.4	1,094.5
Per share data (yen)						
Earnings per share (EPS)	¥ 110.30	¥ 108.45	¥ 112.44	¥ 121.59	¥ 105.85	¥ 145.52
Book-value per share (BPS)	1,054.86	1,046.55	1,087.44	1,182.72	1,221.95	1,398.41
Annual cash dividend	32	32	34	36	36	42
Financial indicators						
Operating margin (%)	11.4	11.4	10.2	10.5	9.5	11.2
ROA*2 (%)	7.7	7.8	6.9	6.9	5.9	7.3
ROE*3 (%)	10.9	10.8	10.5	10.7	8.8	11.1
Shareholders' equity to total assets / Ratio of equity attributable to owners of the parent to total assets (%)	45.6	45.6	46.3	46.0	46.3	44.5
Payout ratio (%)	29.0	29.5	30.2	29.6	34.0	28.9
Shareholder return ratio*4 (%)	38.6	39.3	32.3	42.7	49.4	40.3
Net debt equity ratio*5 (times)	0.47	0.47	0.46	0.49	0.44	0.50

*1 Recognition of right-of-use assets and depreciation of right-of-use assets along with adoption of IFRS 16 *Leases* are not included.
*2 ROA:
[U.S. GAAP] Income before income taxes and equity in net income of affiliated companies ÷ Total assets (average of beginning and end of fiscal year)
[IFRS] Profit before income taxes ÷ Total assets (average of beginning and end of fiscal year)
*3 ROE:
[U.S. GAAP] Net income attributable to Kubota Corporation ÷ Shareholders' equity (average of beginning and end of fiscal year)
[IFRS] Profit attributable to owners of the parent ÷ Equity attributable to owners of the parent (average of beginning and end of fiscal year)
*4 Shareholder return ratio:
[U.S. GAAP] (Annual cash dividend + Retirement of own shares) ÷ Net income attributable to Kubota Corporation
[IFRS] (Annual cash dividend + Retirement of own shares) ÷ Profit attributable to owners of the parent
*5 Net debt equity ratio:
[U.S. GAAP] (Interest-bearing debt – Cash and cash equivalents) ÷ Shareholders' equity
[IFRS] (Interest-bearing liabilities – Cash and cash equivalents) ÷ Equity attributable to owners of the parent
*6 Owing to changes in organizational structure, "Air-conditioning equipment" previously included in the Farm & Industrial Machinery segment has been included in the Water & Environment segment since FY2020. Amounts related to "Financial services businesses" are reported in "Finance income" in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Other" segment. Accordingly, "Air-conditioning equipment" has been reclassified and restated for FY2019, and "Financial services businesses" has been reclassified and restated for FY2020.

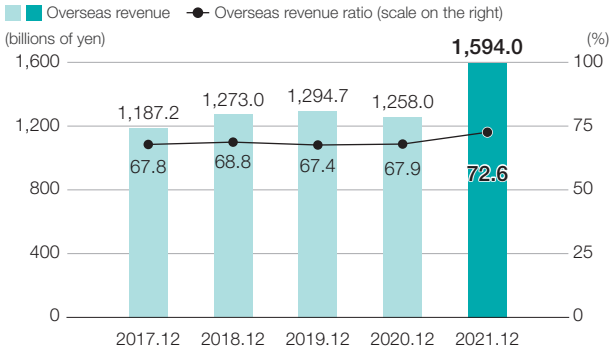
Please refer to the Annual Securities Report for detailed financial information.
www.kubota.com/ir/financial/yuho/

Financial Highlights

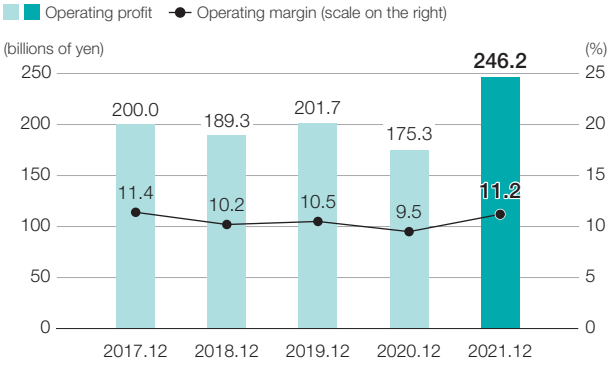
Revenue



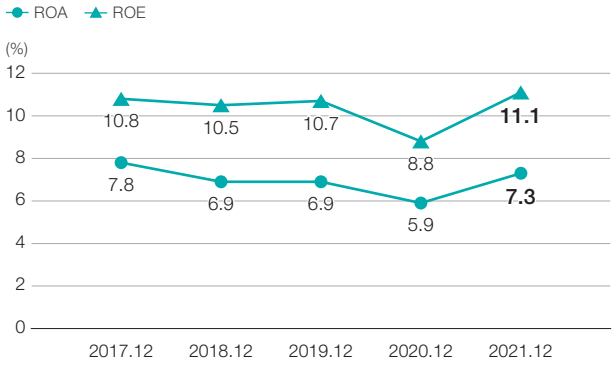
Overseas Revenue and Overseas Revenue Ratio



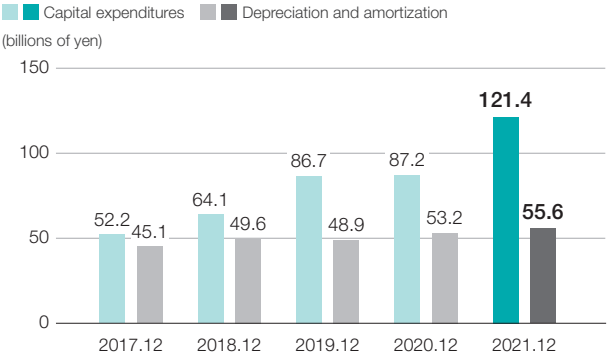
Operating Profit and Operating Margin



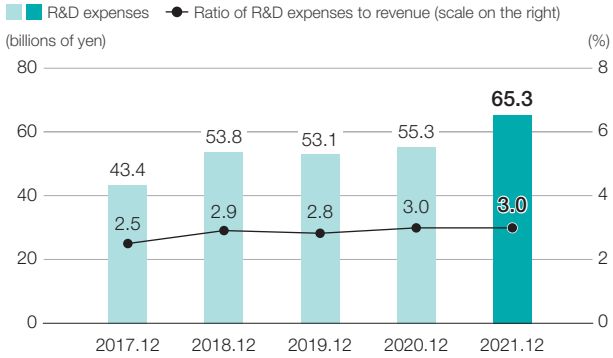
ROA*2 and ROE*3



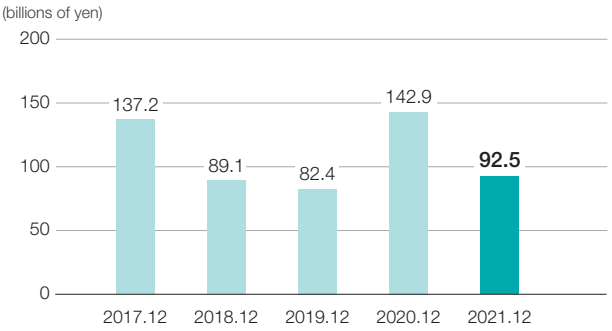
Capital Expenditures, Depreciation and Amortization*1



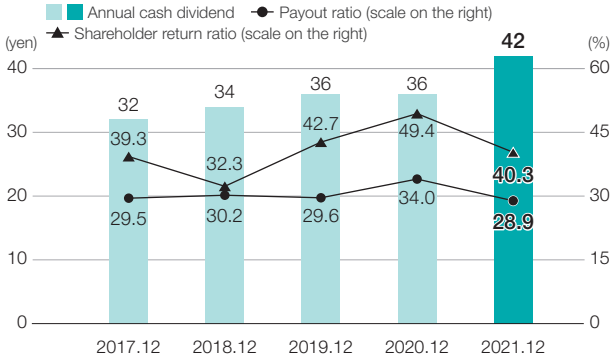
R&D Expenses and the Ratio of R&D Expenses to Revenue



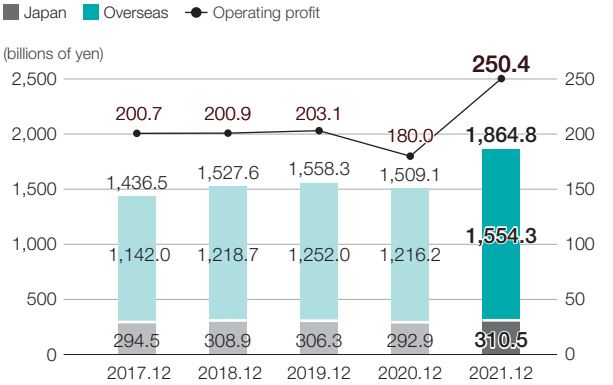
Net Cash Provided by Operating Activities



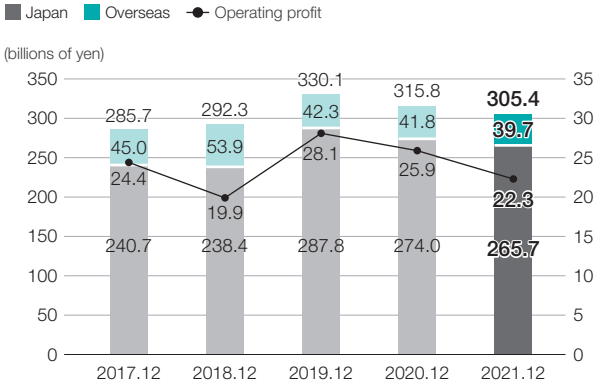
Annual Cash Dividend Per Share, Payout Ratio, and Shareholder Return Ratio*4



[Farm & Industrial Machinery] Trends in revenue and operating profit*6



[Water & Environment] Trends in revenue and operating profit*6



Farm & Industrial Machinery

Our main products are the agricultural machinery and agriculture-related products that carry the weight of a brighter future for people and food on their shoulders, and the engines and construction machinery that are helping to make people's lives richer

Tractors
used mainly in agricultural operations, including tillage, leveling and transportation.

The Kubota Group's major products

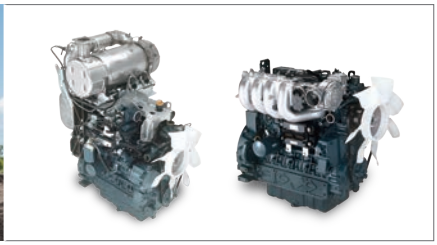
● Combine harvesters
used for simultaneous harvesting and threshing of crops such as rice, wheat and pulses.

● Rice transplanters
used to transplant rice seedlings to rice paddies, contributing significantly to labor-saving.

● Utility vehicles
useful in a variety of operations, including agricultural work, civil engineering and leisure activities.

● Mini excavators
used in civil engineering and other operations; especially useful in narrow work areas, such as city streets.

● Compact track loaders
used mainly for transporting and stacking tasks (at construction sites, farms, etc.).



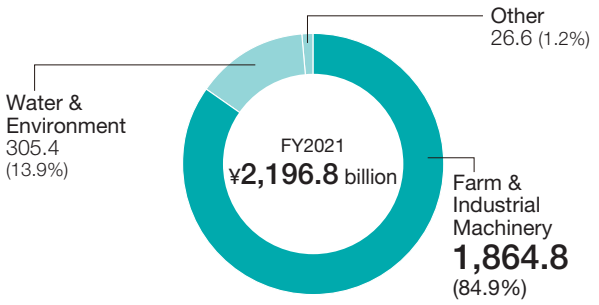
● Engines
responding to a variety of needs as compact industrial engines.

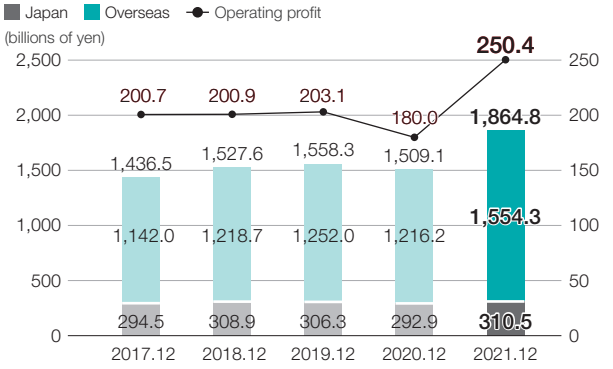
Outline for FY2021

Revenue in this segment increased by 23.6% from the prior year to ¥1,864.8 billion, and accounted for 84.9% of consolidated revenue. Domestic revenue increased by 6.0% from the prior year to ¥310.5 billion, and overseas revenue increased by 27.8% from the prior year to ¥1,554.3 billion.

Profit in this segment increased by 39.1% from the prior year to ¥250.4 billion. This increase was due mainly to massively increased domestic and overseas revenue, price rises, and improved exchange rates, among other factors, despite factors that reduced profit, such as the dramatic increase in the price of raw materials and logistics costs.

Revenue by Reportable Segment (billions of yen)





* Owing to changes in organizational structure, "Air-conditioning equipment" previously included in the Farm & Industrial Machinery segment has been included in the Water & Environment segment since FY2020. Amounts related to "Financial services businesses" are reported in "Finance income" in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Other" segment. Accordingly, "Air-conditioning equipment" has been reclassified and restated for FY2019, and "Financial services businesses" has been reclassified and restated for FY2020.

Agricultural machinery

Using the technologies we have cultivated at farms over many years, we work with agricultural machinery that is used for rice farming and dry-field farming. Including with the more than 5.1 million tractors that we have produced in total around the world, we are supporting the world's food production with a wide range of agricultural machinery.

Agriculture-related products

We support the work of farmers with a wide-ranging product lineup that closely meets their needs, including implements that connect to the back of our tractors, or related machinery that can be used for fruit and vegetables. Our subsidiaries such as Kverneland Group and Great Plains Manufacturing, Inc. take the lead in feeding the world.

Engines

We cater to a large number of diverse customer needs with a lineup that comprises around 3,000 types of industrial engines for both internal use and external sale. Our engines have impressive technology to respond to environmental requirements, able to clear strict emission regulations. We contribute to the development of the world's industries and to environmental conservation as a leading manufacturer of compact industrial engines.

Construction machinery

For 20 years in a row, we have been the world's top seller of mini excavators.* Our lineup of construction machinery is able to meet the needs of users, including for attachments, with compact track loaders and skid-steer loaders for which demand in North America is high. In this way, we are making our contribution to better living environments for the world.

* Since 2002, from "Off-highway Research 2021."

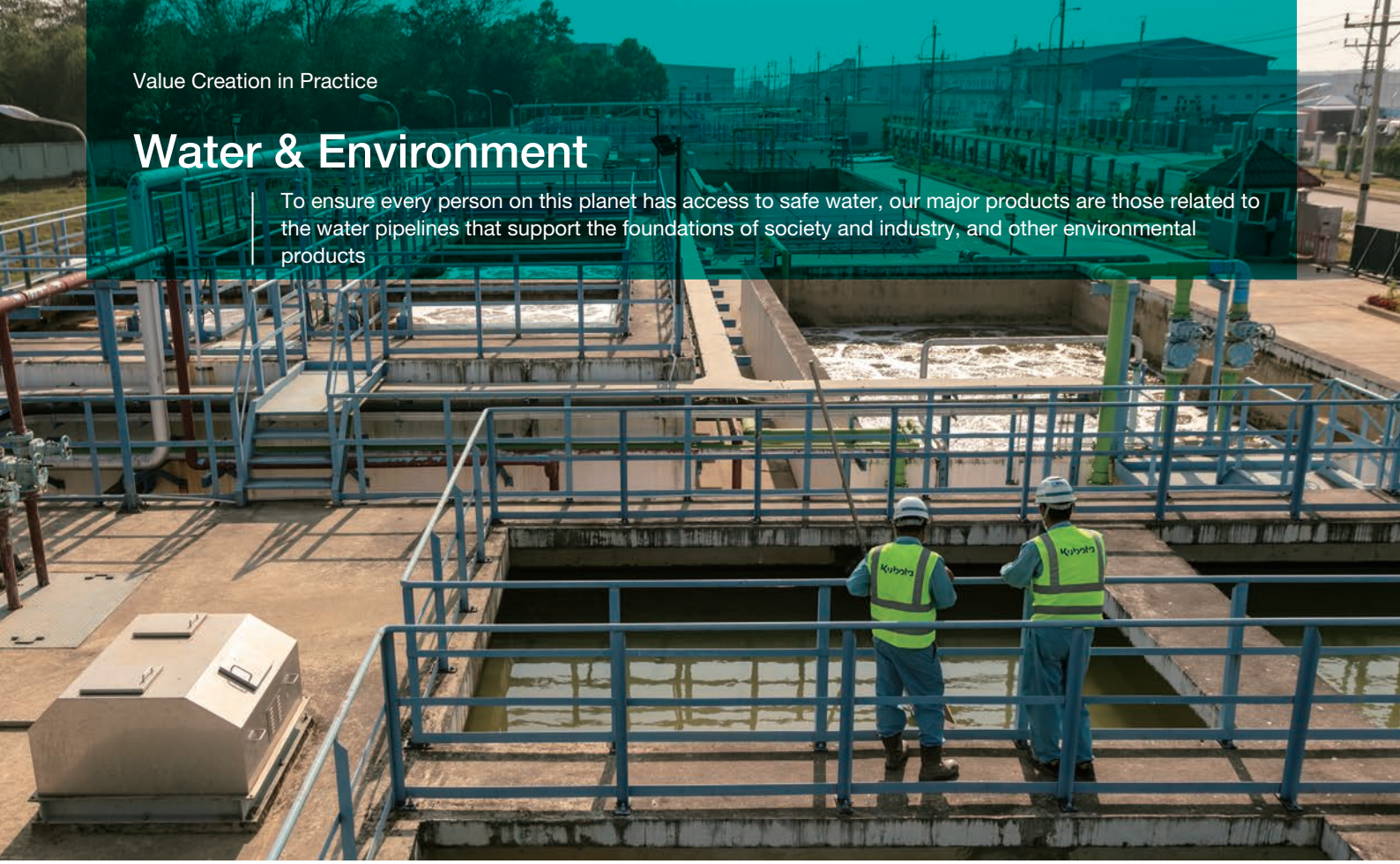
TOPICS

Increasing our stake in India's Escorts

Escorts Limited was a major player in the Indian tractor market, the world's largest. It was also a prominent manufacturer of construction and other machinery. With a merger in 2019, we established a manufacturing company, and in 2020, through investment, we deepened our ties with the company, which has a great deal of developmental and production expertise in the basic tractor field. Foreseeing future growth in the Indian market, but also in the basic tractor market in other countries, particularly developing ones, we decided to increase our stake in Escorts. We aim to increase our share of the Indian tractor market to 25% by 2030, and will study the viability of developing and manufacturing agricultural and construction machinery for markets in developing countries.

Water & Environment

To ensure every person on this planet has access to safe water, our major products are those related to the water pipelines that support the foundations of society and industry, and other environmental products



The Kubota Group's major products

Ductile iron pipes
used in infrastructure, including water, sewage and agricultural water pipelines.

Pumps
used to pump water in water and sewage lines, agriculture and forestry, and in the rainwater market.

Valves
used to control the flow of fluids or gases in water, sewage, agriculture, etc.

Johkasou
used to treat wastewater in areas where there are no sewage lines.

Materials and steel pipes
used at petrochemical and steel plants, and in civil engineering and automotive fields

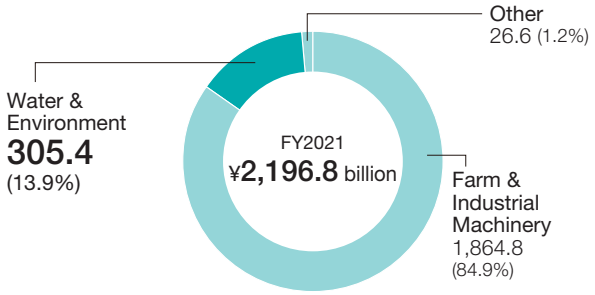
Waste incinerator plants / ash and melting furnace plants
used to incinerate and reduce the volume of municipal waste, as well as to contribute to decarbonization of society by generating electricity utilizing high-temperature waste heat.

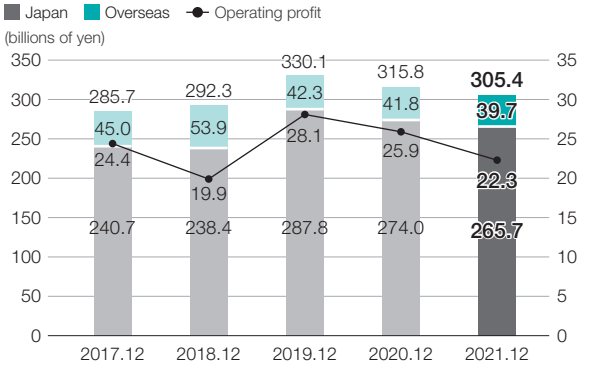
Outline for FY2021

Revenue in this segment decreased by 3.3% from the prior year to ¥305.4 billion, and accounted for 13.9% of consolidated revenue. Domestic revenue decreased by 3.0% from the prior year to ¥265.7 billion, and overseas revenue decreased by 5.2% from the prior year to ¥39.7 billion.

Profit in this segment decreased by 14.1% from the prior year to ¥22.3 billion due to reduced domestic revenue and dramatic rise in the price of raw materials.

Revenue by Reportable Segment (billions of yen)





* Owing to changes in organizational structure, "air-conditioning equipment" previously included in the Farm & Industrial Machinery segment has been included in the Water & Environment segment since FY2020. Accordingly, the same category has been reclassified and restated for FY2019.

Ductile iron pipes, plastic pipes, and valves for the public sector

Since the founding of our company, we contributed to Japan's water infrastructure, particularly by developing and manufacturing water pipes. Our water pipes have been praised around the world and we have supplied them to more than 70 countries. In recent years, we have helped to construct resilient infrastructure, focused on our earthquake-resistant ductile iron pipes, using DX.

Air-conditioning equipment, etc.

We produce air-conditioning equipment that creates comfortable, safe, and secure environments. We cater to clean air-conditioning needs, which have grown in the past few years, from products designed for large buildings such as office buildings, hospitals, factories, or research facilities, to commercial air humidifier-purifiers.

Materials/Spiral welded steel pipes

Formed and fabricated materials are parts and components formed through the application of heat and force to materials. They are used at petrochemical and steel plants. Spiral welded steel pipes are steel pipes that have been shaped and welded to form a spiral shape. They are used in the foundations of bridges and other architectural projects. Founded on our excellent material development technologies and processing technologies, these products are widely used in the petrochemical and steel industries, in civil engineering, and in automotive fields, due to their high quality and trustworthiness.

Environmental plants, pumps, and valves for the private sector

We have developed technologies and services that respond to the needs of society, whether it be the water treatment plants and equipment that supply and recover safe water, the pumps that help in disaster countermeasures, the valves that support various factories, or recycling plants that recycle waste produced in people's daily lives and business activities. Going forward, we will help to build a recycling-based society that considers the global environment.

TOPICS

Investment in Ichikawa Kankyo Holdings

For more than half a century, the Ichikawa Kankyo Group has garnered high praise from the waste treatment industry for its pioneering efforts, which have included biomass power generation and plastic recycling. Both Kubota and Chubu Electric Power Co., Inc. have now each acquired a 27.8% stake in the group.

Recently, as SDGs-related initiatives have become more important, interest in a recycling-based business—one in which unused resources such as food waste and waste plastics can be tapped—is growing. By the help of Ichikawa Kankyo Holdings, we aim to utilize our deep recycling technologies—waste treatment that uses incinerators, melting furnaces, crushers, and other equipment—to create a resource-recycling solutions business that will help give shape to that recycling-based society.

Promoting K-ESG Management

Current initiatives

While passing down the Kubota's heritage since our founding, we are vigorously promoting K-ESG management as the key to realizing our Long-Term Vision.

Resolving social issues is part of our corporate philosophy, and to continue and develop our efforts, we aim to further raise our corporate value by continuing to pursue both social and economic value.

K-ESG management initiatives

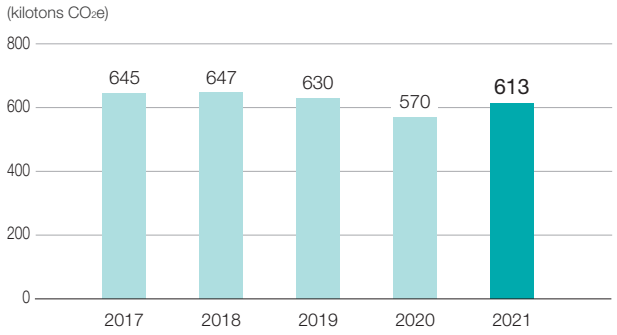
1. We will continue to create corporate value (social value and economic value) by solving environmental and social problems through business.
2. We will resolve those problems through innovation.
3. We will forge ahead with initiatives by gaining the empathy and participation of stakeholders.
4. We will make our efforts sustainable through corporate governance that incorporates diversity and medium- and long-term perspectives.

Founder: Gonshiro Kubota

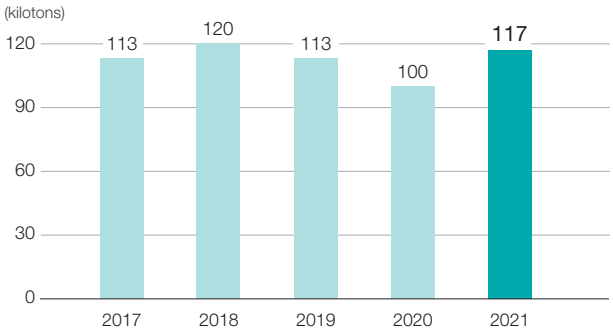
Spirit of the Founder
"For the prosperity of society, we need to put all of our efforts into creation."
"Our products should not only be technically excellent, but also useful for the good of society."

Non-financial Highlights

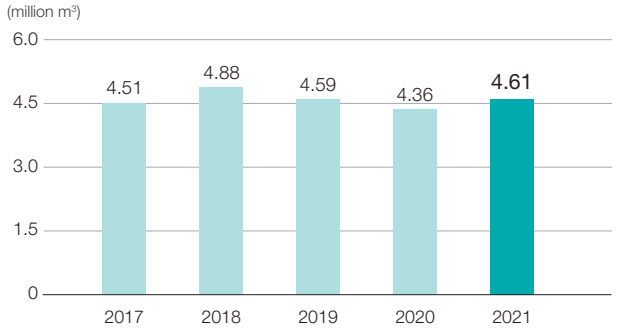
CO_2 Emissions*



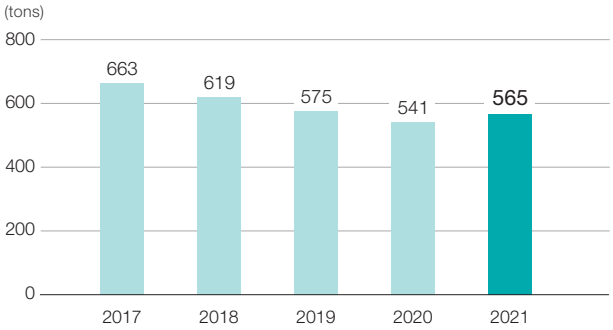
Waste Discharge*



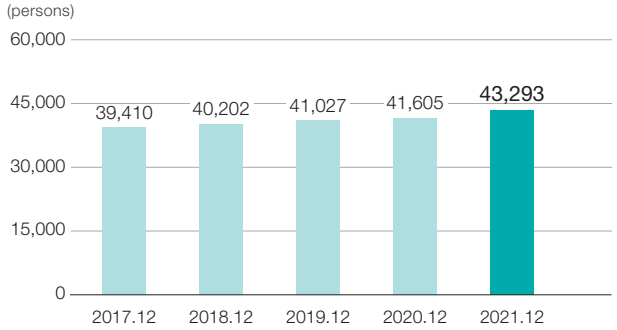
Water Consumption*



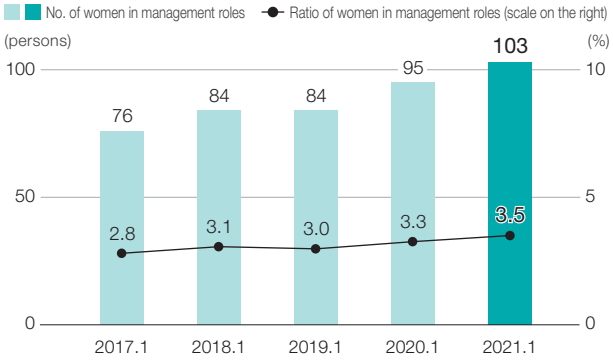
VOC (Volatile Organic Compound) Emissions*



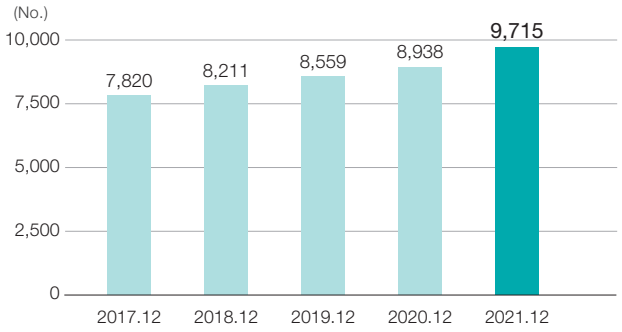
No. of Employees



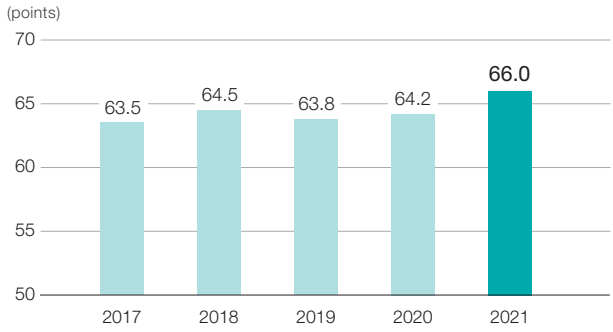
No. of Women in Management Roles



No. of Patents/New Utility Models Possessed (Kubota Corporation and Group Companies in Japan)



Overall customer satisfaction with dealer where purchased



* For the reporting period for environmental data, see the Calculation Standards of Environmental Performance Indicators (p. 86 of ESG REPORT 2022).
URL: https://www.kubota.com/ir/financial/integrated

Environmental

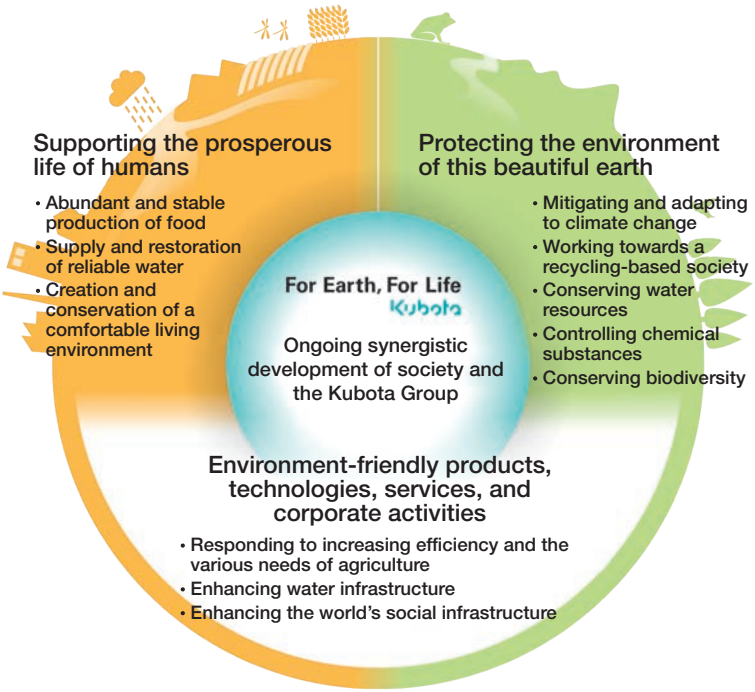
Under the brand statement “For Earth, For Life”, the Kubota Group will contribute toward the development of a sustainable society through its environmental management.

Kubota Group environmental management

In order to protect the beautiful global environment and continue to support the prosperous life of humans, the Kubota Group is contributing to both its own business growth and environmental conservation through its environment-friendly products, technologies, services, and corporate activities. In this way, it aims to achieve ongoing, synergistic development in hand with society.

The Kubota Group will decrease the environmental impact, and reduce environmental risk, of its corporate activities as well as aiding the development of society and conserving the global environment.

Environmental conservation activities
www.kubota.com/sustainability/environment/



Activities past, present, and future

The social issues that we at the Kubota Group have faced have changed with the years, and during that time we have evolved our environmental management. As the years have gone by, the social responsibility asked of companies has become increasingly complex. In the future, we will continue to promote activities that aim to bring about our Environmental Vision, which we formulated in 2021.

Future ↑ Past

Changes in society	Kubota initiatives	Policies and targets	Frameworks	Activities
2020s Various countries made carbon neutrality declarations Expansion of ESG investment and lending	**2020s and beyond** Acceleration of efforts to realize our Environmental Vision	**2022** Revised Long-Term Environmental Conservation Targets 2030 **2021** Established our Environmental Vision **2021** Formulated Medium-Term Environmental Conservation Targets 2025	**2021** Launched the ESG Management Strategy Meeting	**2020** Expressed support for the TCFD
2017 TCFD published its final report **2016** Paris Agreement came into effect	**2010s** Expanded environmental management	**2016** Formulated Long-Term Environmental Conservation Targets 2030	**2014** Launched the Environmental Management Strategy Committee **2014** Launched Environmental Manager Conferences (overseas)	**2011** Established the Internal Certification System for Eco-Products **2010** Certified as an Eco-First Company
2005 Kyoto Protocol came into effect **1996** International standard ISO 14001 was published	**1990s/2000s** Strengthened environmental controls	**2006** Established the Kubota Group Environmental Charter **1993** Formulated the Environmental Voluntary Plan* **1992** Established the Kubota Global Environmental Charter	**1997** Launched Environmental Manager Conferences (in Japan)	**2001** Established the Green Procurement Guidelines **2000** Received ISO 14001 certification for sites in Japan **1994** Created an environmental auditing system
1970s Environmental damage (pollution) increased alongside economic growth	**1970s/1980s** Thorough efforts to prevent pollution		**1972** Created the Pollution Control Dept. (now the Environmental Protection Dept.)	**1973** Created a pollution patrol system

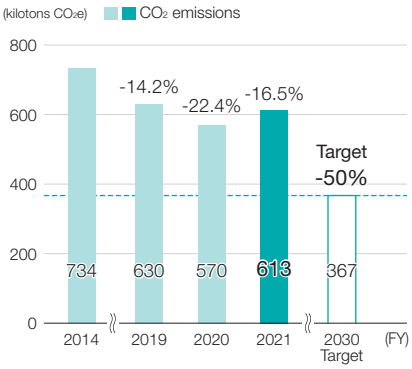
* Since then, the plan has been periodically revised as medium- and long-term environmental conservation targets.

Medium- and Long-Term Environmental Conservation Targets and Results

Long-Term Environmental Conservation Targets 2030 (excerpts)

Mitigating and adapting to climate change

Global sites: CO_2 emissions reductions



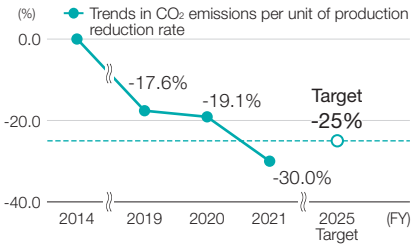
Revised target (2022)

	Pre-revision	Post-revision
Expanded applicable sites	Japan only	Global
Raised target	–30%	–50%

Medium-Term Environmental Conservation Targets 2025 (excerpts)

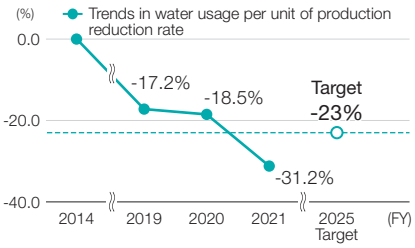
Mitigating and adapting to climate change

CO_2 emissions per unit of production improvements



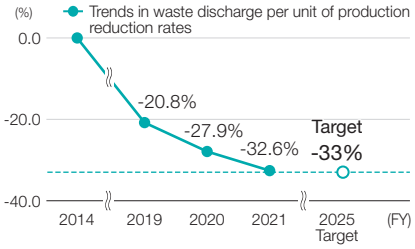
Conserving water resources

Water usage per unit of production improvements



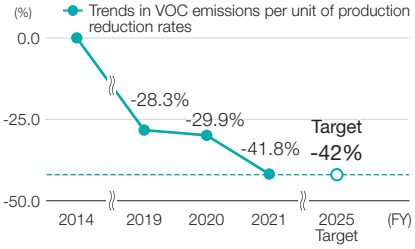
Working towards a recycling-based society

Waste discharge per unit of production improvements



Controlling chemical substances

VOC emissions per unit of production improvements



Environmental impact reduction activities

We are systematically pushing initiatives around the world to reduce our environmental impact to zero.

Measures to Reduce CO_2 Emissions

Kubota Engine (Wuxi) Co., Ltd. (China) has fitted solar panels with 600 kW of output of the roof of its plant building, and in September 2021 started generating electricity. The power generated each year will equate to around 20% of total consumption.

Measures to Reduce Water Consumption

Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China) has installed recycling treatment equipment to reuse wastewater from processes throughout the whole plant, to eliminate process wastewater entirely.

Awareness-raising activities

We conduct training to raise awareness of environmental considerations among employees so they can apply what they learn to future business activities, as well as activities in line with regional issues.

Environment Month poster from FY2021

Conserving Biodiversity

Kubota Baumaschinen GmbH (Germany) has created an "insect hotel" in an area of its car park, and is striving to protect biodiversity.

External evaluations

Gaining the highest praise for water security from the CDP*

In 2021, the CDP Water Security 2021 program designated Kubota as an A-list company, their highest rating. This is the fourth time we have received this rating, and the third year in a row.

* An international, not-for-profit organization that surveys and evaluates companies' strategic water policies

CDP DISCLOSURE INSIGHT ACTION A LIST 2021 WATER

Renewal of our Eco-First Commitment

Under the certification system run by the Japanese Ministry of the Environment, Kubota renewed its Eco-First Commitment, and was recertified as an Eco-First Company by the Minister of the Environment in December 2021.

ECO FIRST

Disclosure based on TCFD recommendations

Governance

In 2021, the Kubota Group's Environmental Management Strategy Committee—first established in 2014—became the ESG Management Strategy Meeting. The meeting's members deliberate on ESG-related issues from throughout the entire Kubota Group. They also discuss the medium- and long-term direction of environmental management, including global environmental issues, such as climate change, and the business environment. Then they determine plans and in which areas the Kubota Group should prioritize its efforts. The meeting's members also ascertain and analyze the progress of the Group's environmental conservation activities, and apply the findings to future plans. In doing so, we are ensuring management is based on the PDCA cycle.

Strategy

Organizations such as the IPCC and IEA have published hypothetical scenarios for a 2°C or 4°C rise in global temperatures based on population increases and economic development. Using these, we have analyzed and evaluated the likely factors we will see in 2030—including predictions about market and business environment changes and how climate change will affect each of our business areas. Going forward, we will continue to use different hypothetical scenarios to analyze risks and opportunities presented by climate change. We will also investigate ways of evaluating forecast influences on business activities and economic impacts, and will work on further developing our information disclosure.

We have provided the finding of our analysis of the hypothetical scenarios and how they relate to our agricultural machinery and water-related businesses below.

Business field	Scenario	Summary of scenario analysis results (changes in market and operating environment)		
Agricultural machinery-related	2°C	Risks【Technologies】	**Changes in product design and conditions of use owing mainly to tougher climate change-related regulations** ● Likelihood that controls on fuel-efficiency improvements in internal combustion engines will be further tightened ● Japan, the US, and European countries have announced carbon neutrality roadmaps for around 2050 and the transition to electrification and BEVs in the passenger car market in particular is gaining momentum ● Likelihood that new regulations will be applied to products that use internal combustion engines, like agricultural and construction machinery and utility vehicles, and that the need to reduce CO_2 emissions will grow stronger and demand for electrification, fuel cells, hydrogen engines, e-fuel, and other power sources will grow increasingly diversified	
		Opportunities【Markets】	**Changes in mode of agriculture owing to promotion of decarbonization in the industry** ● Crop yields will increase as farming technology advances and the effective use of farming land is further encouraged to mitigate the impacts of climate change ● Likelihood that decarbonization in agriculture will continue to gather momentum in developed economies and that the adoption of sustainable farming methods will become more widespread ● Likelihood that decarbonization and modernization of agriculture in emerging economies will progress concurrently and give rise to smart farming and farming solutions, which in turn will spur demand for energy-efficient agricultural machinery ● Likelihood of stronger demand for carbon-free farming methods, such as non-tilled cropping, that lead to increased carbon storage in the soil	
	4°C	Opportunities【Resilience】	**Changes in suitable farming land (changes in demand for agricultural machinery and farming methods)** ● Climate change will affect the relocation of suitable farming land and crop production ● Likelihood of increased demand for farming solutions and support to transition to new agricultural machinery and farming methods, including smart machinery and precision agriculture ● Changes in demand for farming solutions are expected to emerge in wet climate regions, especially North America, Asia, and some parts of Europe	
Water-related	2°C	Risks【Regulations & Technology】	**Changes in society's awareness of decarbonization** ● Likelihood of stronger calls for decarbonization across a product's life cycle worldwide, including the introduction of carbon pricing schemes and carbon border adjustment mechanisms ● Likelihood of customers demanding low- or zero-carbon manufacturing processes ● Likelihood of higher energy prices owing mainly to a society-wide push for the deployment of renewable energy	
		Opportunities【Markets】	**Changes in social trends regarding the securing and conserving of water resources** ● Ongoing population increase and economic development is expected to further drive up demand for water ● Likelihood that restrictions will be enforced on the intake and discharge of water for household and industrial use in developed countries and Asia as a preventive measure against stretched water resources and deteriorating water quality owing to the impacts of climate change ● Likelihood of increased demand for solutions that resolve water shortages and poor water quality	
	4°C	Opportunities【Markets】	**Changes in society's awareness of weather disasters** ● Climate change is expected to negatively affect people's living environment chiefly because of the more frequent occurrence of typhoons, torrential rain, and other natural disasters, alongside drought and deterioration in water quality ● Likelihood of heightened demand for stronger resilience of existing water and sewage infrastructure, upgrades to aging facilities, and improvements in water quality in order to combat increasingly intense natural disasters ● Likelihood of growing demand in Japan for water-related products aimed at bolstering national resilience in response to increasingly intense natural disasters as a consequence of climate change	
Agricultural machinery & water-related	2°C	Risks【Regulations】	**Changes in decarbonization approach of companies sought after by society** ● Likelihood that regulations and measures geared towards decarbonization will gather momentum and that the rollout of a carbon tax scheme and impetus for the use of renewable energy will accelerate ● Likelihood of higher taxes on fossil fuels and CO_2 emissions owing to the introduction of a carbon tax ● Energy costs and expenses associated with energy-saving measures are expected to rise when governments worldwide enforce stricter energy-saving restrictions	
	2/4°C	Risks【Physical】	**Impacts on the Group and suppliers as a result of more abnormal weather events** ● Likelihood of increasingly intense and more frequent meteorological disasters like torrential downpours and floods ● Negative effects on business activities are expected to be felt at the Group's sites and at suppliers ● Likelihood that production and sales activities will be affected by delays in procuring raw materials	

Risk Management

We manage risks associated with climate change based on our corporate governance structure. We have identified materiality related to environmental conservation activities—including our response to climate change—throughout the entire value chain, including direct operation, upstream, and downstream. Potential risks and opportunities are considered from short-, medium-, and long-term perspectives, and we will review specific risks and opportunities annually. As part of the process of responding to such risks and opportunities, and evaluating them, we have established a set of medium- and long-term environmental conservation targets, and we will be managing our progress toward them.

Metrics and Targets

Our medium- and long-term environmental conservation targets aim to reduce the risks of climate change and maximize opportunities, and include reducing CO_2 emissions and improving our CO_2 emissions per unit of sales figures. In order to achieve these targets, we will be continuing energy-saving activities at our sites to reduce the amount of energy consumed. We are also switching out the fuels we use, such as by shifting from cupola furnaces to electric furnaces, and further expanding our use of renewable energy. In these ways, we are promoting efforts to achieve carbon neutrality.

For more details on our medium- and long-term environmental conservation targets, please follow the link below.
www.kubota.com/sustainability/environment/active/

Revenue ➡ Expenses ➡

Evaluation results and financial impacts (2030)		Countermeasure strategies
We need to aggressively pursue R&D of products that offer improved fuel efficiency and can run on various power sources	R&D costs ↗	**We intend to contribute to the reduction in CO_2 emissions with the use of innovative agricultural machinery.** • Continue to bolster R&D aimed at improving fuel efficiency of engines most likely subject to tighter restrictions up ahead • Bring to market electric-powered agricultural machinery and expand product lineup • Accelerate R&D towards the practical application of various power sources, such as synthetic fuels, hybrid motors, total electrification, fuel cells, or hydrogen engines according to the usage environment in each region
The impact on revenue will be limited because the adoption of carbon-free energy will be partially limited to mainly developed countries and the switch to electric-powered machinery will be confined to applications only for which it is possible	Revenue →	
We expect higher revenue from products and services that contribute to low- or zero-carbon farming	Revenue ↗	**We will look to help lower greenhouse gas emissions from farming and support sustainable food production activity.** • Propel R&D in products and services that can be adapted to low- or zero-carbon farming practices and changing weather conditions; for example, recycling of local biomass resources and carbon storage • Expand and popularize agricultural machinery and services that make smart farming (automated machinery, precision agriculture, etc.) possible so as to contribute to more efficient farming that requires less manpower • Give tangible shape to farming solutions in regions affected by changing weather conditions • Expand applications for the following systems that integrate cutting-edge technology with ICT to contribute to greater farming efficiency: Kubota Smart Agri System (KSAS), a system that supports farm operations; Kubota Smart Infrastructure System (KSIS), an IoT solutions system; and WATARAS, Kubota's farm water management system
We expect higher revenue from products and services that can be adapted to changing weather conditions	Revenue ↗	
Investment in carbon-free and energy-saving equipment will increase	Capital expenditures ↗	**We hope to alleviate higher manufacturing costs with energy-saving and CO_2 emission reduction measures.** • Facilitate energy saving and the reduction of CO_2 emissions in manufacturing processes
Manufacturing costs will rise, driven by higher energy and raw material prices	Cost of sales ↗	
We expect higher revenue from the provision of products and solutions in connection with the development of water and sewage infrastructure	Revenue ↗	**We intend to contribute to the effective use of water resources.** • Contribute to the development of water and sewage infrastructure to meet increased water demand • Expand offerings of purification and sewerage treatment products and solutions to help improve water quality
We expect higher revenue from the provision of products and solutions in connection with the development of more resilient water infrastructure, disaster response measures, and water quality improvements	Revenue ↗	**We intend to contribute to the building of water infrastructure that is resilient to weather disasters.** • Expand provision of disaster prevention and disaster response products; for example, ductile iron pipes that can withstand disasters and drainage pump trucks that can meaningfully contribute when disasters occur • Expand applications for the Kubota Smart Infrastructure System (KSIS) to support water treatment plant operations and the remote monitoring, diagnosis, and control of equipment
Investment in carbon-free and energy-saving equipment will increase	Capital expenditures ↗	**We intend to contribute to the reduction in CO_2 emissions generated by business activities.** • Promote initiatives aimed at conserving energy use, installing energy-efficient equipment, switching fuels, installing LED lighting, and expanding the use of renewable energy at production sites
We expect that sales will be dented by the negative impacts of weather disasters like torrential rain, flooding, and high winds on production and procurement	Revenue ↘	**We will aim to beef up climate change risk countermeasures at the Group's sites and at suppliers.** • Use hazard maps to identify sites that are at high risk of suffering damage from torrential rain, flooding, and strong winds and systematically push ahead with the reinforcement of buildings and measures to prevent electrical equipment from being inundated by water • Decentralize the purchasing of parts and materials by diversifying procurement routes • Construct a manufacturing system that is resilient to weather disasters based on a business continuity plan (BCP)

Social

By providing opportunities for a variety of stakeholders to feel empathy for, and participate in, our businesses, the Kubota Group promotes activities to raise its corporate value.

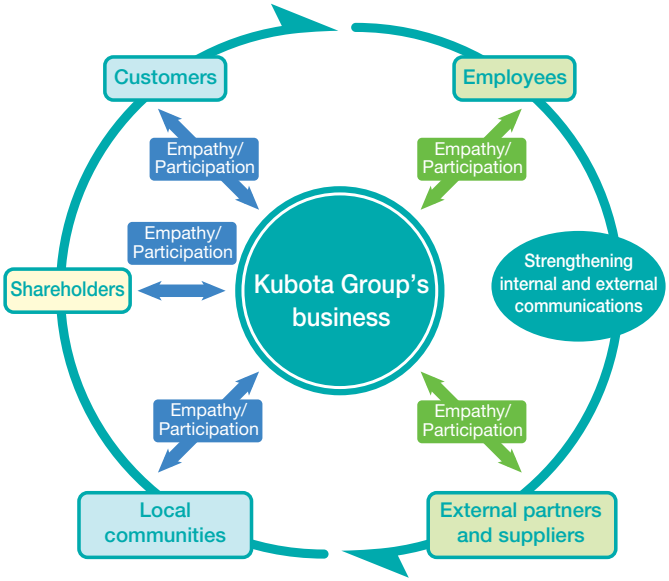
Basic Concept behind Our Social Initiatives

K-ESG Management and Relationships with Stakeholders

Since our founding, we have taken the resolution of social issues as our mission, continuing to create the products and services needed in every age and region. Even as the world and society become increasingly complex and advanced, we believe we must not only keep contributing through our business activities in the future, we must also continue to meet the expectations of various stakeholders in every aspect of our corporate activities that support that goal.

In both our Long-Term Vision "GMB2030" and Mid-Term Business Plan 2025, we promote business operations that position ESG at the core of management. As a company engaged in the reduction of environmental impact and the resolution of social issues in its business activities in the fields of food, water, and the environment, we have defined the Kubota Group's unique ESG measures as K-ESG—measures that are rooted in the Group's corporate principles (the Kubota Global Identity). The "S" in K-ESG stands for "society," which we take to also mean our stakeholders. Taking an open and transparent approach, we will enhance and strengthen communication with stakeholders beyond what we have done before, and will build relationships that allow us to gain their empathy and participation.

Relationship with stakeholders



VOICE » Message from the person responsible for promoting K-ESG management

Kubota's many activities are made possible only by the understanding and cooperation of a number of stakeholders—customers, business partners, investors, local communities, employees, and others besides. The global environment is also an important stakeholder in the sense that we run our business using a lot of energy and resources from the earth. The "S" in the K-ESG management styles that lies at the heart of our operations is usually used as an abbreviation for "Society" or "Social," but it can also be taken to represent "Stakeholder." For Kubota to be a part of a more sustainable global and regional society, we will value our relationships with those stakeholders, and gain their understanding and empathy toward our business as we contribute toward the development of a sustainable society and the preservation of the beautiful earth.

Kazuhiro Kimura

General Manager of Corporate Compliance and Risk Management Headquarters,
General Manager of Human Resources and General Affairs Headquarters,
In charge of ESG Promotion, General Manager of Head Office,
General Manager of Kubota Technical Training Center

Strengthening Partnerships with Society

Through innovations that resolve society's issues, we will purse value creation. To that end, we are strengthening measures to accelerate efforts to create such innovations, including collaboration between industry, government, and academia, and co-creation with external partners such as start-ups and partners outside Kubota.

Main FY2021 Results

- We participated in demonstration testing of the application of a localized 5G network in the agricultural field in Iwamizawa, Hokkaido
- We signed a strategic partnership with Accenture with the goal of promoting DX
- We signed a three-way collaborative agreement to open an agricultural studies facility in 2023 at Hokkaido Ballpark F Village
- We signed an industrial-academic collaboration agreement with the University of Tokyo
- We signed collaborative agreements in the agricultural field with several local authorities—Miyagi Prefecture, Tsukubamirai City in Ibaraki Prefecture, and Kishiwada City in Osaka Prefecture

Case Study Industrial-academic collaboration agreement with the University of Tokyo

We signed a collaborative agreement with the University of Tokyo that takes as its theme "What can we do for the Earth in 100 years?" Under the agreement, both parties aim to create a "bio-loop," the integration of coexistence with nature (bio) and a recycling-based society (loop), for food, water, and the environment globally, i.e., expanding local efforts to a global scale.

Teruo Fujii, President of the University of Tokyo, and Yuichi Kitao, President of Kubota (right)

Case Study Strategic partnership with Accenture

To accelerate our three types of total solution in our Long-Term Vision "GMB2030," we are partnering with Accenture, with its strengths in AI, IoT, and other cutting-edge digital technologies, to construct a platform capable of creating forms of unprecedented value worldwide.

Relationships with Our Customers

We always ask ourselves how we can bring our customers the maximum amount of satisfaction, and for that reason we stick close to our customers around the world, visit the places they work, and listen to real feedback as part of a thorough policy that puts on-site needs first. We wish to deliver products, technologies, and services that exceed customer expectations speedily, and aim to earn the trust of the greatest number of customers as a company that makes the greatest contribution to society.

Online Event, GROUNDBREAKERS:
Considering the Future of Japanese Agriculture with our Stakeholders

As an opportunity for us to consider the current state of Japanese agriculture and its future together with farm managers and other agricultural workers, we held a large-scale online event, GROUNDBREAKERS. Despite ongoing pandemic restrictions, using digital technologies, we were able to facilitate excellent two-way communication, connecting directly with our customers while also providing a venue for considering the future of agriculture.

Relationships with Business Partners

We work seriously to manage the supply chain that creates our products and services. From the viewpoint of contributing to the sustainability of society, we established the Kubota Group CSR Procurement Guidelines, based on the belief that it is necessary to have a common understanding of CSR with our major business partners in order to engage in collaborative efforts. By requesting business partners to submit a consent form indicating their intention to observe the terms of these guidelines, we encourage business partners' initiatives that target safe work practices, respect for human rights, and other important areas.

The Kubota Group CSR Procurement Guidelines

1. Winning Customer Satisfaction
2. Conducting Corporate Activities Based on Compliance with Legal Regulations and Ethical Principles
3. Respecting Human Rights
4. Building up a Safe and Vibrant Work Environment
5. Conserving the Global and Local Environment
6. Achieving Symbiosis with International and Local Societies
7. Fulfilling Responsibilities for Improving Management Transparency and Accountability

Relationships with Shareholders and Investors

With the aim of sustainable growth and improving our medium- to long-term corporate value, we proactively publicize our IR activities and corporate information to all shareholders and investors. We also have results briefings for domestic and foreign institutional investors, company information sessions for individual investors, and factory tours. Going forward, we will engage in dialogue with all stakeholders.

Main FY2021 Results

- We had around 310 individual and group meetings with institutional investors and analysts during fiscal 2021
- We held an online briefing session for institutional investors and analysts about our ASEAN Farm & Industrial Machinery business
- We invited individual shareholders to an interactive and experiential event with athletes of Kubota Spears Funabashi TOKYO-BAY.

Shareholders and their families met the athletes

Relationships with Employees

Under the K-ESG management that we aspire to, employees should put the corporate principles in practice, and we should gain the empathy and participation of stakeholders inside and outside Kubota. Our employees are the main driving force in the K-ESG management, and as such are an important stakeholder. Furthermore, customer satisfaction cannot be accomplished without employee satisfaction. We promote the creation of comfortable and motivated workplaces where our employees can not only work safely and securely but also feel pride and joy in their work.

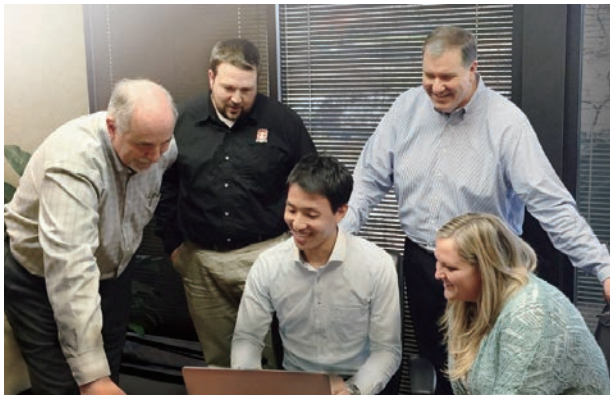
Main FY2021 Results

- We revised parts of our HR system to further strengthen human resource management
- We carried out an engagement survey
- We held a town hall meeting (direct dialogue between the President and workers)
- We introduced Kubota Smart Work (promoting reforms to ways of working)
- We held one-on-one seminars (periodic interviews between bosses and their subordinates on a one-to-one basis)
- We carried out the Employee K-ESG Awareness Survey (previously CSR Awareness Survey)

Case Study

Results from our engagement survey

We saw a trend among respondents of positive answers toward themes such as our company businesses, policies, and strategies. Half of all respondents gave us a positive score for employee engagement, and few did for topics related to communication, personal growth, and work tasks. To instill greater loyalty going forward, we will set KPIs and develop measures focused on the areas that correlate with employee engagement: opportunities for growth, work processes, responses to change, and communication.



Case Study

Introduction of Kubota Smart Work

We introduced Kubota Smart Work, an initiative that sets out measures to promote ways of working that are not dictated by location (via remote working, satellite offices, etc.) or working hours (via a super flextime system, etc.). Kubota Smart Work enables diverse workstyles and the efficient allocation of time, and leads to improvements in productivity and employee performance and motivation.

Case Study

Town hall meetings

To foster a sense of unity within the Group, and to achieve One Kubota, we are strengthening internal communication. We held town hall meetings where the executive team, newly appointed section managers, and mid-career hires were able to meet together online. Attendees were able to discuss topics such as questions about elements of Kubota's vision, its future direction, and any ideas they had as leaders.

Involvement with Local Communities

In expanding our business globally, we at Kubota make sure to respect the cultures and customs of different countries and regions and value the relationships we have with stakeholders. At the same time, we are working on social contribution activities (the Kubota e-Project) with the aim of preserving our beautiful global environment and bringing about a more sustainable society.

Case Study

Visiting lectures

As part of our Kubota e-Project initiative started in 2008 to educate the next generation, we continue to deliver visiting lectures at schools and events around the country, on topics such as the links between the Kubota Group and the SDGs or the future of global and Japanese agriculture. Six junior high and senior high schools were visited in 2021 (total of 254 attendees)

Case Study

Donation of rice to children's cafeterias

To bring about a sustainable and better society in which "No one will be left behind" and to support the next generation tasked with building a future world, we donated roughly 54 metric tons of new rice harvested in 2021 to the NPO that runs about 560 children's cafeteria locations nationwide.

Governance

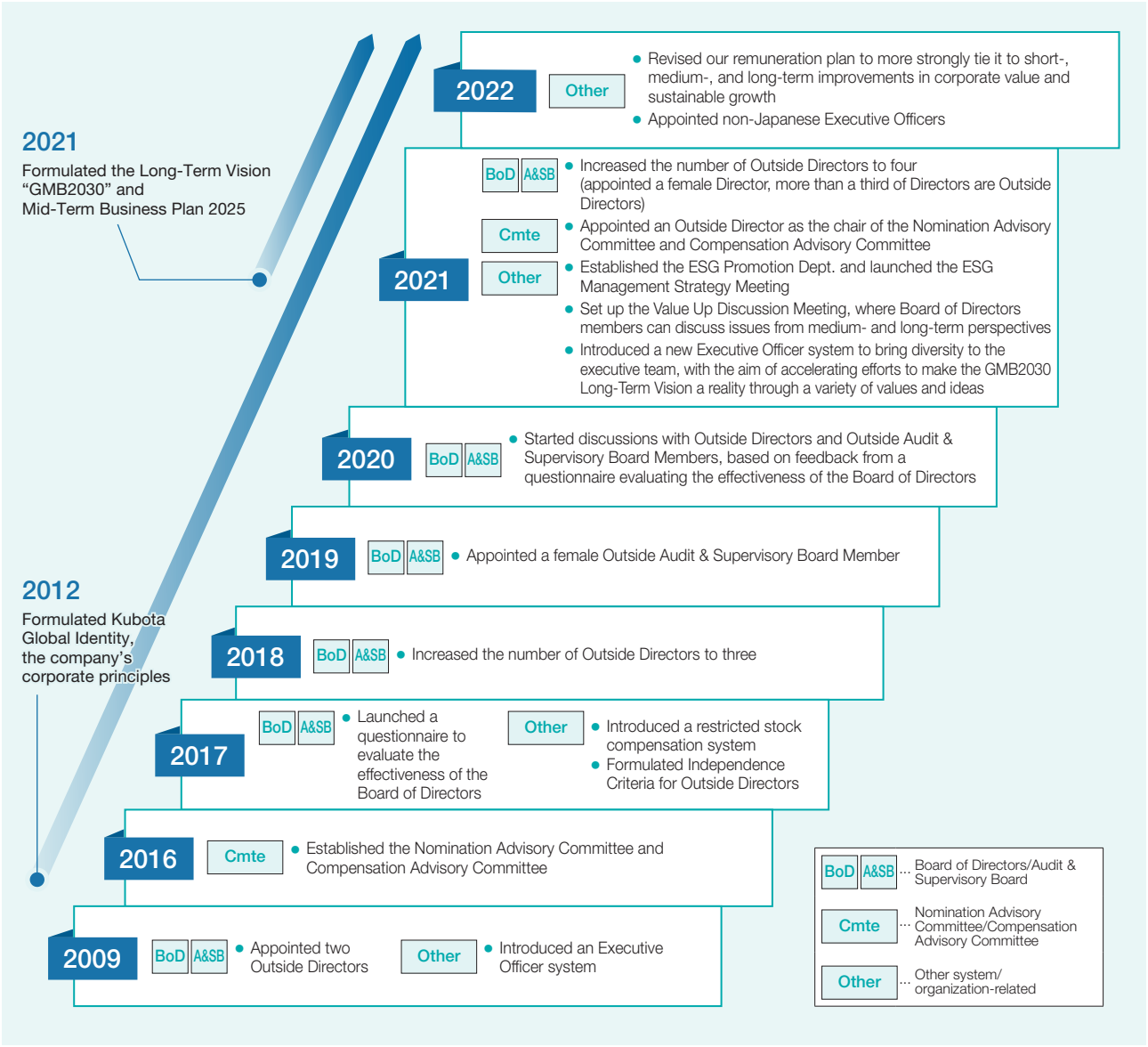
In order to speed up its response to business environment and increase transparency in its management, Kubota has been committed to enhancing its corporate governance structure.

Basic Policy of Corporate Governance

Kubota has designated "long-term and stable growth of corporate value" as its highest management priority. To realize this aim, we believe it is important to satisfy the stakeholders surrounding the company and to enhance the overall corporate value while maintaining a balance between economic value and social value. Especially, in order to achieve the long-term objectives of building "Global Major Brand Kubota" on the basis of its corporate principles "Kubota Global Identity," we must be an enterprise that is trusted not just in Japan but also worldwide.

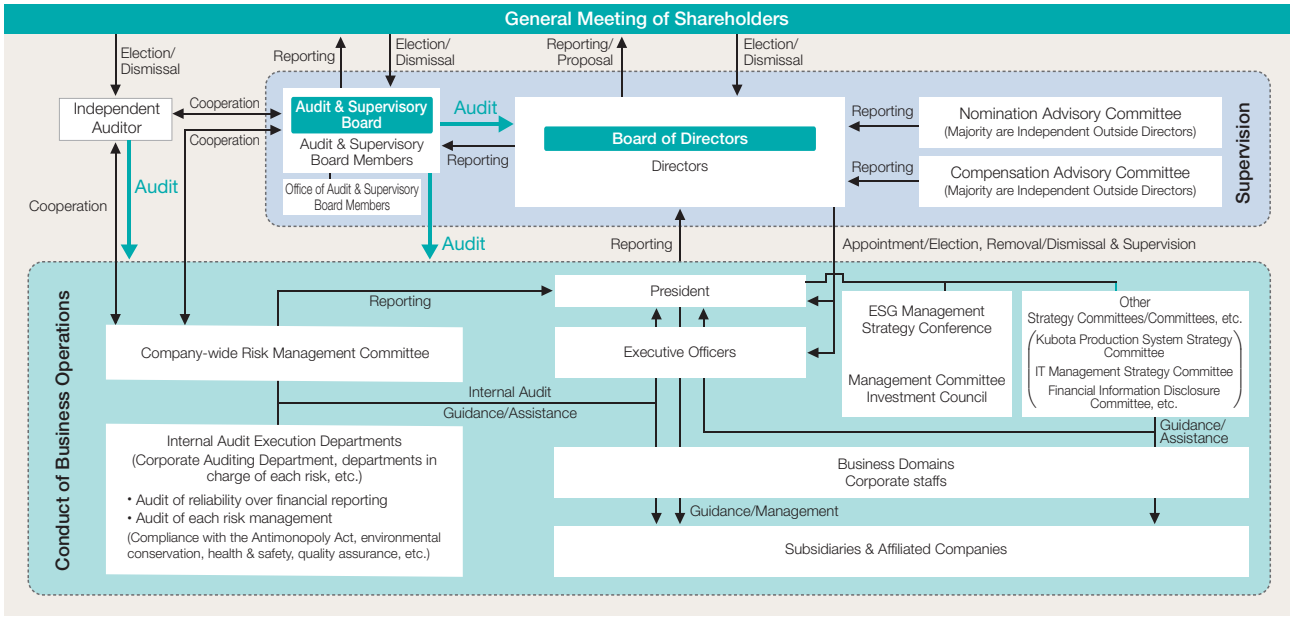
In order to enhance the soundness, efficiency, and transparency of management, which are essential to earn trust, we are striving to strengthen its corporate governance.

How we strengthen corporate governance to achieve GMB2030



Corporate Governance System

Corporate Governance Structures (as of March 18, 2022)



	Board of Directors	Audit & Supervisory Board
Aim	To make strategic decisions and oversee the execution of duties by Executive Officers	To audit and supervise the execution of duties by Directors
Members	10 Directors (of whom 4 are Outside Directors)	6 Audit & Supervisory Board Members (of whom 3 are Outside Audit & Supervisory Board Members)
Frequency	Once a month in principle (extra where required)	Once a month in principle (extra where required)
Role	To deliberate and decide on important management issues (matters related to management planning, financial planning, investment, business restructuring, etc.)	To collaborate and decide on areas such as auditing policy and reporting

Nomination Advisory Committee and Compensation Advisory Committee activities

Kubota has a voluntary Nomination Advisory Committee and Compensation Advisory Committee in place as the advisory body of the Board of Directors. To incorporate the independent and objective standpoint, Outside Directors account for more than half of constituent members of both committees, and an Independent Outside Director has served as chairperson of the committees since March 2021.

The Nomination Advisory Committee met four times during the fiscal year for the purpose of deliberating the nomination of candidates for Director and the nomination of Advisors. The committee is also looking at the composition and diversity of the Board of Directors using the skills matrix. Starting in fiscal 2022, the committee will add matters related to electing as well as dismissing a president along with succession planning to its agenda and actively discuss the qualities and abilities required of the Kubota top management in addition to training methods.

The Compensation Advisory Committee met eight times during the fiscal year for the purpose of discussing both the consistency of levels of compensation paid to the Directors, Executive Officers, and Advisors, and the adequacy of the stock compensation system. The committee decided to establish a new remuneration plan to be applied from fiscal 2022 in order to realize the Kubota Long-Term Vision as set forth in “GMB2030,” set competitive remuneration levels appropriate for GMB, and introduce an evaluation system that is strongly linked to growth over the short, medium and long term.

Activity Report of the Nomination Advisory Committee (Period: January 1, 2021 - December 31, 2021)

1	March 19	Deliberation on the operation of the Nomination Advisory Committee for fiscal 2021
2	October 21	Deliberation on the candidates for Director and Advisor
3	December 1	Deliberation (in writing) on the candidates for Advisor, etc.
4	December 15	Deliberation on revising the roles of the Nomination Advisory Committee Discussion on the qualifications of candidates for President and his/her training policy

Activity Report of the Compensation Advisory Committee (Period: January 1, 2021 - December 31, 2021)

1	February 9	Deliberation (in writing) on the annual bonus and stock compensation for the Directors and Executive Officers
2	March 19	Deliberation on the pros and cons of revising the remuneration plan
3	April 20	Deliberation on the remuneration plan for fiscal 2022 and onward
4	June 16	Deliberation on the concept of the new remuneration plan
5	August 5	Deliberation on the remuneration levels
6	September 16	Deliberation on the design of the new remuneration plan
7	November 5	Deliberation on the design of the new remuneration plan
8	December 8	Deliberation on the design of the new remuneration plan

Officers (as of March 18, 2022)

Directors and Audit & Supervisory Board Members

Skills Matrix

	Name	Position	Out-side	Areas of expectation / Specialization: Priority items related to medium- to long-term strategies: Manufacturing /Quality control	Global Management	Innovations/ R&D/DX	E (Resolution of environmental issues)	S (Contributing to society/ Empathy and participation of stakeholders)	G (Building Governance)	Fundamental items for management: Finance/ Accounting	Legal affairs/ Compliance	Experience in corporate management	Attendance at the Meetings of the Board of Directors	Attendance at the Meetings of the Audit & Supervisory Board	Tenure as Director or Audit & Supervisory Board Member
Board of Directors	Masatoshi Kimata	Chairman and Representative Director		●	●		●	●	●		●	●	100% (13 of 13)	–	9 years and 9 months
	Yuichi Kitao	President and Representative Director		●	●	●	●	●	●		●	●	100% (13 of 13)	–	7 years and 9 months
	Masato Yoshikawa	Executive Vice President and Representative Director			●	●	●	●	●	●			100% (13 of 13)	–	5 years
	Toshihiko Kurosawa	Director			●	●	●						100% (13 of 13)	–	3 years
	Dai Watanabe	Director and Senior Managing Executive Officer		●	●	●	●			●			100% (13 of 13)	–	3 years
	Hiroto Kimura	Director and Managing Executive Officer		●	●	●	●						–	–	–
	Yuzuru Matsuda	Director	●		●	●		●	●			●	100% (13 of 13)	–	7 years and 9 months
	Koichi Ina	Director	●	●	●		●	●	●			●	100% (13 of 13)	–	6 years and 9 months
	Yutaro Shintaku	Director	●		●			●	●	●		●	100% (13 of 13)	–	4 years
	Kumi Arakane	Director	●	●		●		●			●		100% (13 of 13)	100% (3 of 3)	1 year
Audit & Supervisory Board	Toshikazu Fukuyama	Audit & Supervisory Board Member (Full-time)			●				●	●	●		100% (13 of 13)	100% (14 of 14)	7 years and 9 months
	Yasuhiko Hiyama	Audit & Supervisory Board Member (Full-time)		●	●					●	●		100% (13 of 13)	100% (14 of 14)	4 years
	Masashi Tsunematsu	Audit & Supervisory Board Member (Full-time)					●			●			–	–	–
	Yuichi Yamada	Audit & Supervisory Board Member	●							●	●		100% (13 of 13)	100% (14 of 14)	2 years
	Yuri Furusawa	Audit & Supervisory Board Member	●					●			●		100% (11 of 11)	100% (11 of 11)	1 year
	Keijiro Kimura	Audit & Supervisory Board Member	●						●		●		–	–	–

(Notes)
1. Experience in corporate management among the items of the list above refers to experience as president at a company listed on the first section of a stock market.
2. The attendance of the Meetings of the Board of Directors and the Audit & Supervisory Board held during fiscal 2021.
3. Ms. Kumi Arakane resigned from her position as Audit & Supervisory Board Member and assumed office as Director on March 19, 2021. She attended all 13 meetings of the Board of Directors as Director or Audit & Supervisory Board Member and all three Audit & Supervisory Board Meetings held during fiscal 2021 until her resignation as Audit & Supervisory Board Member.
4. Ms. Yuri Furusawa attended all 11 meetings of the Board of Directors and all 11 Audit & Supervisory Board Meetings held after her appointment on March 19, 2021.
5. Executive Officers in charge of the relevant fields attend the meetings of the Board of Directors, depending on the agenda, to provide explanations on those agendas in order to improve the effectiveness of the Board.

Efforts for Making the Board of Directors More Effective

Evaluation of the Board of Directors' Effectiveness

In order to maintain and improve the function of the Board of Directors, Kubota employs a continuous cycle for improvement, wherein it evaluates the Board of Directors' effectiveness at the end of each fiscal year, identifies issues in light of the evaluation findings, and develops an action plan to address them, and this plan is then implemented by the Board of Directors the following year.

The evaluation of the Board of Directors' effectiveness for fiscal 2021 was conducted, and the report is as follows.

Evaluation method

(1) Effectiveness evaluation questionnaire (November 2021)
The questionnaire based on questions compiled by a third-party organization was given to all Directors and Audit & Supervisory Board Members (total of 14 persons).

(2) Discussion between Outside Directors and Audit & Supervisory Board Members (December 2021)
Four Outside Directors and five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members) analyzed the results of the questionnaire and discussed issues.

(3) Discussion at Board of Directors Meeting (January 2022)
The issues identified in (1) and (2) were shared, and all the Directors and Audit & Supervisory Board Members discussed the future action plans.

Progress of FY2021 initiatives to address major issues selected during effectiveness evaluation in FY2020

Issue ❶: Creating more opportunities to have discussions from a medium- to long-term perspective

- Starting quarterly Value Up Discussion Meetings to provide members of the Board with opportunities to discuss topics related to increasing corporate value.
- Reviewing and identifying requirements to be resolved by the Board of Directors to establish an environment where medium- and long-term issues can be reported on and discussed in a preferential manner.
- Briefing Outside Directors on matters to be discussed by the Board of Directors prior to board meetings in order to stimulate discussions.

Issue ❷: Strengthening the monitoring function for the progress of important projects

- Building a management system in which matters discussed at the Board of Directors meetings that require follow-up are listed and shared with the secretariat of the Board of Directors and the members of the Board to ensure timely reporting on their progress.

Issue ❸: Ensure diversity

- Elect a female Director and promote discussions from various perspectives.

FY2022 action plans to enhance effectiveness

- Identify points of discussion and materials that clarify the correlation between each issue and the Kubota's business strategy in order to further enhance discussions from a medium- to long-term perspective.
- Develop a system for ensuring timely reporting on the progress of important matters related to improving corporate value.
- Establish a Group-wide management system from a risk-based perspective.
- Create opportunities to discuss the creation of further synergies in Kubota's business areas of food, water, and the environment.

Value Up Discussion Meetings

Kubota started quarterly Value Up Discussion Meetings to provide members of the Board with opportunities to discuss topics bringing about sustainable growth and increasing corporate value.

The purpose of the meeting is to exchange opinions and share information, and the contents of discussions are communicated to the executive as necessary.

Contents of Discussion

- July 2021 "Carbon Neutrality"
  [Main Contents of Discussion]
  - Attitude toward carbon neutrality
  - Efforts to reduce GHG emissions and develop negative emissions technologies
- October 2021 "K-ESG management"
  [Main Contents of Discussion]
  - Definition of K-ESG management
  - Materiality for K-ESG management
- January 2021 "Constructive Dialogue with Shareholders"
  [Main Contents of Discussion]
  - Approach to realizing growth strategies and accountability
  - IR and SR activities for institutional and individual investors

Remuneration

1. FY2021 remuneration plan and amounts

For its internal directors, who manage the company from a short- and long-term perspective, Kubota provides remuneration in three ways with the goal of maximizing corporate profit: basic remuneration, which is a fixed amount; variable remuneration, an annual short-term incentive; and, restricted stock compensation, a long-term incentive. Outside Directors, whose role is mainly to ensure appropriate supervision of management, receive only a basic remuneration. The table on the right shows the number of executives and total remuneration by position.

Director and Audit & Supervisory Board Member compensation (2021)

Position	No.	Total compensation (million yen)	Total compensation amounts by type (million yen)		
			Basic	Bonus	Restricted stock
Internal Directors	6	738	328	306	103
Internal Audit & Supervisory Board Members	2	78	78	—	—
Outside Directors	4	63	63	—	—
Outside Audit & Supervisory Board Members	4	43	43	—	—

* The figures above include one Director and one Outside Audit & Supervisory Board Member who stood down from their positions at the conclusion of the 131st General Meeting of Shareholders held on March 19, 2021.

2. Review of the remuneration plan (as of 2022)

Currently, Kubota is committed to shift to business operations with ESG positioned at the core of management under the Long-Term Vision "GMB2030." Under these circumstances, with the aim of further strengthening the supervisory function of the Board of Directors. Kubota formulated the policy for determination of remuneration, etc. and its calculation method for the Directors as detailed below.

Basic policy for determination of remuneration, etc. for the Directors

(1) The purpose of remuneration is to encourage the Directors, excluding Outside Directors, to take the lead for sustainable growth while fulfilling social responsibilities as a company aiming to become a GMB.

- Motivate the Directors to achieve performance targets by reflecting in their remuneration quantitative and objective evaluation results based on financial performance indicators.
- Accelerate K-ESG management initiatives by reflecting evaluation results of the progress of the K-ESG in remuneration of the Directors.
- Encourage the Directors to hold shares of Kubota Corporation during their tenure and make them strongly aware of the need to sustainably improve corporate value through a remuneration system that is closely linked to shareholder value.
- Set the levels of remuneration and performance linkage so that the Directors may receive remuneration that is equivalent to or greater than the standard remuneration at other GMB companies defined by Kubota Corporation, in line with the achievement of the performance targets and K-ESG, and improvement of corporate value.

(2) To achieve the purpose of the remuneration, transparency and objectivity must be ensured in the administration of the remuneration plan.

- Decisions on the development and administration of remuneration policies shall be reviewed by the Compensation Advisory Committee, where a majority of members are Outside Directors, before being determined by the Board of Directors' resolution.
- In order to fulfill accountability for shareholders precisely, disclosure shall be made not limited to the scope required by laws and regulations, but also to facilitate shareholders' understanding and dialogue with them.

(1) Remuneration structure

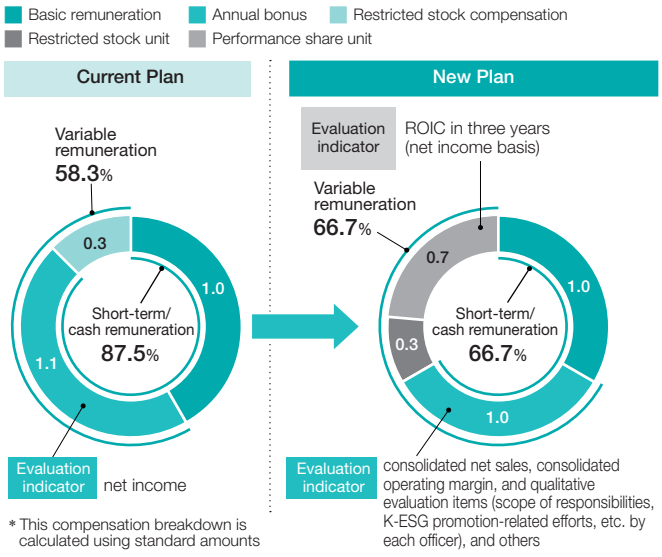
The remuneration for the Directors, excluding Outside Directors, consists of basic remuneration, which is fixed, and performance-linked remuneration. The composition ratio of basic remuneration to performance-linked remuneration for the President and Representative Director is generally set at 1:2, to secure a high level of performance linkage suitable for a competitive remuneration level. As for the remuneration structure for the Directors other than the President and Representative Director, the Directors at a higher corporate rank earn a greater portion of performance-linked remuneration, given the size of their duties, etc. of each corporate rank.

The only remuneration for the Outside Directors is basic remuneration, which is a fixed remuneration, since the Outside Directors are independent from the conduct of business.

(2) Remuneration level

In order to properly secure competitiveness in terms of compensation suitable for a GMB company, Kubota appropriately sets the level of remuneration for the Directors, excluding Outside Directors, based on their corporate ranks and duties, by using data on objective executive remuneration surveys conducted by an external specialized institution, etc. to identify a group of companies whose size, profitability, type of business, overseas networks, etc. are comparable to those of Kubota as a benchmark for comparison.

Image of Remuneration Composition Ratios for the President and Representative Director (Comparison: current plan vs. new plan)



* This compensation breakdown is calculated using standard amounts

(3) Shareholding guideline

For the purpose of deepening the level of shared value with its shareholders, Kubota encourages the Directors, excluding Outside Directors, to hold Kubota Corporation's stock basically by five years from taking office as follows:

- President and Representative Director: stock worth three times the basic remuneration
- Other Directors: stock worth 2.4 to 2.7 times the basic remuneration

(4) Clawback / recovery of remuneration, etc. (malus and clawback clauses)

Kubota has compensation clawback clauses for the restricted stock unit and the performance share unit to be granted to the Directors. If an incident of misconduct, etc. arises, Kubota may claim the return, etc. of pre-issue points to receive shares, and all or part of the issued restricted stock and shares after the transfer restriction is lifted. The decision on claims for return, etc. and their details shall be reviewed by the Compensation Advisory Committee before being determined by the Board of Directors' resolution.

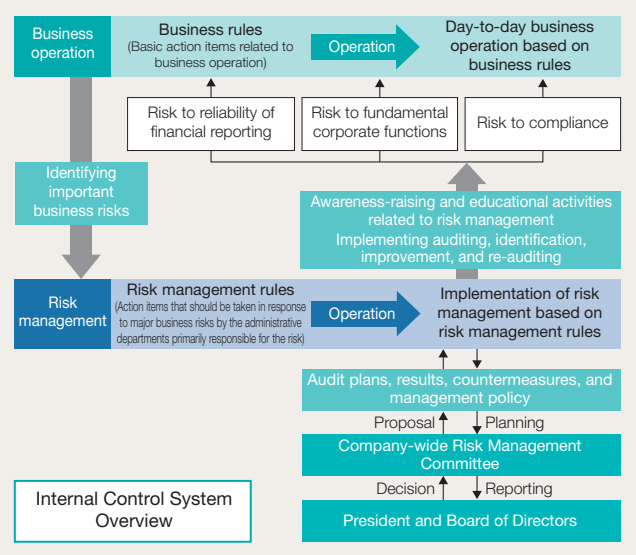
(5) Remuneration determination process

- Kubota's policy on the decision of the details of remuneration for the Directors and the details of individual remuneration, etc. shall be decided by resolution of the Board of Directors based on the result of objective deliberation by the Compensation Advisory Committee.
- The review by the Compensation Advisory Committee shall be attended or observed by a compensation advisor, an external specialized institution, where necessary, for the purpose of providing an objective point of view as well as expert knowledge and information concerning compensation plans.

Internal Control

Internal Control System

To realize K-ESG management, Kubota has constructed, and runs, an internal control system, which also includes the development of rules that serve as the basis for "appropriate business execution" based on its "Corporate Principles" and "Code of Conduct." Our internal control system serves as the mechanism for clearly providing the rules that should be abided by as to the performance of business, and for checking whether or not business has been managed according to those rules. This system consists of the "business operation" on one hand, which entails the performance of business based on rules, and "risk management" on the other hand, which entails the management of major business risks. These two, operation and checks, function alongside one another with the aim of raising the level of the company's compliance.



Internal Control System Risk Management Activities

Kubota considers its risk management activities as part of its business activities. Based on its understanding that risk management is the foundation of business activities, Kubota is willing to exert its efforts to manage risks appropriately through continuous steady improvement via "immediate corrective actions upon any perception of inadequacies," by identifying risks common to the entire Kubota Group, such as those relating to the reliability of financial reporting. At the same time, while accelerating the global development of its businesses, Kubota strongly recognizes that risk management activities are the foundation for the continuity of its businesses, and strives to improve such activities both in Japan and overseas.

ESG REPORT > Governance > Internal Control:
Number of Audits and Contents of Risk Management
https://www.kubota.com/ir/financial/integrated/esgreport2022-en-05.pdf

Kubota Hotline (Whistleblowing system)

As a framework to supplement its risk management, Kubota operates a whistleblowing system (with a helpdesk at an outside legal office). This system aims to prevent, or quickly detect and correct, any illegal or unethical acts as well as to develop an open corporate culture. We also conduct activities to raise awareness of the system, such as introducing the whistleblowing process and other details via in-house newsletters and websites. In FY2021, the system received 122 reports from Kubota and group companies in Japan. Kubota also operates a supplier hotline for our outside business partners.

Prevention of Illegal Payments

The Kubota Group has placed particular focus on preventing bribery among risk management activities on the preventing of illegal payment, and will work to achieve SDGs Target 16.5: Substantially reduce corruption and bribery in all their forms. In FY2021, we carried out web-based training and e-learning programs, and our top management made a clear commitment by declaring that "KUBOTA Group never allows business based on unfair practices such as bribery." In addition, document surveys were conducted at 12 companies in Japan and 47 overseas bases. The Committee on Prevention of Illegal Payments investigates whether preventive frameworks are in place and sufficiently functioning.

Special Feature 3

Messages from Outside Directors

Outside Directors delivered messages from a medium- to long-term perspective about K-ESG management for realization of our Long-Term Vision “GMB2030” and governance system that has been steadily strengthened.

Kubota has expanded its business with a sense of mission to confront social issues in the fields of food, water, and the environment—what do you think of its business approach and business fields?

Matsuda: In recent years, ESG and the SDGs are actively called for in every company and line of business. In this day and age, the keywords of food, water, and the environment fit into this trend and looking around the world there are very few companies that have developed their businesses in all three. I have been an outside director since June 2014, and right from the start I could get a sense of Kubota’s potential—I believe it has the potentiality to enhance its corporate value even further in the future. On the other hand, Kubota’s current business portfolio and profitability relies heavily on, and is biased toward, its Farm & Industrial Machinery business. While I sympathize with President Kitao’s stated direction of creating synergies between food, water, and the environment, bringing this about is no easy task. That is precisely why I want the company to set about working toward K-ESG management in earnest. It’s no exaggeration to say that this is a turning point.

Ina: I am exceptionally pleased with Kubota’s approach of addressing social issues since the company’s founding. Kubota has also dedicated itself to manufacturing that helps to resolve such issues, and has produced products and services from its start in developing water pipes to creating agricultural machinery after World War II, and coming up with water treatment technologies in the period of rapid economic growth that came after. That it managed to do this while maintaining an operating margin of higher than 10% is a track record that is hard to find in any other Japanese company. With regard to manufacturing, I am paying close attention to the Kubota Production System (KPS). In the automotive

industry, in which I have long been involved, there is mass production of a limited number of items. For Kubota, though, their manufacturing must produce a huge number of items in small batches, which requires a difficult production management. I have often visited factories, and what sets Kubota's apart is how earnest and honest they are. I believe that if they can continue this approach going forward, and have it really take root, Kubota's production sites will be truly competitive.

Shintaku: I have been an outside director since March 2018, and at first I was not all that confident in the fields of food, water, and the environment. If some investors asked whether Kubota suffered from a conglomerate discount and should shift to highly profitable Farm & Industrial Machinery business, I couldn't think how best to answer as an outside director. However, Kubota is now focusing on smart agriculture, which requires those three elements and I have come to believe that this is an area in which the company can demonstrate its leadership. Data gained can be poured back into crop yields, adapted to the growing conditions, while water management for paddy fields can be automated; in such ways, Kubota can link its technologies and expertise to provide total solutions. Doing so will lead to smart agriculture that can resolve issues in agriculture.

Arakane: Kubota is known primarily for its Farm & Industrial Machinery business, including agricultural machinery, construction machinery, and engines. When we consider how the company should look in 130 years since its founding, as it moves toward 2030, we can see that the focus on water and the environment—where the company had its beginnings—is something unique to Kubota. There is an intention among Kubota's executives to always create new products and services, but not forget the company's roots as they push its evolution forward.

Last year, Kubota announced its Long-Term Vision "GMB2030" for the year 2030. To realize that vision, we are promoting K-ESG management—what are your thoughts on this?

Matsuda: I don't imagine that Kubota is the only company to be working toward a long-term vision and a mid-term business plan—I'm sure there are many others. In a business environment that is undergoing dramatic change, though, realizing those goals is challenging. Creating new businesses is also difficult—even a talented executive could succeed in only two or three businesses out of a thousand. What, then, underlines successful cases? The key is a company's core competence. Only an area peripheral to where we are most competitive, which can act as a stepping stone, will help to open up new businesses. Kubota's current aims of a circular economy and recycling waste are challenges in this stepping stone of strengthening its core competence, but also opportunities. In addition, the attitude of striving to balance social issues and business, as Mr. Ina mentioned, can be said to be a spirit that will live on no matter how the business environment changes.

Ina: K-ESG management is about asking what our planet, society and customers need from Kubota. Put another way, it is a way of getting closer to Kubota's raison d'être. Both time and resources are limited and therefore core competence should form the basis for concentrating resources and implementing initiatives. Any result is beneficial, and therefore I would like Kubota to show this is a symbol of Kubota's ESG management.

Arakane: "No growth without innovation." That is the thinking behind the energy being put into collaborating with start-ups and a number of other organizations and companies, and toward innovation. I think this is highly important to discover the seeds of new business and to pursue new possibilities. On the other hand, you could equally argue that the seeds of innovation can be found within the company. At the same time as exploring collaboration outside the company, Kubota can look for a gold mine within and refine it internally. This is something the company cannot forget. Kubota is conscious of this and is expanding its business through open innovation and M&A, but if it wants that to lead to success, it should definitely not neglect seeds of innovation or innovative perspectives within the company.

Shintaku: I believe that Kubota's core competence is its seriousness and diligence, but also its vitality. There are plenty of companies that are serious and diligent, but very few that have Kubota's vitality and energy. Whether it be meetings or in the company's factories, I can feel Kubota employees' great enthusiasm and I have seen how they set themselves high targets or challenges. President Kitao has spoken of how Kubota will resolve problems above and below ground, expressed in the desire to be an "Essentials Innovator for Supporting Life." That is the core competence that Kubota should treasure as something unique to the company.

What expectations do you think stakeholders have for Kubota's ESG management?

Ina: The "E" in ESG stands for "environment," a theme in which you cannot get away from the challenge of realizing carbon neutrality. Developing products while aiming to be carbon neutral is the very meaning of the company's entire social mission. For a company like Kubota that develops and manufactures agricultural and construction machinery these are significant issues, but it needs to contribute to the environment by doing all it can through electric vehicles, fuel cells, hydrogen engines, and other technologies.

Arakane: I think the biggest expectations are also related to the environment. Of course, the "S" and "G" are also important, but Kubota promoting carbon neutrality through its main businesses is what society has the most hope for. One quarter of the world's greenhouse gas emissions come from the food sector, including agriculture. President Kitao has said that he wants to make a contribution by not only reducing emissions through Kubota's agricultural and construction machinery, but by changing agriculture itself. That vision is expressed through the positioning of a climate change response as a necessary part of the three solutions to the company's materiality. Developing smart agriculture and resource recycling, and putting it into practice, is surely what society expects from Kubota.

Shintaku: Entering 2022, I think the way we look at carbon neutrality is changing. Many people have started to realize that simply reducing CO_2 emissions is not the only way to gauge progress. Considering a whole range of factors, including inflationary pressures resulting from the uncertainty of the global economy and limited energy supplies, how else should Kubota continue to support people's lives? Personally, I think we must tackle carbon neutrality from a number of angles.

For the "Society" part of ESG, Kubota has put particular emphasis on strengthening efforts to help employees grow and feel motivated. What do you expect from these initiatives?

Matsuda: What concerns me is the question of how much young employees know about the spirit that Kubota has always had of resolving social issues while promoting business growth, the unique innovation customers call for, and other aspects of the corporate climate and culture. During the engagement survey held recently, there was a high proportion of positive answers about

Kubota's strategy and direction, but only half of respondents answered positively about the employee engagement. I want young employees to be motivated and grow based on Kubota's corporate climate and sense of values, and as such Kubota must continue to work to create an environment that supports this.

Ina: At the moment, Kubota is wrestling with many topics and issues, and every department—most notably its R&D departments—is very busy. What happens when they are busy? Rather than "working," they get in a rut of just "moving." Therefore, to achieve our Long-Term Vision "GMB2030," Kubota must "find activities to stop doing." By working out which tasks are unnecessary, and stopping doing them, the company will be able to focus its energies on ensuring its employees, the company's front line, focus on value-added tasks. Creating that environment is the job of the managers and the executive team, they have to grasp worksite conditions and develop the environment.

For "Governance," Kubota has undertaken a review to improve the Board of Directors' functionality and transparency, by looking at improving the board's effectiveness and introducing a new remuneration plan. What are your opinions on this point?

Matsuda: For the last several years Kubota has steadily reviewed its governance. It has also improved the composition of the Nomination Advisory Committee and Compensation Advisory Committee. In the future, Kubota will adapt to societal trends and the expectations of its customers, while constructing a highly transparent corporate structure that fits the company.

Shintaku: The essence of corporate governance is creating an unending cycle of raising the soundness of management to improve business performance, to provide shareholders with an appropriate level of return, to give back to society, and so on. Kubota needs to continue responding to society's needs without being self-purposed.

Arakane: For governance, information disclosure is also vital. Kubota has to communicate with stakeholders about the company's policies and way of thinking. As an outside director, I want to play my part and engaging in dialogue with stakeholders to convey Kubota's value.

Lastly, as Outside Directors, what role do you hope to fulfill from a medium- to long-term perspective?

Arakane: I wish to objectively evaluate Kubota from the same viewpoint as the stakeholders and to offer suggestions. Just looking from within the company, it can sometimes be hard to see where improvements should be made. By taking the perspective of a stakeholder, I will contribute to Kubota's further growth on a medium- and long-term basis.

Shintaku: I want to raise even one or two issues that may not have been discussed or considered within the company. In management, we may often fall into our own perspectives and judgment standards. Founded on a relationship of trust with inside directors, I hope to perform my role and contribute to highly transparent management.

Ina: Based on my experience with automotive manufacturers, I want to give earnest advice on what demands are placed on Kubota. Many of the company's employees are kept busy every day with issues and tasks and, under such circumstances, it can be very difficult to have the attitude and mindset to keep creating new things. There are two concepts that are key for workplaces, visualization and verbalization. I want to continue to help bring about an organization where Kubota can continue to always create new things and have that mindset.

Matsuda: Summed up, the role of an outside director is to work to discover how best to raise corporate value from the perspective of the shareholder. I want to contribute to sustainable management in which all the members of the executive team come together to continue to meet stakeholders' expectations, while passing down the company's more than 130 years of history and achivements.

Financial Information

Consolidated statement of financial position

(Unit: millions of yen)	Dec. 31, 2021 (As of Dec. 31, 2021)	Dec. 31, 2020 (As of Dec. 31, 2020)
ASSETS		
Current assets		
Cash and cash equivalents	258,639	222,919
Trade receivables	574,349	592,027
Finance receivables	380,865	317,626
Other financial assets	50,875	49,967
Inventories	510,065	373,998
Income taxes receivable	8,430	9,700
Other current assets	83,822	72,305
Total current assets	**1,867,045**	**1,638,542**
Noncurrent assets		
Investments accounted for using the equity method	43,768	36,124
Finance receivables	1,029,488	807,342
Other financial assets	154,781	138,583
Property, plant, and equipment	496,312	424,672
Goodwill and intangible assets	95,884	72,539
Deferred tax assets	50,423	43,641
Other noncurrent assets	35,809	27,874
Total noncurrent assets	**1,906,465**	**1,550,775**
Total assets	**3,773,510**	**3,189,317**

(Unit: millions of yen)	Dec. 31, 2021 (As of Dec. 31, 2021)	Dec. 31, 2020 (As of Dec. 31, 2020)
LIABILITIES		
Current liabilities		
Bonds and borrowings	504,335	366,038
Trade payables	392,331	323,607
Other financial liabilities	96,740	87,445
Income taxes payable	33,546	14,676
Provisions	52,208	39,736
Other current liabilities	234,579	194,924
Total current liabilities	**1,313,739**	**1,026,426**
Noncurrent liabilities		
Bonds and borrowings	590,174	508,398
Other financial liabilities	33,375	31,537
Retirement benefit liabilities	14,899	16,144
Deferred tax liabilities	31,027	28,088
Other noncurrent liabilities	5,323	4,539
Total noncurrent liabilities	**674,798**	**588,706**
Total liabilities	**1,988,537**	**1,615,132**
EQUITY		
Equity attributable to owners of the parent		
Share capital	84,130	84,130
Share premium	84,886	84,943
Retained earnings	1,439,560	1,325,764
Other components of equity	69,515	(18,162)
Treasury shares	(134)	(636)
Total equity attributable to owners of the parent	**1,677,957**	**1,476,039**
Noncontrolling interests	**107,016**	**98,146**
Total equity	**1,784,973**	**1,574,185**
Total liabilities and equity	**3,773,510**	**3,189,317**

Consolidated statement of profit or loss

(Unit: millions of yen, except earnings per share)	Year ended Dec. 31, 2021 (Jan. 1, 2021 to Dec. 31, 2021)	Year ended Dec. 31, 2020 (Jan. 1, 2020 to Dec. 31, 2020)
Revenue	2,196,766	1,853,234
Cost of sales	(1,564,960)	(1,318,384)
Selling, general, and administrative expenses	(390,449)	(356,092)
Other income	10,638	6,950
Other expenses	(5,788)	(10,424)
Operating profit	**246,207**	**175,284**
Finance income	9,341	12,294
Finance costs	(2,989)	(1,679)
Profit before income taxes	**252,559**	**185,899**
Income tax expenses	(64,869)	(47,027)
Share of profits of investments accounted for using the equity method	3,042	2,528
Profit for the year	**190,732**	**141,400**
Profit attributable to:		
Owners of the parent	175,637	128,524
Noncontrolling interests	15,095	12,876
(Unit: yen)		
Earnings per share attributable to owners of the parent:		
Basic	145.52	105.85
Diluted	—	—

Consolidated statement of comprehensive income

(Unit: millions of yen)	Year ended Dec. 31, 2021 (Jan. 1, 2021 to Dec. 31, 2021)	Year ended Dec. 31, 2020 (Jan. 1, 2020 to Dec. 31, 2020)
Profit for the year	190,732	141,400
Other comprehensive income, net of income tax:		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit pension plans	4,085	3,078
Net change in fair value of financial assets measured at fair value through other comprehensive income	12,682	(180)
Items that may be reclassified subsequently to profit or loss:		
Exchange rate differences on translating foreign operations	78,140	(38,949)
Total other comprehensive income, net of income tax	94,907	(36,051)
Comprehensive income for the year	**285,639**	**105,349**
Comprehensive income attributable to:		
Owners of the parent	270,034	96,656
Noncontrolling interests	15,605	8,693

Consolidated statement of changes in equity

(Unit: millions of yen)	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Noncontrolling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares			
Balance as of Jan. 1, 2020	**84,130**	**84,671**	**1,238,824**	**35,849**	**(637)**	**1,442,837**	**94,377**	**1,537,214**
Profit for the year			128,524			128,524	12,876	141,400
Total other comprehensive income, net of income tax				(31,868)		(31,868)	(4,183)	(36,051)
Comprehensive income for the year			128,524	(31,868)		96,656	8,693	105,349
Transfer to retained earnings			22,158	(22,158)		–		–
Dividends paid			(43,853)			(43,853)	(4,503)	(48,356)
Purchases and sales of treasury shares					(20,002)	(20,002)		(20,002)
Retirement of treasury shares			(19,854)		19,854	–		–
Share-based payments with transfer restrictions		(4)	(35)		149	110		110
Changes in ownership interests in subsidiaries		276		15		291	(421)	(130)
Balance as of Dec. 31, 2020	**84,130**	**84,943**	**1,325,764**	**(18,162)**	**(636)**	**1,476,039**	**98,146**	**1,574,185**
Profit for the year			175,637			175,637	15,095	190,732
Total other comprehensive income, net of income tax				94,397		94,397	510	94,907
Comprehensive income for the year			175,637	94,397		270,034	15,605	285,639
Transfer to retained earnings			6,718	(6,718)		–		–
Dividends paid			(48,333)			(48,333)	(6,706)	(55,039)
Purchases and sales of treasury shares					(20,003)	(20,003)		(20,003)
Retirement of treasury shares		(95)	(20,226)		20,321	–		–
Share-based payments with transfer restrictions		98			184	282		282
Changes in ownership interests in subsidiaries		(60)		(2)		(62)	(29)	(91)
Balance as of Dec. 31, 2021	**84,130**	**84,886**	**1,439,560**	**69,515**	**(134)**	**1,677,957**	**107,016**	**1,784,973**

Consolidated statement of cash flows

(Unit: millions of yen)	Year ended Dec. 31, 2021 (Jan. 1, 2021 to Dec. 31, 2021)	Year ended Dec. 31, 2020 (Jan. 1, 2020 to Dec. 31, 2020)
Cash flows from operating activities:		
Profit for the year	190,732	141,400
Depreciation and amortization	71,701	67,336
Finance income and costs	(6,455)	(10,218)
Income tax expenses	64,869	47,027
Share of profits of investments accounted for using the equity method	(3,042)	(2,528)
Decrease in trade receivables	30,366	71,497
Increase in finance receivables	(180,782)	(185,256)
(Increase) decrease in inventories	(109,017)	1,042
(Increase) decrease in other assets	(15,051)	12,482
Increase in trade payables	59,694	37,881
Increase in other liabilities	41,302	14,203
Other, net	(1,194)	66
Interest received	2,071	4,013
Dividends received	2,234	2,414
Interest paid	(1,838)	(1,035)
Income taxes paid, net	(53,079)	(57,405)
Net cash provided by operating activities	**92,511**	**142,919**
Cash flows from investing activities:		
Payments for acquisition of property, plant, and equipment and intangible assets	(125,723)	(84,753)
Payments for acquisition of securities	(2,584)	(18,153)
Proceeds from sales and redemptions of securities	4,240	34,537
Net decrease in loans receivable from associate	500	101
Net decrease in time deposits	10,930	7,792
Net decrease (increase) in restricted cash	9,894	(435)
Net (increase) decrease in short-term investments	(689)	7,645
Other, net	(23,938)	6,133
Net cash used in investing activities	**(127,370)**	**(47,133)**
Cash flows from financing activities:		
Funding from bonds and long-term borrowings	336,100	272,068
Redemptions of bonds and repayments of long-term borrowings	(283,146)	(233,935)
Net increase (decrease) in short-term borrowings	96,282	(25,629)
Repayments of lease liabilities	(19,096)	(14,618)
Dividends paid	(48,333)	(43,853)
Purchases of treasury shares	(20,003)	(20,002)
Other, net	(1,218)	(2,385)
Net cash provided by (used in) financing activities	**60,586**	**(68,354)**
Effect of exchange rate changes on cash and cash equivalents	**9,993**	**(4,178)**
Net increase in cash and cash equivalents	**35,720**	**23,254**
Cash and cash equivalents, at the beginning of the year	**222,919**	**199,665**
Cash and cash equivalents, at the end of the year	**258,639**	**222,919**

Corporate Information

External Evaluations and Praise

Inclusion in ESG Indices

The Kubota Group has been highly evaluated for its ESG initiatives and selected as a constituent of multiple ESG indices in Japan and overseas. In addition to the Asia Pacific Index of the Dow Jones Sustainability Indices (DJSI), which is a global ESG investment index, and the ESG Investment Index* adopted by the Government Pension Investment Fund (GPIF), Kubota has been selected as a constituent of the following indices.

ESG Comprehensive Indices

MSCI ESG Leaders Indexes

FTSE4Good Index Series

Dow Jones Sustainability Indices

MSCI Japan ESG Select Leaders* Index

FTSE Blossom Japan Index*

ISS-oekom Corporate Rating

Environment Themed Index

S&P/JPX Carbon Efficient* Index Series

* MSCI indexes, logos, and trademarks, etc.
THE INCLUSION OF KUBOTA CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KUBOTA CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

(As of June 1, 2022)

Certifications and Prizes

Selected as a Zero Emissions Challenge company for promoting innovation to realize a decarbonized society.

Recognized as a DX-certified operator based on a Ministry of Economy, Trade and Industry program

Selected for inclusion in the A list of companies in the CDP Water Security 2021 survey on water security

Renewed our Eco-First Commitment pledge and certified once again by Japanese Ministry of the Environment as an Eco-First Company

Received development awards for three Kubota automated agricultural Agri Robo series models from the Japanese Society of Agricultural Machinery and Food Engineers in FY2021

Under the theme of “the establishment of a whole system for large-scale paddy rice cultivation by autonomous agricultural machines,” we were awarded with a prize for our three models: the NW8SA rice transplanter, DR6130A combine harvester, and the MR1000A tractor. We have been praised not just for making the three main machines used in paddy rice cultivation autonomous, but also enhancing safety. This originality, which gives a sense of the future of agriculture; the difficulty of the challenge; and the scale of the contribution to society were also commended.

Corporate Data (as of December 31, 2021)

Corporate name:	Kubota Corporation
Established:	1890
Capital:	¥84.1 billion
Total number of shares issued:	1,200,246,846
Number of shareholders:	52,675
Revenue (consolidated):	¥2,196.8 billion
Employees (consolidated):	43,293
Global network:	Over 120 countries
Overseas revenue ratio:	72.6%

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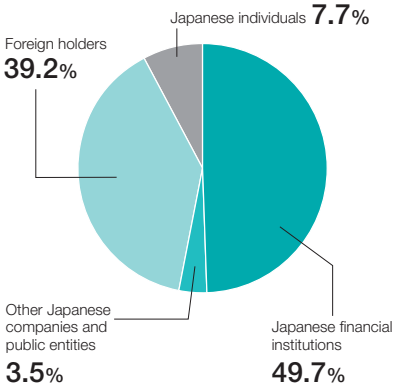
Share & Shareholder Information (as of December 31, 2021)

Basic share information

Fiscal year	January 1 to December 31
General Meeting of Shareholders	Held each March
Record date	General Meeting of Shareholders: December 31 Year-end dividend: December 31 Interim dividend: June 30
No. of shares constituting one share unit	100 shares
Shareholder register agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Contact details	Stock Transfer Agency Business Planning Dept. Sumitomo Mitsui Trust Bank, Limited 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063 Tel. 0120-782-031 (toll-free)
Agent helpdesks	Sumitomo Mitsui Trust Bank, Limited head office or branches throughout Japan
Reporting method	Kubota website
Stock exchange	Tokyo Stock Exchange

Shareholder Categorized Distribution



10 Largest Shareholders

	Shareholders	Number of shares held (thousand)	Percentage of issued shares (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	190,314	15.86
2	Nippon Life Insurance Company	62,542	5.21
3	Meiji Yasuda Life Insurance Company	59,929	4.99
4	Custody Bank of Japan, Ltd. (Trust Account)	58,870	4.90
5	Sumitomo Mitsui Banking Corporation	36,006	3.00
6	Mizuho Bank, Ltd.	31,506	2.62
7	Moxley and Co LLC (standing proxy: Sumitomo Mitsui Banking Corporation)	31,230	2.60
8	MUFG Bank, Ltd.	18,156	1.51
9	Custody Bank of Japan, Ltd., Sumitomo Mitsui Trust Bank Retirement benefit trust account	17,872	1.49
10	Bnym Treaty Dtt 15 (standing proxy: MUFG Bank, Ltd.)	17,470	1.46

(Note) Percentage of issued shares is calculated excluding treasury stock.

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