

Kubota Business Report

Interim Period
of 133rd Term

2022.1.1-2022.6.30

P.3-6 Special Feature

Tackle the World's
Largest Market
~India~





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

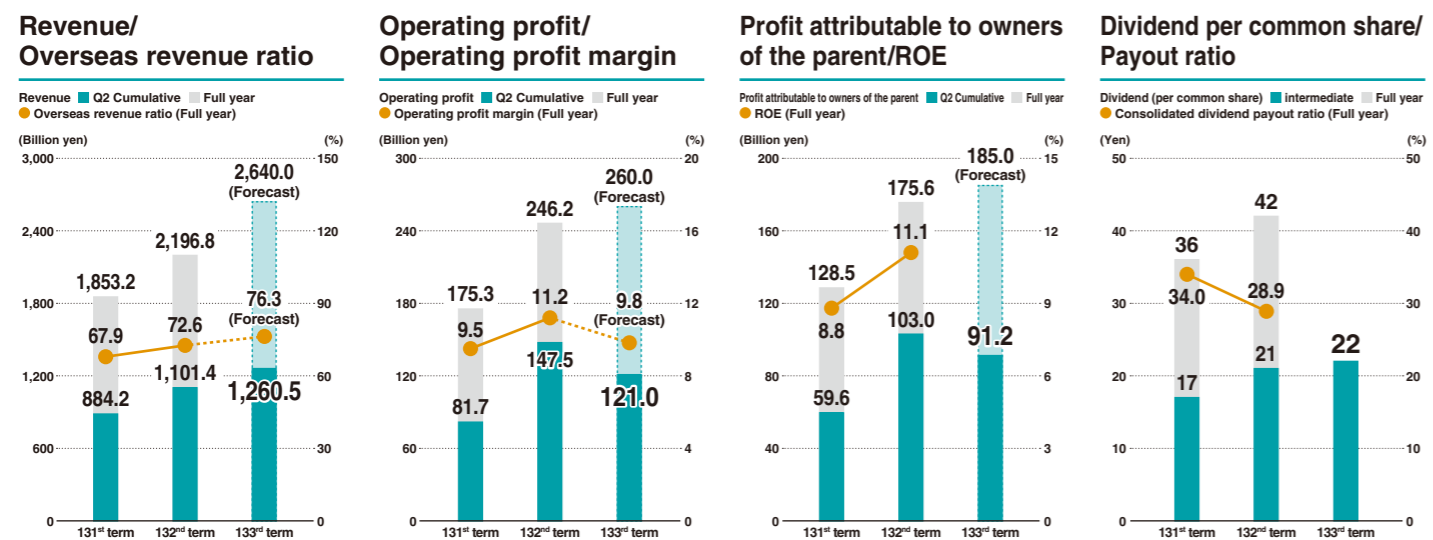
I would like to express my sincere gratitude to our shareholders for their exceptional support. I am happy on the release of Kubota Business Report of the 133rd interim period. Consolidated financial results for the first half of the current fiscal year (January 1, 2022 to June 30, 2022) are as follows.

We expect our shareholders for their continuous support.

Yuichi Kitao
President and Representative Director of Kubota Corporation

The 133rd First Half Digest

Revenue	Operating profit	Profit attributable to owners of the parent
1,260.5 Billion yen (YoY basis +14.4%)	121.0 Billion yen (YoY basis -18.0%)	91.2 Billion yen (YoY basis -11.4%)
<p>Domestic</p> <p>Revenue in Water & Environment increased. Revenue in Farm & Industrial Machinery decreased.</p> <p>Overseas</p> <p>Revenue in both Farm & Industrial Machinery and Water & Environment increased.</p>	<p>Operating profit decreased mainly due to some negative effects from a rise in material prices and logistics expenses, despite some positive effects from sales price increase and favorable impact of foreign exchange rates.</p>	<p>Profit attributable to owners of the parent decreased due to decrease in operating profit.</p>



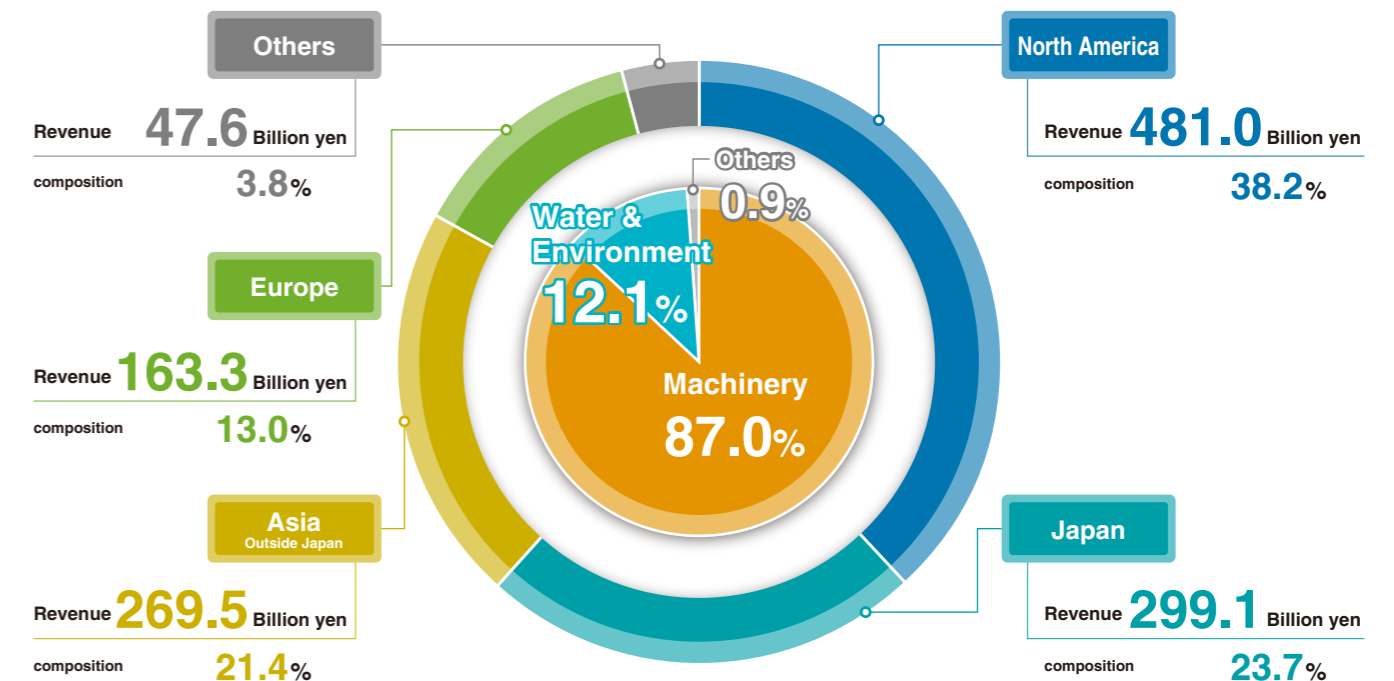
Earnings forecast for the 133rd term

Revenue	2,640.0 Billion yen	Operating profit	260.0 Billion yen	Profit attributable to owners of the parent	185.0 Billion yen
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The infection of the new corona virus mutation is expanding worldwide. If the situation deteriorates further in the future, there is a possibility that it will affect our business performance, but it is not reflected in this earnings forecast because it is difficult to make an assumption at this time.

Business Overview OVERVIEW BY SEGMENT

Revenue 1,260.5 Billion yen
133rd First Half



Farm & Industrial Machinery (Machinery)

Farm equipment, Agricultural-related products, Engines, and Construction machinery

Revenue	YoY basis
1,096.2 Billion yen	+16.5%

Domestic: Sales of agricultural-related products decreased due to a decline in rice price and termination of subsidies for business continuation of farmers.

North America: Shipment of tractors made progress to resolve back orders and replenish dealer inventories, and sales of construction machinery were solid due to demand for infrastructure construction.

Europe: Sales mainly of construction machinery and engines increased due to the stable market.

ASIA: Outside Japan Thailand increased due to progress in developing dry land farming, while sales of farm equipment for rice farming were slow due to stagnated rice price. Sales in India increased due to consolidation of Escorts Limited (currently, Escorts Kubota Limited).

Segment profit	YoY basis
117.3 Billion yen	-18.5%

Segment profit decreased due to some negative effects from a rise in material prices and logistics expenses, despite some positive effects from sales price increase and favorable impact of foreign exchange rates.

Water & Environment

Pipe system-related products, Environment-related products

Revenue	YoY basis
152.7 Billion yen	+4.2%

Domestic: Sales of plastic pipes for construction equipment increased.

Overseas: Sales of reformer and cracking tubes and pumps increased.

Segment profit	YoY basis
9.7 Billion yen	-26.6%

Segment profit decreased due to a negative effect from a rise in material prices, despite a positive effect from sales price increase.

Others

A variety of other services

Revenue	YoY basis
11.6 Billion yen	-14.7%

Segment profit	YoY basis
1.7 Billion yen	+7.0%

Tackle the World's Largest Market ~India~

India is the birthplace of the world's four great civilizations, and is a huge nation with over 500 ethnic groups. India is the world's largest tractor market, with more than half of its working population being farmers. Kubota carved out a market with a "market-in" approach. This year, we welcome Escorts Limited (now Escorts Kubota Limited, hereinafter "Escorts"), holds the 4th market in India, to take on this huge market.

and over 600 languages. entered India in 2008 and has largest share of the tractor

Current situation in India

Area (Million Ha)	328.73 7 th in the world *1
Population (100 Million people)	13.8 2 nd in the world *2
GDP (Trillion USD)	2.623 5 th in the world *3

India's Potential: Growth Forecast (2030)

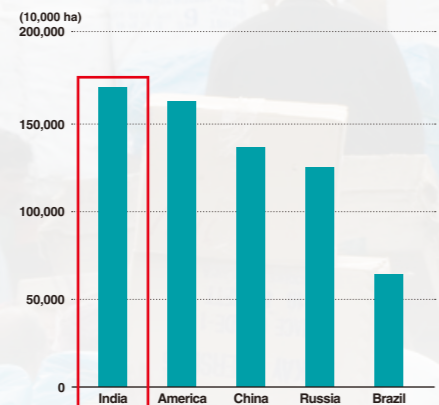
Population (100 Million people)	15 1 st in the world
GDP (Trillion USD)	8.4 3 rd in the world

*1...Source: Ministry of Foreign Affairs website *2...2020 World Bank *3...2022 IMF

Agricultural Powerhouse

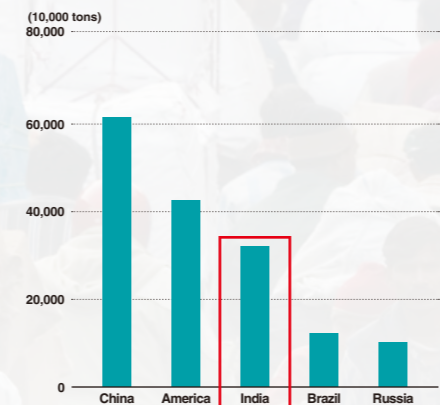
India has the largest amount of arable land in the world, accounting for about 10% of the total arable land in the world. Nearly 300 million people work in agriculture, making up more than half of the workforce. The main products are sugarcane, rice, wheat, potatoes, bananas and mangoes. It is the world's second largest producer of sugar cane, rice, and wheat, and the world's largest producer of bananas, mangoes, and papayas.

World arable land area ranking (2020)



* Created from FAOSTAT

World's three major grain production rankings (2020)



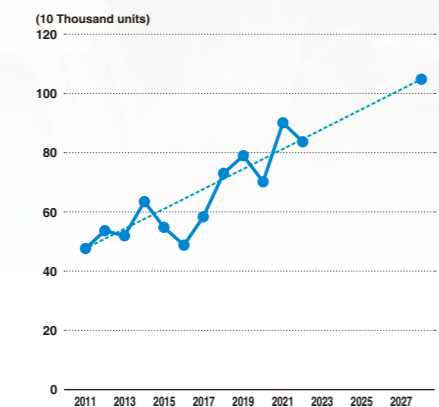
* Grain production: "Wheat", "Rice (Paddy)", "Corn" (The world's three major cereals) total production from FAOSTAT

Tractor Superpower

A distinctive feature of Indian Agriculture machinery market is that tractors are more prominent rather than agricultural mechanization as a whole. The reason behind is that Tractors are not only used for agriculture purpose but also for daily transportation and commercial use. India is the world's largest tractor market, selling more than 800,000 tractors annually, more than 20 times from Japan, but nearly 30% of the people buy tractors for many purpose other than agriculture.

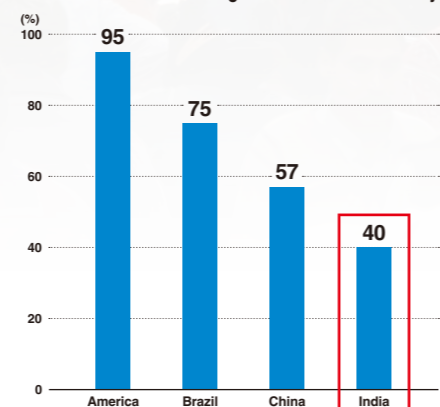
While tractors are very popular but people are less aware of other forms of farming and as a result agriculture work such as rice planting and harvesting is done manually and the mechanization rate of agriculture in India remains at the 40% level at present.

Annual sales of tractors in India



By 2028
Expected to exceed 1 million units

Mechanization rate in agriculture in each country



(Source: JETRO "Indian Agricultural Equipment Market Survey")

Indian Farm Equipment Market (USD Billion)

Type of agricultural machine	2015	2016	(%)
Tractor	6.2	6.6	81.4
other than tractor	1.4	1.5	18.6
Rotavator			3.7
Threshing machine			2.5
Cultivator			1.4
Other agricultural machinery			11.0
Total	7.6	8.1	100.0

(Source: JETRO "Indian Agricultural Equipment Market Survey")

History of Kubota in India

In 2008 Kubota established Kubota Agricultural Machinery India Private Ltd. and made full scale entry into Indian Market. India is world's leading agriculture powerhouse, but when Kubota entered the market, its tractors in the rice farming market did not meet the needs of majority of local farmers. With a thorough market-oriented approach, Kubota began planning and studying a new tractor suitable for the Indian Market. The concept was to have same weight, body size and tractive power as Indian made tractors but to surpass its fuel efficiency, durability and reliability. "Kubota MU Series" a multi-purpose tractor was developed in this way in the end of 2015 and it became a big hit with sales in 2021 reaching 12 times that of 2016.



Multi-purpose tractor "MU5502" In India, tractors are used for towing.



In June 2022, the company name was changed to Escorts Kubota Limited.

However, Kubota's market share remained around 2%, and with that in mind, the company began to seek business alliances with leading tractor manufacturers in India.

In 2019, Kubota established a joint venture company, Escorts Kubota India Private Limited, with Escorts Limited, which holds the fourth largest market share in India, and the mutual trust between Kubota and Escorts has been deepened through investments made in 2020, etc. In April of this year, Escorts joined the Kubota Group, taking Kubota's India business to the next stage.

Introduction of Escorts

Escorts is an Indian tractor manufacturer established in 1944. The company joined the Kubota Group in April of this year, and the third-generation CEO is still a member of the founding family.

Escorts has a wide lineup of tractors ranging from 12 horsepower to 120 horsepower.

Over the years, it has responded to the diverse needs of Indian farmers and contributed to improving the productivity of Indian farmers. In addition, Escorts has a corporate culture that emphasizes technological development and innovation. In the early 1960s, Escorts became the first Indian company to start producing domestic tractors. In recent years, Escorts has developed India's first electric tractor in 2017 and are beginning to sell in US and Europe. In addition, company is also focusing on research and development of hybrid tractors and self-driving tractors.



Escorts Tractor

Real Voice Farmer's true feelings

Q How is agriculture in India?

"Even if we have land, we cannot let our children take over the farm because the income is unstable."
 "The income is very low and if drought continue, it is very hard to make a living."
 "Young people are moving to cities, we are worried if we will get labour force in future."*



In India, the income of farmers is low and the reality is that it is not an attractive occupation. Kubota's challenge in India is to transform agriculture into an attractive occupation by promoting profitable and efficient agriculture.

* India, where more than half of workforce are farmers now, is expected to be around 34% of the total working population by 2030. (according to our research)

"When purchasing a tractor, it is better to buy one that is cheap and and has few breakdowns."
 "After watching on YouTube and decided to buy this tractor."



In India, where tractors are used on a daily basis, maintenance-free products with few breakdowns are preferred. It's amazing how several farmers turned to YouTube to choose their products. In addition, not only tractors, there is a tendency in India to start using the same product which receives a certain amount of good reviews and people around them starts to recognize it as well. In particular, if the person giving the good evaluation is an influencer such as the "village chief," it will spread rapidly. For example, when a chief buys a Kubota (orange) tractor and recommends it to the villagers as "very good," and the villagers also evaluate it in the same way, it often happens that the village turns orange all at once. It happens. It's kind of like Othello!

Pioneers opening up the Indian market

Realizing that Kubota's manufacturing can be used in India

We have been involved in the Indian business since the establishment of EKI (Escorts Kubota India Private Limited) (a joint venture between Kubota and Escorts) in 2019. The factory was scheduled to start up in March 2022, Due to the impact of Coronavirus, we had to split operations between India and Japan. It was difficult to set up the plant remotely, but the local staff took pride in the fact that they had set up the plant on their own. I feel satisfied. People in India are serious and ambitious, and they actively work to improve productivity and quality, wanting to learn about Kubota's manufacturing and I feel that we have been able to meet the expectations of our customers in the market by ensuring Kubota's quality even in local production in India.

Going forward, we will further expand our business in the Indian domestic market and grow India into a global hub.



CEO EKI Katsunori Asano

We want to create a new model that achieves both high quality and low price while leveraging the strengths of both companies.

By combining the expertise of Escorts, which has been developing products in the Indian market for many years, in developing inexpensive and durable products, with Kubota's expertise in developing high-quality and high-performance products, we will further expand sales and increase market share. Currently, it is rare to see orange tractors in the streets and fields of India, but in the future, I would like to create a landscape where orange tractors are often seen. To this end, we will work with Escorts engineers to create better products.

R&D Keishiro Nishi

I want to install Kubota's "market-in" concept within Escorts

I have been in charge of product planning for overseas tractors at Kubota, and now I am in charge of product planning for overseas tractors made by Escorts. Escorts has sold more than 100,000 tractors in India but only about 4,000 outside India. In the future, we hope to use the market-in approach developed at Kubota to strengthen Escorts' export business. As in India, customers in Latin America and African countries are looking for heavy-duty tractors that can tow heavy loads at a lower price than Kubota's specialty of lightweight, compact products. Therefore, we believe that Escorts tractors will be able to compete in such areas where Kubota is not good at.



Product Planning Koji Mitsui

I want to be Kubota's two wings in India and America

Since the first meeting between CMD Nanda and President Kitao in 2016, I have been in charge of mediating between the two companies. There are several leading tractor manufacturers in India, but there is no doubt that Kubota has found one of the best business partners to do business in India: Escorts. From my point of view, CMD Nanda is someone who values trust very much. I feel that not only can we complement each other's strengths and weaknesses, but we also have a lot in common, especially our corporate philosophy and history. Also, India has been growing at a dizzying pace for the past few years, and many of them are excellent. We want to grow faster than Kubota itself, and on a global scale, we want to play both wings of Kubota together with the United States, which is Kubota's largest market. I am still preparing the story. Stay tuned for more.



Strategy promotion Keisuke Yasue

Message from Mr. Nanda, CMD of Escorts



Hello. I am Nikhil Nanda, Chairman and Managing of Escorts Kubota Limited.

First of all, I am honored to be part of the Kubota family. I am also very pleased to be able to contribute to Kubota becoming a major global brand.

Nikhil Nanda

Chairman and Managing Director of Escorts Kubota Limited
Senior Managing Executive Officer of Kubota Corporation

First, let me introduce the history of our company.

My grandfather, the founder of Escorts, came to India with his family from Pakistan during the partition of India and Pakistan in the 1940s with one car and one bag.

My grandfather majored in botany and wanted to contribute to India's food self-sufficiency through agriculture. He started his business in Delhi in 1954 as a distributor for an American tractor manufacturer, and later Escorts became the first company to produce tractors in India.

The company name "Escorts" is filled with the founder's desire to invite the world's leading technology to India, contribute to the development of Indian industry, and deliver the best of India to the world.

Next, let me talk about the current state of agriculture in India.

India's population is expected to reach 1.5 billion by 2030, making it the world's largest. The average age of the working population is very young at 24 years old, and the GDP growth rate has continued to grow at an average of 6-7% over the past dozen years, excluding the years affected by COVID-19. projected to become the world's third largest economy in 2030s. Along with economic growth, India's agriculture itself is growing, but reforms are needed to take it to the next level. Data from the Food and Agriculture Organization (FAO) of the United Nations show that other populous countries produce around three to four times more food grains and horticultural crops than India, Smallholders outperform India in all areas of agricultural production.

On the other hand, the Indian tractor market is expected to grow from the current 800,000 to 900,000 units to more than 1 million units in the future. I feel that there is considerable room for growth in the tractor market as well as in agricultural machinery other than tractors.

Finally, let's talk about our vision.

We have set three major goals that we would like to achieve.

1. We will make Kubota the number one Tractor Manufacturer (in terms of Volume) in the world.
2. Contribute to further expansion of Kubota's sales and improvement of profit margin.
3. Further promote mechanization not only in India but also in the world.

First, we will make Kubota the world's number one tractor manufacturer in terms of volume. If we can make good use of the strengths of both companies, we believe that this is a fully achievable goal.

The second goal is to establish a global R&D base in India, utilizing Escorts' frugal engineering (Thrift thinking in design and development) and Kubota's world-class systems and processes to create a highly competitive future. We will continue to manufacture products at competitive prices. We believe that this will allow Kubota to compete at lower prices than it does now, and that it will be able to expand its volume and share in the European and American markets. In addition, by becoming Kubota's global production base, we will be able to take advantage of Escorts' low-price cost structure and as well as ensuring high profitability, we will be able to supply Indian-made parts to factories around the world. We will also contribute to the improvement of Kubota's consolidated earnings on a global scale.

And the third goal is the strongest thought in my heart. It is to promote agricultural mechanization not only in India but around the world. In doing so, we remove the heavy labor from farmers and provide them with a safe and prosperous life, giving them the opportunity to spend time on other valueadding activities. I feel that our major mission going forward is to contribute to the growth of Kubota's global business and to the safe and prosperous lives of the people of India.



Information on events for shareholders

The Company holds events for shareholders to deepen their understanding of our business initiatives.

This time, "MK Farm Kobushi" in Hanamaki City, Iwate Prefecture and Winery tour.

Iwate Prefecture has been producing wine for over 50 years. In order to support the establishment and expansion of wineries Hanamaki City has established the "Hanamaki Craft Wine and Cider Special Zone." On the other hand the production of grapes which are raw material for wine continues to decrease due to aging of farmers and shortage of farmers. So, Making use of Kubota's products and know-how in soil preparation, etc. the cultivation of locally produced grapes for brewing began at MK Farm Kobushi. During the tour, you will see the grape farm and the contracted winery. Please apply for this opportunity.



* Please apply through the website. Please note that we cannot accept requests by postcard or telephone.

Schedule	Place	Application deadline
2022 October 7th (Friday) or 8th (Saturday)	Hanamaki City, Iwate Prefecture	2022 Tuesday, September 20th Until 24:00

* In case of large number of application, a lottery will be held.

* Due to increase number of corona virus or bad situation, date, time and place may be changed or the event may get cancelled. Any such information will be published on the homepage of the website.

Please check the tour details and application requirements on the website before applying.

We look forward to receiving your application.



Also available on smartphones



Apply here

<https://www.kubota.co.jp/ir/sh-info/personal/tour/22-02.html>

"Notice of General shareholder meeting" If you would like written form, please follow the procedure.

If you wish to receive the shareholder general meeting material for 2023 in paper form via electronic provision system, please complete the "Document Delivery Request" procedure by 31st December 2022 through your securities company or the shareholder registry administrator below.

Please use the convenient account transfer method to receive dividends.

There are 3 ways to receive it: 1 to 3 below.

If you wish to receive the funds in 2 or 3, please contact your securities company, etc.

1 Receipt at a post office, etc.	2 Receipt in securities account	3 Receipt by bank account, etc.
Bring the "Dividend Receipt" and receive at a post office, etc.	How to receive in the securities account of each securities company	How to receive in the designated financial institution account (It is also possible to specify for each individual issue)

Please Note

You will not be able to receive dividends after 3 years have passed since the payment start date, so please make use of bank transfers that do not fail to receive dividends.

Shareholder memo

Fiscal year	From January 1 st to December 31 st every year	Mailing Address	〒168-0063 2-8-4 Izumi, Sugunami-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department	
Ordinary General Meeting of Shareholders	Held in March every year	Agent window	Sumitomo Mitsui Trust Bank, Limited Head Office and branches nationwide	
Reference date	Ordinary General Meeting of Shareholders Year-end dividend Interim dividend	Every year 31 st December Every year 31 st December Every year 30 th June	Public notice method	Posted on our website
Number of share per unit	100 Stock	Listed stock exchange	Tokyo Stock Exchange	
shareholder registry administrator and Account management institution for special accounts	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo			