For Earth, For Life
Kubota

FY 2026 2nd Quarter Business Overview

August 4, 2026

KUBOTA Corporation

Assessment of FY 2026 2nd Quarter

2nd Quarter Results:

<u>Revenue ¥1,690.3 bn / Operating profit ¥235.6 bn (13.9%) / FCF ¥122.0 bn</u>

*Free cash flow

Revenue in line, profit exceeded plan

- Although the North American residential market and the Thai market remained soft, growth in the construction machinery business and the Indian market drove overall performance, allowing sales to progress largely in line with the plan.
- As a result of disciplined fixed-cost management and profitability improvement measures, operating profit exceeded the plan, supported by favorable foreign exchange rates and U.S. tariff refunds.

Steady progress to improve capital efficiency

- Optimizing working capital efficiency with maintaining sales performance and competitiveness, primarily driven by ongoing reductions in retail finance receivables.
- FCF increased by ¥59.2 billion from the previous year, reflecting enhanced cash-generating capability.

FY 2026 Outlook and Key Priorities

Full-year outlook:

Revenue ¥3,280.0 bn / Operating profit ¥400.0 bn (12.2%) / FCF ¥230.0 bn

Record-High profit

- Despite weak demand in key markets and higher costs due to the Middle East situation, profit is to be maintained at a level consistent with mid-term plan assumptions, even without the support of yen depreciation and U.S. tariff refunds.

Both revenue and profit expected to exceed the initial plan and the previous year

- Market conditions are expected to remain same as first-half trends. Revenue is projected to increase due to favorable foreign exchange translation.
- Despite the growing impact of the Middle East situation, operating profit is projected to increase, supported by continued tailwinds from yen depreciation and U.S. tariff refunds.

Driving sustainable improvement in cash-generating capability

- In addition to the temporary profit boost from U.S. tariff refunds, continued reductions in retail finance receivables is projected to support improvement of FCF, exceeding the initial target.
- Project to optimize inventory and logistics operations is underway, with a focus on reducing working capital.

Initiatives for the Mid-Term Business Plan

(1) Selection and concentration of management resources

Dynamic transformation of the business portfolio through “Focus & Breakthrough”

(2) Strategic financial management with a focus on the balance sheet

Shifting from conventional financial target management centered on revenue and profit margin to a financial strategy that emphasizes the balance sheet and capital efficiency

(3) A robust global foundation to support future growth

Evolution of corporate culture through ambidextrous management

Broaden the product lineup in growth-driver businesses

MTP Target

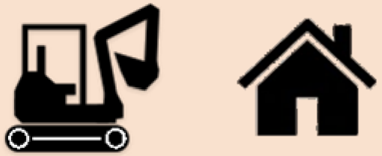
■ Growth Driver — Seize market tailwinds and accelerate business expansion

1. Construction Machinery Business

North America Infrastructure & Housing / Expanding Lineup

CAGR: +8.2%

(Market CAGR: +4.0%)



2. Business & Projects from India

Largest Market Deep Cultivation / Global Hub

CAGR: +9.4%

(Market CAGR: +2.7%)

Progress

Launch of large CTL in the North American market

- Increase CTL market coverage by 20 points to 95%
- Higher hydraulic performance than before, plus an expanded range of attachments

Launch of FT (Promaxx) and PT (Shaurya) in the Indian market

- New products in both PT and FT are now ready
- Accelerating market presence through quality improvements backed by Kubota's manufacturing and engineering know-how

Improve profitability and efficiency of North American tractor business

■ Rebuilding the Core

Renovate the profit structure of core businesses and shift to sustainable growth

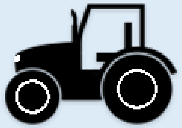
MTP Target

4. North American Tractor Business: <u>the Largest and Most Important Market</u>

Ensuring Cost Competitiveness / Review of Business Operations

CAGR: +4.6%

(Market CAGR: +2.5%)



Key initiatives

1. Restructuring product and cost competitiveness
2. Reduction of working capital
3. Reviewing of incentive programs
4. Building a foundation for future growth

Progress

Strong market competitiveness despite a short-term market downturn

- Sales in the mid-sized segment, in particular, continue to outperform the market.

Review of the incentive program

- Maintaining sales while shortening retail finance terms
- Fine-tuned program design tailored to each model's situation

Kick-off of optimizing inventory

- Set up an integrated North American production-sales organization
- Tackling with inventory optimization and production planning based on inventory turnover analysis and review of logistics strategy

Strategic shift toward balance sheet optimization and capital efficiency

MTP Target

From the traditional financial target management centered on sales and profit margins,
Shifting to a financial strategy that focuses on balance sheets and capital efficiency

ROE and ROIC that consistently exceed the cost of capital
(FY 2030 targets: ROE 12% / ROIC 7% or more)

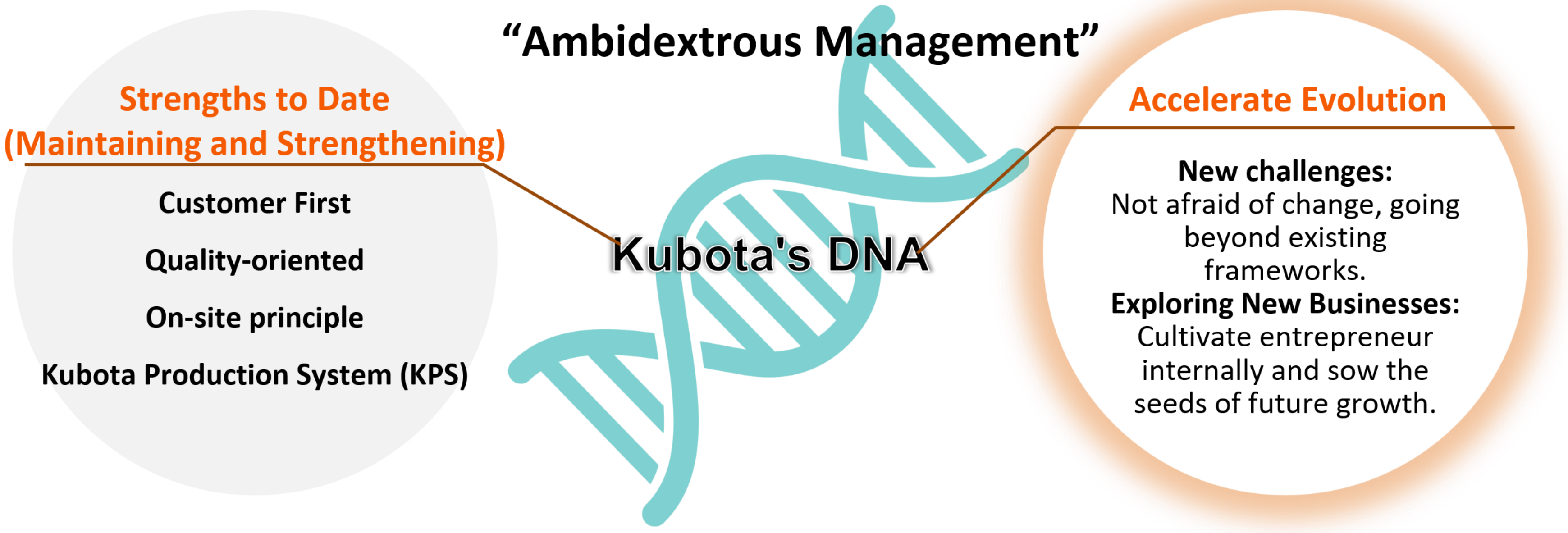
Progress

- Advancing groundwork for company-wide rollout of ROIC-focused management
- Transition to integrated management of P/L, B/S, and CF
- Strengthening capital-efficiency monitoring at the Board of Directors

(3) A robust global foundation to support future growth

Strengthen the corporate culture and organizational foundation to support transformation

MTP Target



Progress

- Foster a mindset for transformation through dialogue with domestic and overseas sites
- Build up culture of challenge through internal entrepreneurship
- Launched the Portfolio Strategy Committee to accelerate the shift toward growth business areas

Lastly

On the organizational side, we will foster a corporate culture that encourages challenge and transformation. On the business side, we will accelerate the transformation of our business portfolio through targeted investments in growth drivers, paving the way for the realization of the "New Kubota."

“Focus & Breakthrough”

For Earth, For Life

Safe Harbor

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.