

For Earth, For Life
Kubota

A photograph of three children running joyfully through a lush green field under a blue sky with light clouds. The child in the foreground is wearing a teal shirt, the middle child a green jacket, and the child on the right a yellow sweater. Their arms are outstretched, and they appear to be having fun. The field is tall grass, and there are trees in the background.

ON YOUR SIDE

Mid-term Business Plan Progress

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Agenda

1. Results in FY2022
2. Profit Improvement
3. Progress of Mid-term Growth Drivers
4. Capital Expenditures
5. R&D
6. Example of Initiatives for the Realization of GMB2030
7. Promotion of ESG Management

Management Policy : Accomplishment of Mid-term Business Plan 2025

1. Results in FY2022

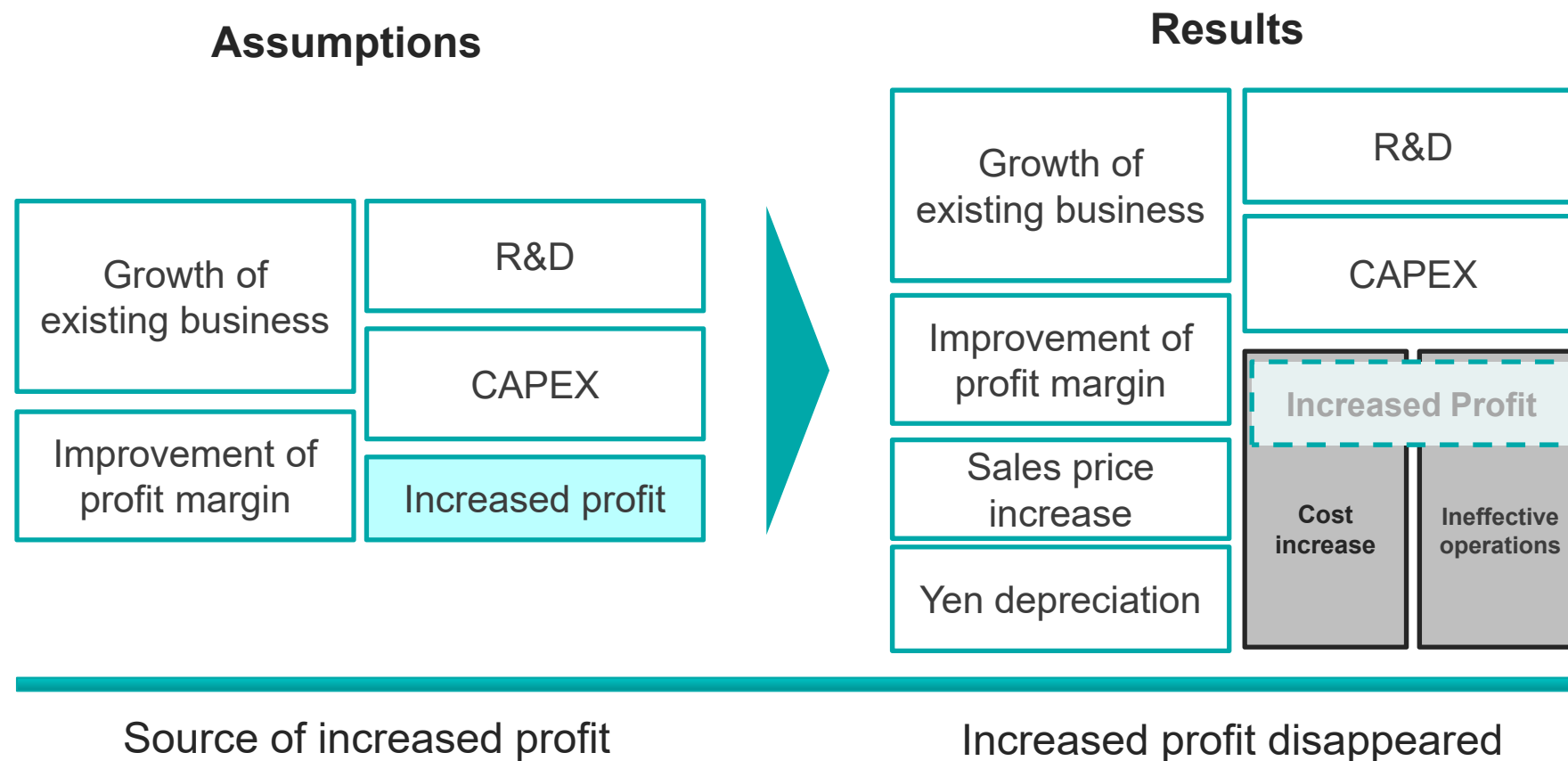
【Increase in revenue and decrease in profit】

- Revenue increased due to the yen depreciation and sales price increase.
- Profit decreased due to a deterioration in production efficiency and high costs such as material costs.

(Unit: billions of yen)	Year ended Dec.31, 2022	Changes	
		Amount	%
Revenue	2,678.8	+482.0	+21.9
Domestic	602.4	-0.4	-0.1
Overseas	2,076.4	+482.4	+30.3
Operating profit	8.2% 218.9	-25.6	-10.5
Profit attributable to Owners of the parent	5.8% 156.2	-18.6	-10.6

1. Results in FY2022

[Increase in revenue and decrease in profit]

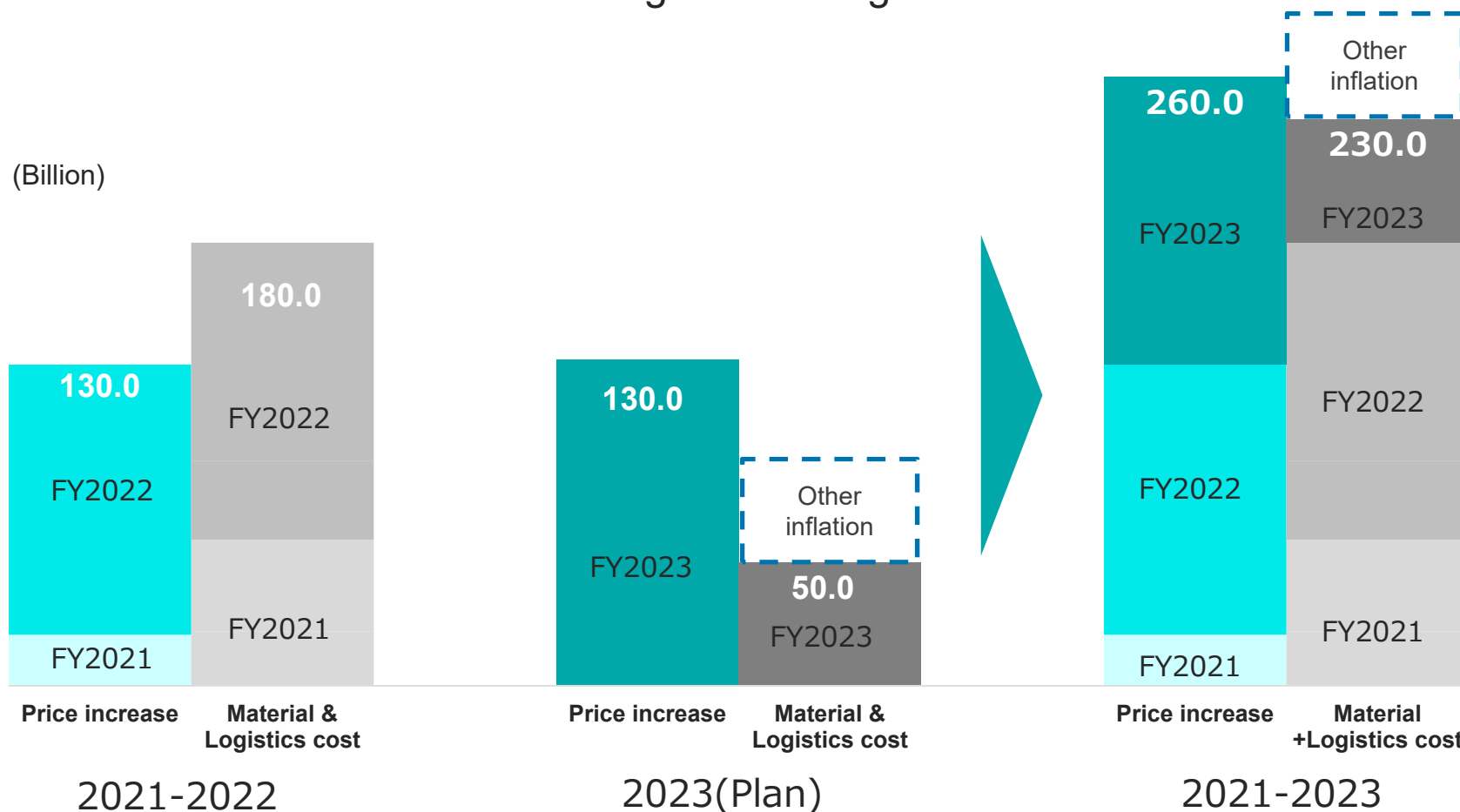


In order to secure resources for R&D and CAPEX, improvement of profitability is essential in 2023.

2. Profit Improvement

Measures against cost increase

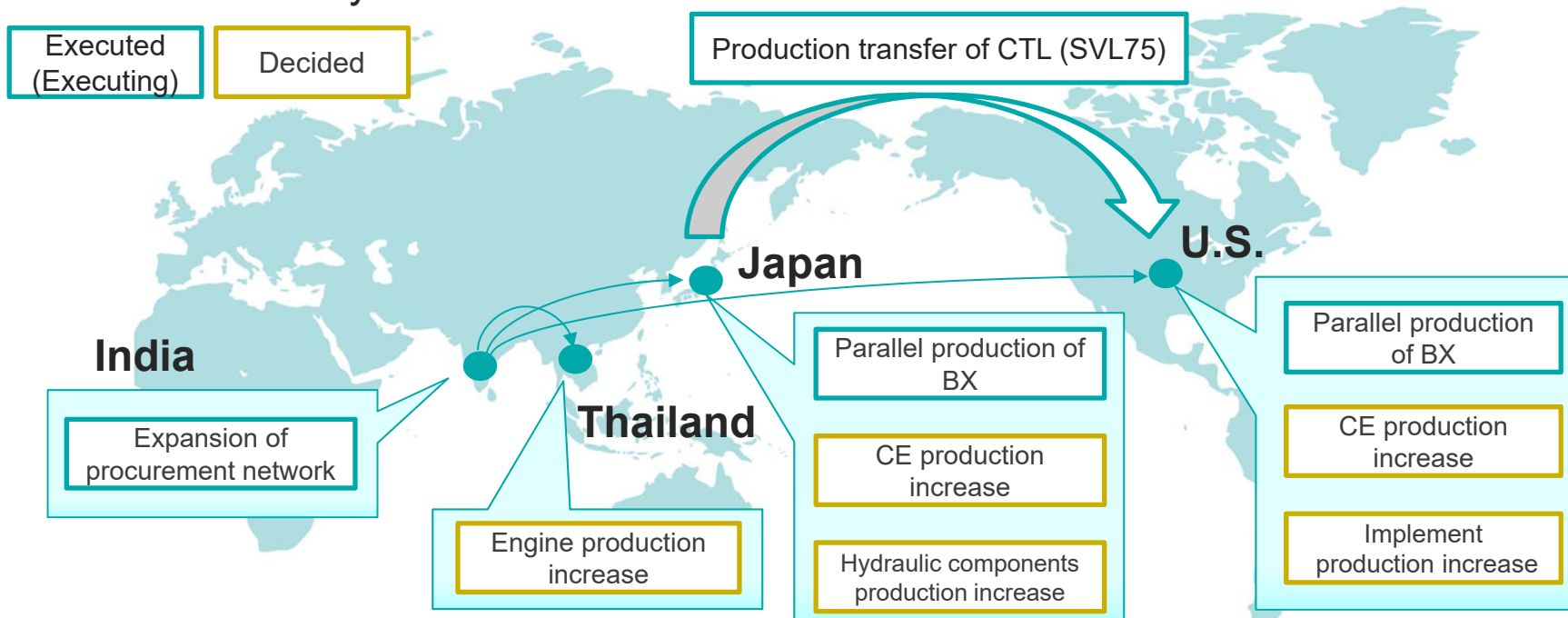
- Implement the sales price increase based on the market and inflation situations
- The positive effect from sales price increase will be able to compensate the increase costs of material and logistics through 2021 to 2023.



2. Profit Improvement

Normalization of plant operations

- Promoting the supplier alternation considering the geopolitical risks
- Stretched production plan and retention rate of manufacturing personnel in North America are still challenges
- Make smooth production adjustments with a close attention to the market and inventory levels in 2023



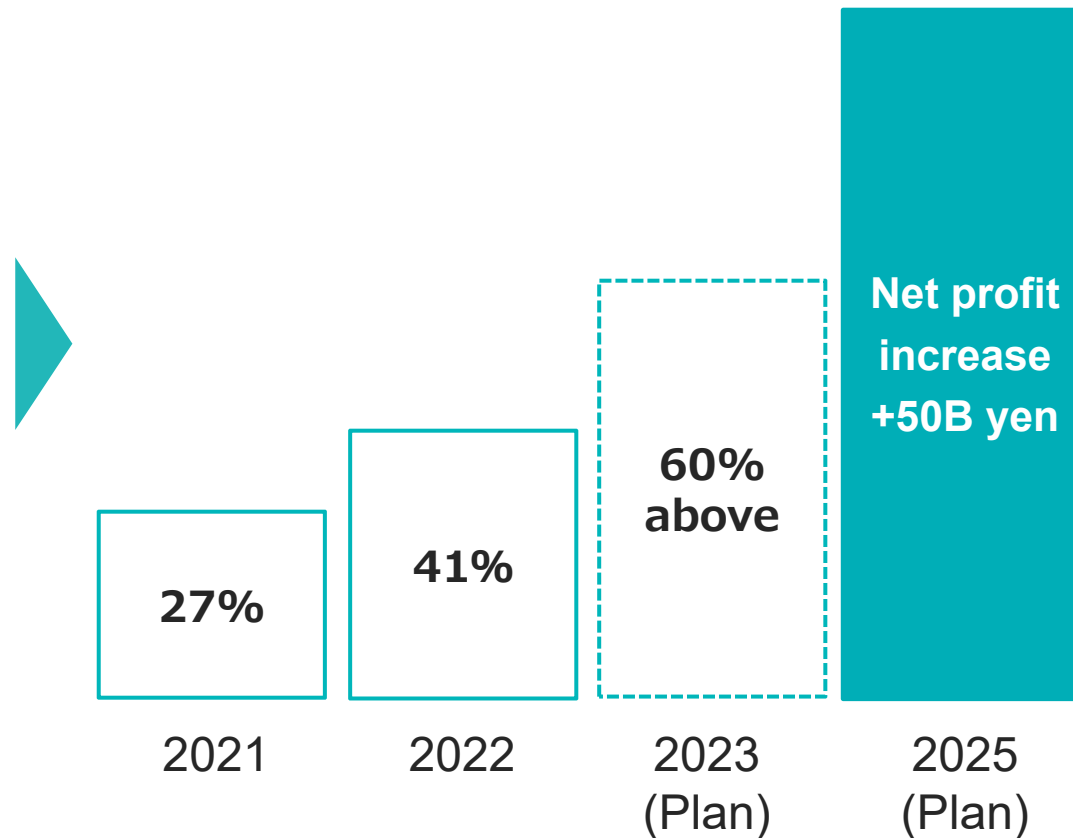
Promote production system to achieve stable supply and 50% overseas production ratio

2. Profit Improvement

Improvement of profit margin (Mid-term Business Plan)

Three pillars for improvement are making good progress, while the current high costs make it difficult to see the benefit.

- ① Steady growth in profitable business
(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 by fundamental reform of operations through utilizing DX and others)



3. Progress of Mid-term Growth Drivers

CE business in North America (CTL)

Steady growth in sales and market share, and improvement of production efficiency by production transfer to North America

- CTL business has grown to account for around 50% of CE business in North America.
- Production capacity of CTL has been enhanced by starting production in North America.
- In 2022, Implementation of full model change and promotion of development in new horsepower range



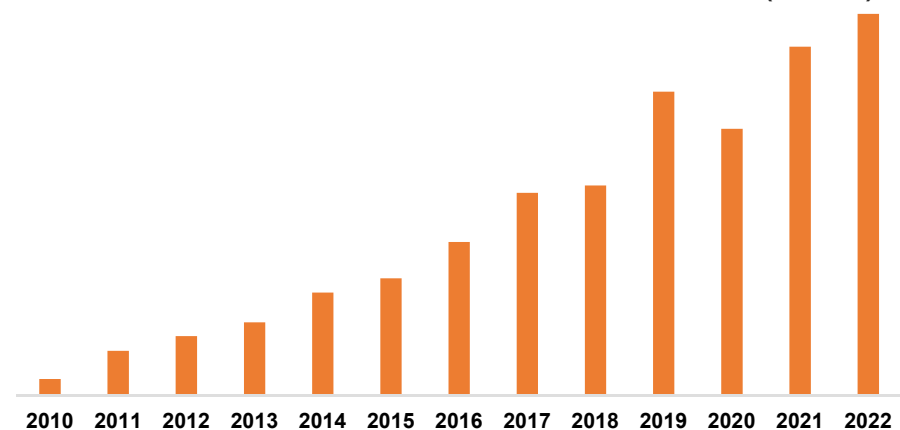
Characteristics:

- Attachment allows various tasks
- High mobility in soft ground
- High stability and drilling power

Usage:

- Civil engineering, transportation, snow removal

Wholesales of CTL in North America (units)



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

3. Progress of Mid-term Growth Drivers

Expansion of Indian Machinery business and entry into the basic machinery market

Pursuit of synergies

Sales

- Aim for a full-liner brand
- Utilization of both dealer networks

Manufacturing and development

- Promote the introduction of Kubota Production System(KPS) into Escorts
- Utilize procurement networks of Escorts
- Leverage both sides' R&D resource



Premium ← → Basic



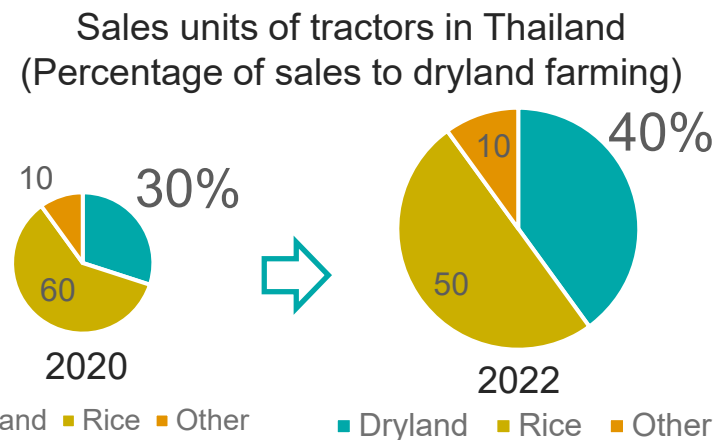
KPS promotion by dispatching Kubota engineers

Aiming to increase market share in India, which is the largest tractor market in the world, and expand business globally by exporting basic machinery

3. Progress of Mid-term Growth Drivers

Farm & Industrial Machinery business in ASEAN

- Broad implement lineup
- Sales expansion for dryland farming
- Broad CE lineup
- Entry into agriculture-related business



After-market business of Farm & Industrial Machinery

- Steady increase in revenue
- Launch the repair parts of 2nd brand
- Data experiments with telematics
- Expansion of the parts center

Logo design

K3R!
A Kubota Brand

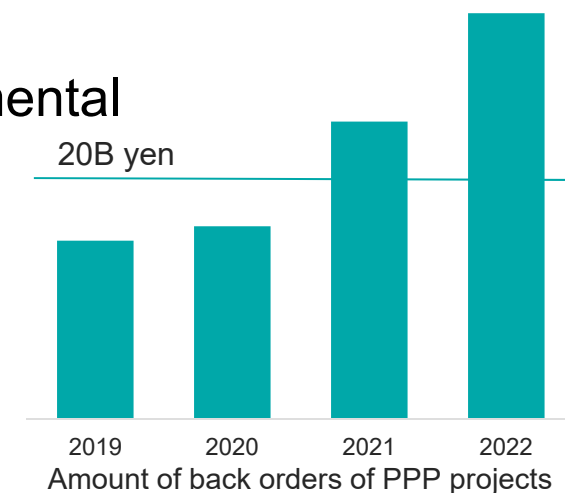
K:Kubota,
3R:
[Resolution]
[Reasonable]
[Reliable]

3. Progress of Mid-term Growth Drivers

Water & Environmental solutions business

Steady increase in sales of O&M and solution, such as PPP projects

- Securing O&M resources by integration of subsidiaries
- Strengthening KSIS that supports municipal operations of infrastructure service.
- Aggressive sales activities by Water & Environmental Solutions Developing and Sales Department
- Increase in wastewater treatment projects
- The first order for concession project



Shift from equipment sales-oriented business to O&M- and solution-oriented business

3. Progress of Mid-term Growth Drivers (Other activities)

Expansion of existing businesses thorough M&A and investment

Solutions of farming

- Escorts (2022) : Basic tractor
- Gianni Ferrari (2022) : Large-size mower
- ROC (2021) : Merger implement
- Fede (2021) : Sprayer implement
- B.C. TECHNIQUE (2023) : Weeding implement



Gianni Ferrari
Large-size Center Collect
Front Mower



ROC
Merger



Fede
Sprayer

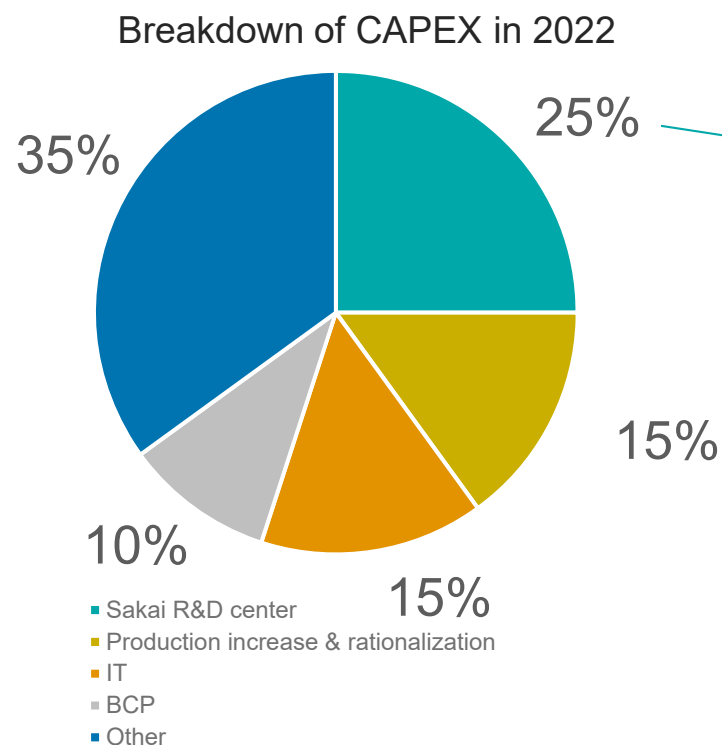


B.C. TECHNIQUE
Weeding implement

Aiming to increase revenue including existing products by expansion of related products

4. Capital Expenditures

- Early resolution of product shortages
- Stabilization of supply by increasing production capacity



Kubota Global Institute of Technology Opened in 2022



Example of investment for production increase :
 Hirakata plant



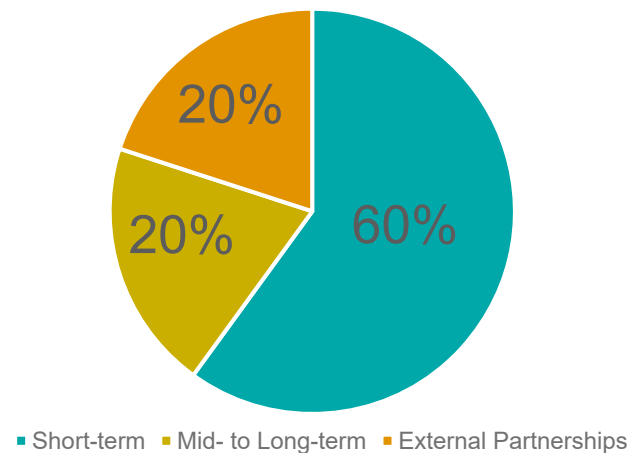
Prioritize the stabilization of production by bringing CAPEX forward

5. R&D

One Kubota R&D Strengthen

- Development of R&D structure is progressing globally
- Balanced allocation of resources between current and advanced development

Breakdown of R&D expenses



Major R&D bases



Enhance R&D system further based on the global six regions structure

5. R&D



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① Status of initiatives for decarbonization

Decarbonization-related R&D is ongoing from the both perspective of the reduction of CO2 emissions associated with the use of Kubota products and the reduction of GHG* emissions from society

Short-term

*GHG : Greenhouse Gas

Mid- to Long-term /
External Partnerships

Technologies to reduce CO2 emissions associated with the use of Kubota products



New hybrid engine



lower photo is current models.

Development of electrification of small farm & construction equipment

3.8L industrial hydrogen engine



Fuel Cell Tractor NEDO Demonstration Project

Technologies to reduce GHG emissions from society



Production of bio-charcoal from agricultural residues



Reducing methane emissions from rice paddies



Basic research on CO2 adsorbent

5. R&D

② Status of initiatives for Smart Autonomous

Promoting research to commercialize smart autonomous-related technologies into products and services and advanced studies in Japan and overseas.

Short-term



Smart Autonomous Function Enhancement for the Next Agri-Lobo Series



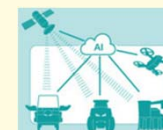
KSAS Data Openness by “KSAS Developers”



Development of Retrofit automatic steering

Mid- to Long-term / External Partnerships

Advanced R&D of next generation & new concept farm equipment



Group control of multiple farm equipment
Fully unmanned autonomous control (intelligent)

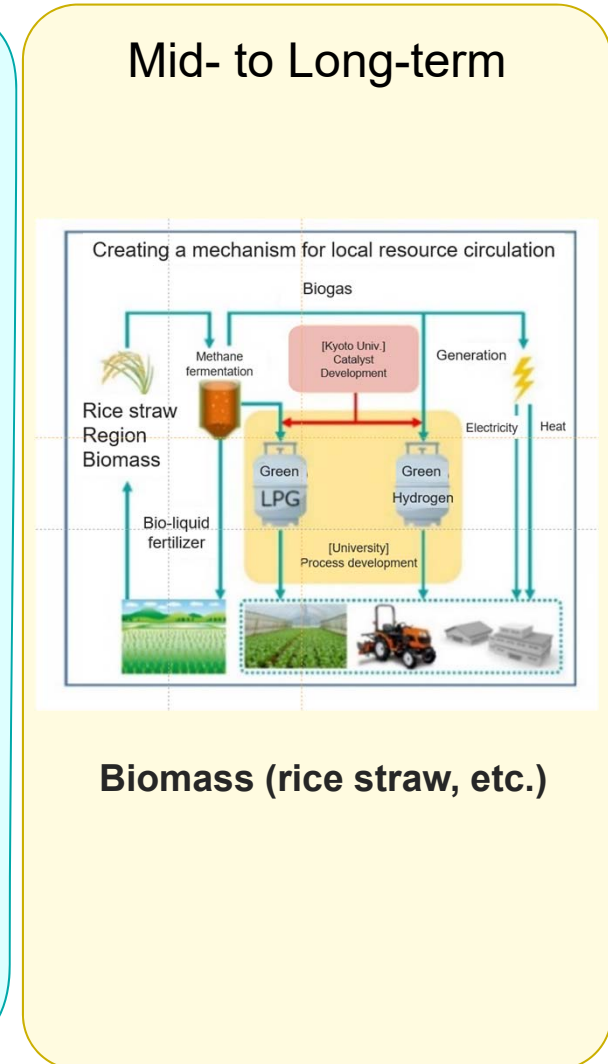
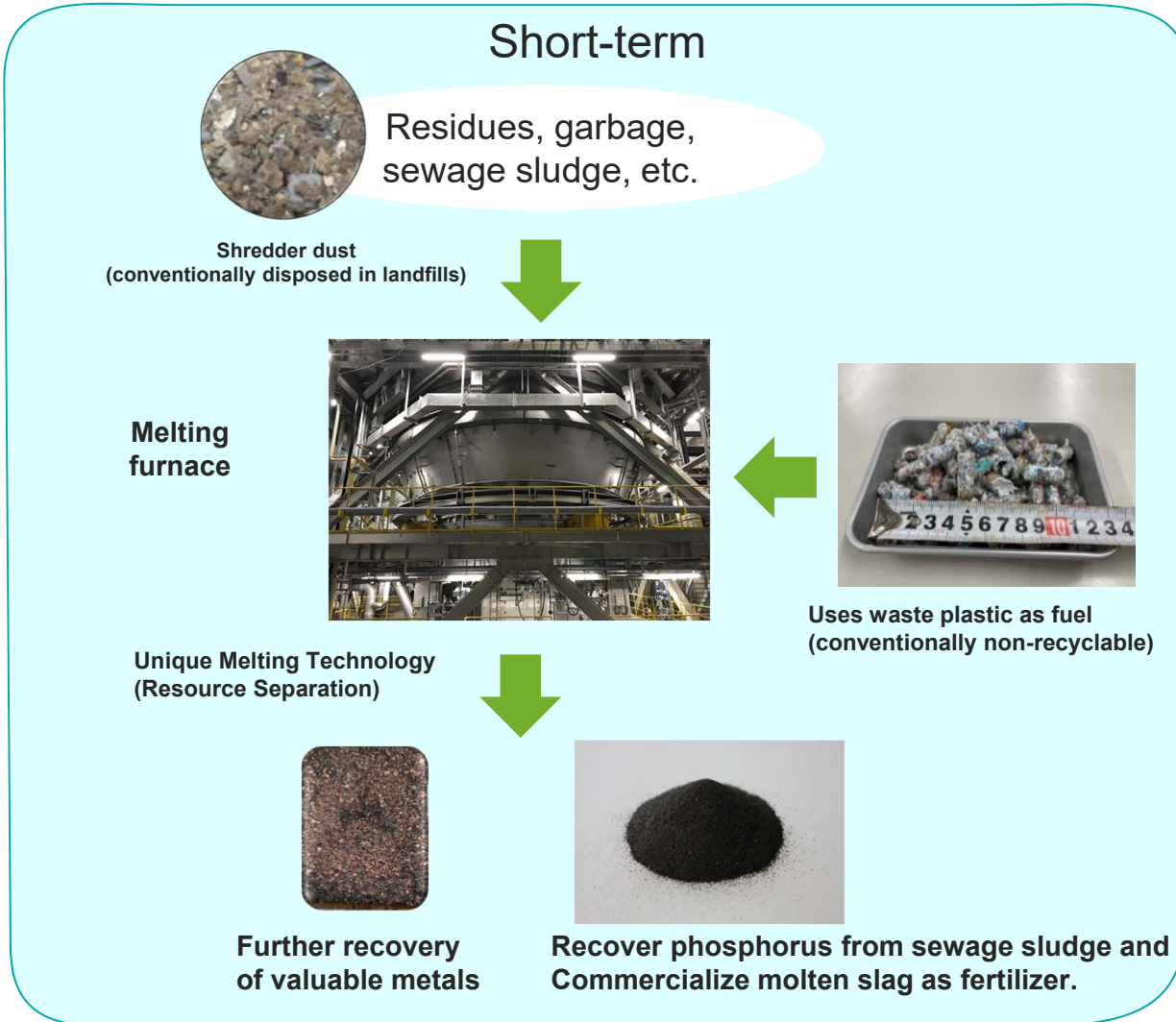


Co-developed with Dimaag AI

5. R&D

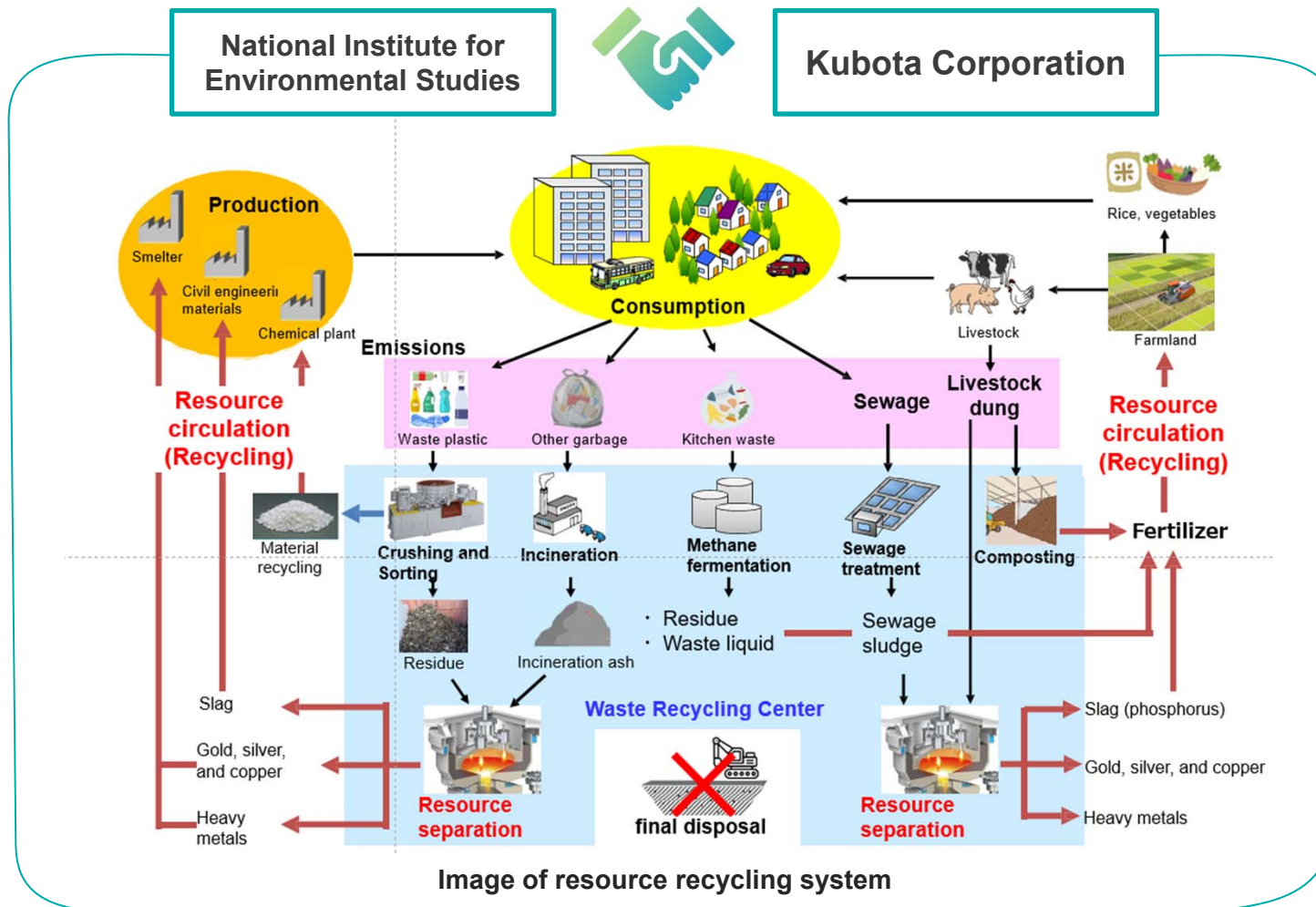
③ Status of initiatives for Resource recycling (Deep recycle)

Commercialization of contribution business to resource recycling is underway by utilizing melting and gasification technology, methane fermentation technology, etc.



6. Example of Initiatives for the Realization of GMB2030

- Resource recycling technology begins to show potential for commercialization
- Creating a business structure that involves external partners

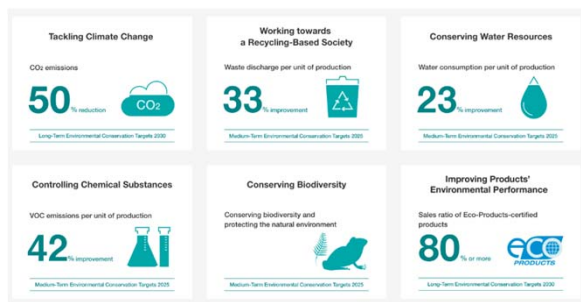


7. Promotion of ESG Management

Items	Status of Promotion
E: Environment	<ul style="list-style-type: none"> ● Raise long-term targets for environmental conservation ● Eco-Products Promotion ● Disclosure based on TCFD Recommendations
S: Society + Stakeholders*	<ul style="list-style-type: none"> ● Engagement Survey Expansion ● Agricultural learning facility (KUBOTA AGRI FRONT)
G: Governance	<ul style="list-style-type: none"> ● Promotion of diversity of management team ● Promote dialogue between management and employees ● Establishment of Risk Management Committee

* "S" in K-ESG means "society" as well as "all of stakeholders"

Long-term targets for environmental conservation



KUBOTA AGRI FRONT (Open Spring 2023)



Promoting Dialogue with Employees (Town Hall Meetings)



Promote business operations with ESG at the core of management

Lastly

For Earth, For Life


2023 is the "Year of Change".

Cautionary Statements with Respect to Forward-Looking Statements

This document may contain forward-looking statements that are based on management's expectations, estimates, projections and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation: general economic conditions in the Company's markets, particularly government agricultural policies, levels of capital expenditures both in public and private sectors, foreign currency exchange rates, the occurrence of natural disasters, continued competitive pricing pressures in the marketplace, as well as the Company's ability to continue to gain acceptance of its products.

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