

For Earth, For Life
Kubota



ON YOUR SIDE

Financial Results for FY 2023

Masato Yoshikawa

**Representative Director and Executive Vice President,
General Manager of Planning & Control Headquarters**

Kubota Corporation

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Financial Summary for FY 2023

For Earth, For Life


(Unit: billions of yen)	FY 2023 Full Year	FY 2022 Full Year	Changes	
			Amount	%
Revenue	3,020.7	2,677.0	+343.7	+12.8
Japan	643.1	602.4	+40.8	+6.8
Overseas	2,377.6	2,074.6	+303.0	+14.6
Operating profit	10.9% 328.8	8.0% 214.4	+114.4	+53.4
Profit before income taxes	11.3% 342.3	8.6% 231.2	+111.1	+48.1
Profit attributable to owners of the parent	7.9% 238.5	5.8% 156.5	+82.0	+52.4

Changes from previous forecast (Nov. 2023)	
Amount	%
+70.7	+2.4
+11.1	+1.8
+59.6	+2.6
+33.8	+11.5
+35.3	+11.5
+33.5	+16.3

ROE	11.8%	8.8%	+2.9 p
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1USD (JPY)	141	131
1EUR (JPY)	152	138
1THB (JPY)	4.04	3.75

The effect of foreign exchange rate on revenue against LY was +145.0 billion yen.

Machinery: 2,636.7 billion yen (YoY: +310.5)

Japan

Although the agricultural machinery market has continued to be weak due to rice price decline, sales in the high horsepower range increased.

North America

The residential market of tractors has been slow due to slowdown in business sentiment. The agricultural market shifted downward due to crop prices decline. The CE market was good thanks to solid demand of housing construction and infrastructure development.

Europe

The CE and engines market were good by demand for public construction although it started being slow from the second half. Tractor market was weak but replenishment of dealer inventory had progressed well.

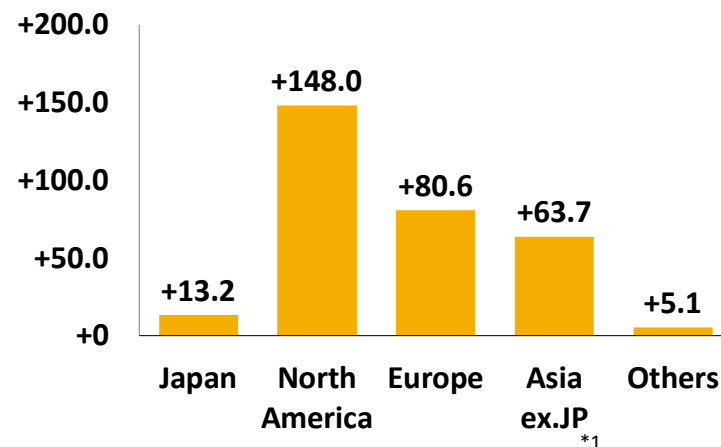
Asia except Japan

Thailand sales decreased due to weak mind for investment caused by the drought. In India, the dryland market condition was good supported by the good yields in the first half. In China, the market shrank due to adverse reaction to the rush demand before implementation of emissions regulations in the previous year.

Others

The market was firm in Australia, but it started to be slow from the second half.

■ Changes in revenue by region (Billions of yen)



	Japan	North America	Europe	Asia ex.JP ^{*1}	Others
Total	+13.2	+148.0	+80.6	+63.7	+5.1
Agricultural machinery^{*2}	+1.3	+19.8	+28.1	+34.4	+1.8
CE	+5.8	+86.2	+28.6	+14.0	+0.0

*1 Escorts has been consolidated since FY 2022 2Q

*2 Tractors, combine harvesters, and rice transplanters

Water & Environment: 364.5 billion yen (YoY: +36.9)

Pipe system

Sales of ductile iron pipes were weak due to a shift to alternative pipes resulting from the price increase. Sales of plastic pipes were firm due to solid demand for apartment building and non-residential market.

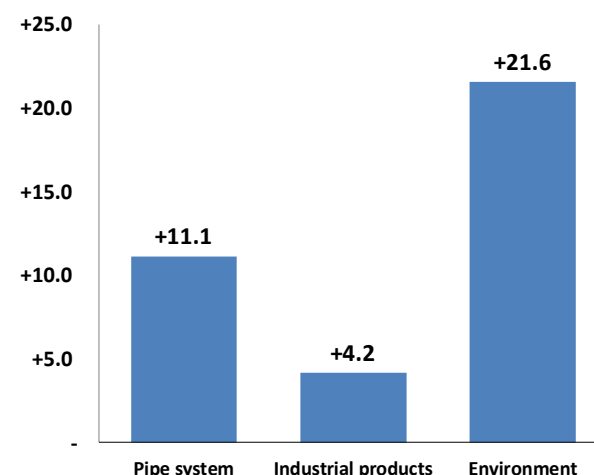
Industrial products

Sales of cracking tubes were firm supported by overseas plant construction demand. Order for air-conditioning equipment has been steady due to the trend to choose Japan as a new factory site.

Environment

Sales of pumps were on track even though it decreased due to an adverse effect from the big project in the previous year. Sales related to wastewater treatment for factories in Japan were firm. The O&M sales has increased steadily.

■ Changes in revenue by business (Billions of yen)

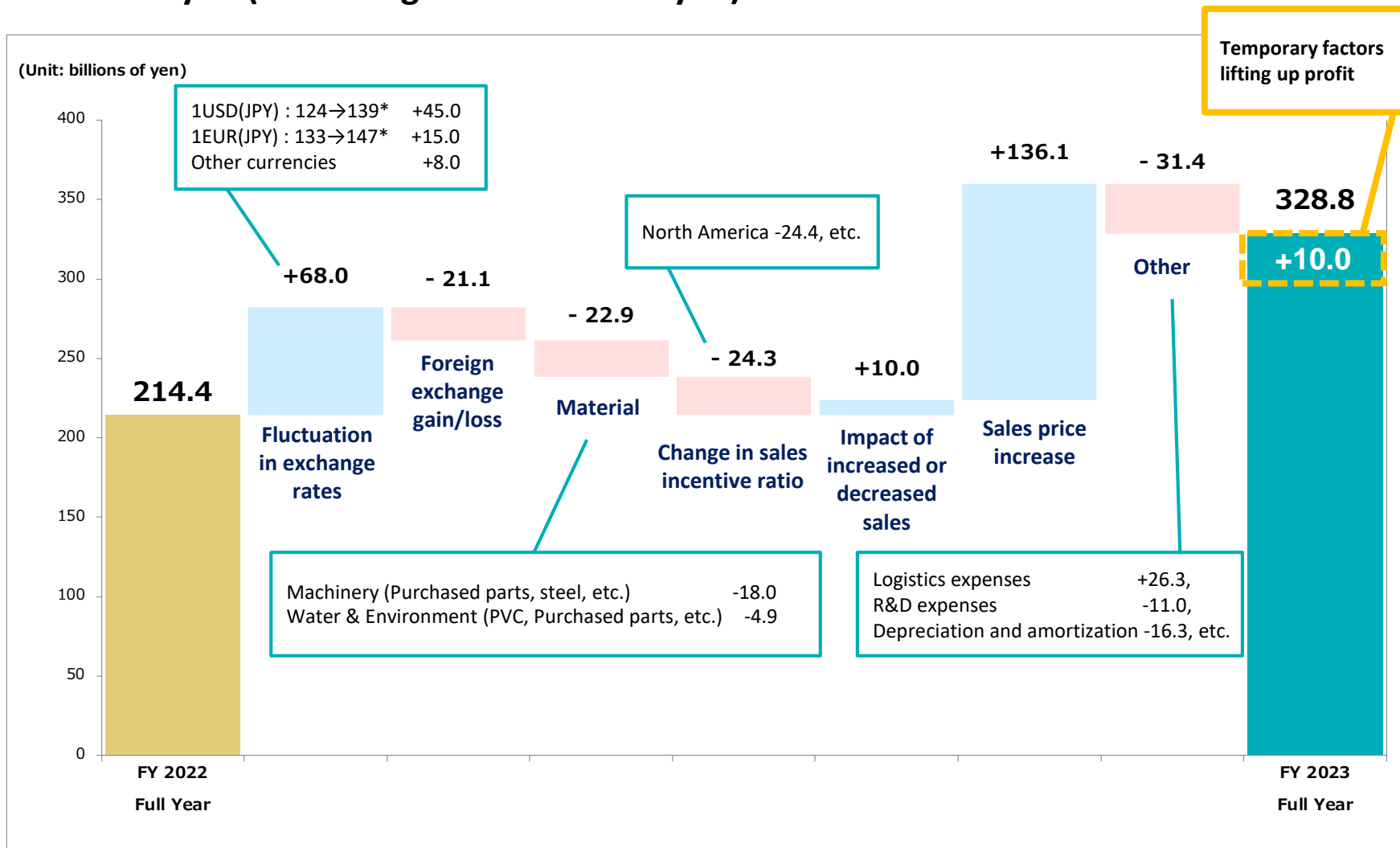


Other: 19.5 billion yen (YoY: -3.7)

Other is mainly comprised of a variety of other services such as logistics.

Operating Profit

Profit analysis (YoY change +114.4 billion yen)



*Actual exchange rate for the profit pertaining to the export products from Japan in consideration of transportation and inventory periods

Operating Profit by Reportable Segment

(Unit: billions of yen)		FY 2023 Full Year	FY 2022 Full Year	Changes
Machinery	Revenue	2,636.7	2,326.2	+310.5
	Operating profit	355.8	232.6	+123.2
	OP margin	13.5%	10.0%	+3.5P
Water	Revenue	364.5	327.6	+36.9
	Operating profit	30.5	17.3	+13.3
	OP margin	8.4%	5.3%	+3.1P
Other	Revenue	19.5	23.2	-3.7
	Operating profit	1.5	3.1	-1.6
	OP margin	7.7%	13.3%	-5.6P
Adjustment*	Operating profit	-59.0	-38.5	-20.5
Total	Revenue	3,020.7	2,677.0	+343.7
	Operating profit	328.8	214.4	+114.4
	OP margin	10.9%	8.0%	+2.9P

*Adjustment includes administrative expenses, basic research expenses, and foreign exchange gain/loss at the parent company.

Statement of Financial Position

(Unit: billions of yen)		As of Dec. 31, 2023	As of Dec. 31, 2022	Changes	Changes excl. the effects of fluctuation in exchange rates
Cash and cash equivalents		222.1	225.8	- 3.7	
Trade receivables		945.5	779.4	+ 166.1	+ 115.2
Finance receivables		1,901.5	1,684.5	+ 217.0	+ 87.5
Inventories		668.0	644.5	+ 23.6	- 19.0
Other		1,622.1	1,430.9	+ 191.2	
Total assets		5,359.2	4,765.1	+ 594.2	
Bonds and borrowings		1,990.2	1,611.1	+ 379.1	+ 282.2
Trade payables		300.9	454.8	- 153.9	
Other		652.1	596.7	+ 55.4	
Total liabilities		2,943.2	2,662.6	+ 280.6	
Equity attributable to owners of the parent		2,175.8	1,874.5	+ 301.3	
Noncontrolling interests		240.3	228.0	+ 12.3	
Total equity		2,416.1	2,102.5	+ 313.6	
Total liabilities and equity		5,359.2	4,765.1	+ 594.2	
Net debt equity ratio		0.81	0.74	+ 0.07	
Net debt equity ratio (excl. financial services)		0.09	-0.03	+ 0.12	

Statement of Cash Flows

(Unit: billions of yen)	FY 2023 Full Year	FY 2022 Full Year	Changes
Net cash used in operating activities	-17.3	-7.7	-9.6
Profit for the year and Depreciation	367.3	263.7	+103.6
Increase in finance receivables	-92.5	-77.2	-15.2
Other	-292.1	-194.2	-97.9
Net cash used in investing activities	-173.4	-318.5	+145.1
Payments for acquisition of property, plant, and equipment and intangible assets	-172.5	-169.7	-2.8
Other	-1.0	-148.8	+147.9
Net cash provided by financing activities	178.4	282.6	-104.2
Effect of exchange rate changes on cash and cash equivalents	8.6	10.8	-2.2
Net decrease in cash and cash equivalents	-3.7	-32.8	+29.2
Free cash flow	-190.7	-326.2	+135.5

Statement of Financial Position

(Unit: billions of yen)	As of Dec. 31, 2023		As of Dec. 31, 2022	
	Financial services	Equipment operations	Financial services	Equipment operations
Total assets	2,237.9	3,378.3	1,952.2	2,946.2
Cash and cash equivalents	33.7	188.5	23.1	202.7
Trade receivables	27.3	919.0	29.3	752.1
Finance receivables	1,901.5	-	1,684.5	-
Inventories	-	668.0	-	644.5
Property, plant, and equipment	16.7	710.3	11.1	624.6
Other	258.7	892.4	204.3	722.3
Total liabilities	1,867.7	1,312.3	1,680.0	1,166.8
Total interest-bearing liabilities	1,764.1	362.1	1,544.8	157.1
Other	103.6	950.2	135.2	1,009.7
Total equity	370.1	2,066.0	272.2	1,779.4

Delinquency rate of retail financial receivables

(Unit: billions of yen)	As of Dec. 31, 2023	As of Dec. 31, 2022	Changes	
	Amount	Amount	Amount	%
Balance of receivables	1,926.1	1,684.5	241.6	+ 14.3
Over 90 days delinquent payment	15.0	11.3	3.7	+ 33.2
Delinquency rate	0.8%	0.7%	-	+ 0.1P

Forecast

Financial Forecast for FY 2024

(Unit: billions of yen)	FY 2024	FY 2023	Changes	
	(Forecast)	(Actual)	Amount	%
Revenue	3,050.0	3,020.7	+29.3	+1.0
Japan	647.0	643.1	+3.9	+0.6
Overseas	2,403.0	2,377.6	+25.4	+1.1
Operating profit	10.5% 320.0	10.9% 328.8	-8.8	-2.7
Profit before income taxes	10.9% 333.0	11.3% 342.3	-9.3	-2.7
Profit attributable to owners of the parent	7.4% 226.0	7.9% 238.5	-12.5	-5.2

1USD (JPY)	140	141
1EUR (JPY)	153	152
1THB (JPY)	4.00	4.04

The effect of foreign exchange rate on revenue forecast is -14.0 billion yen against LY.



Machinery: 2,654.0 billion yen (YoY: +17.3)

Japan

In the agricultural machinery market, high production costs continuously has been leading the way ahead of rice prices recovering. Farmer's income is not expected to recover yet.

North America

The compact tractor market is expected to be weak and more competitive, while the turf & UV market is expected to recover moderately according to recovery of supply volume. The agricultural market is expected to be down according to crop prices down.
The CE market is expected to be at the same level as the previous year. The market enthusiasm calm down by a progress of inventory replenishment but there are still strong demand for home construction and infrastructure development by the Government.

Europe

The CE market is expected to down by weakening investment mind by high interest rate.
The tractor market is also expected to remain at the same level as the previous year with the same reason.

Asia except Japan

The Thailand market still has a difficult situation by continuous drought and there is not a signal that drought go away at a moment. The Indian market is projected to grow marginally, as a result of economic expansion and advancements in mechanization.
The Chinese market is expected to recover gradually from the adverse reaction to the rush demand to emission regulations however the recovery is limited due to subsidies reduction announced.

Others

The Australian market is expected to be weak due to the economic slowdown caused by interest rate hike.

Water & Environment: 378.0 billion yen (YoY +13.5)

Pipe system

Sales of ductile iron pipes are expected to be solid thanks to the big projects. The market is still in a stream to shift to alternative pipes due to a budget constrains by increase of equipment prices and labor costs.

Sales of plastic pipes for apartment building and non-residential are expected to be at the same level as the previous year and it for plant are expected to grow slightly.

Industrial products

The cracking tubes market is steady supported by global demand for ethylene.

The steel pipe market is a bit weak due to soring of labor and material cost.

Business of air-conditioning equipment is expected to be solid supported by construction demand for plants and data center in Japan.

Environment

Order related to wastewater and exhaust gas are on good truck by the business trend to choose Japan as new factories location.

Sales of pumps is expected to be at the same level as the previous year.

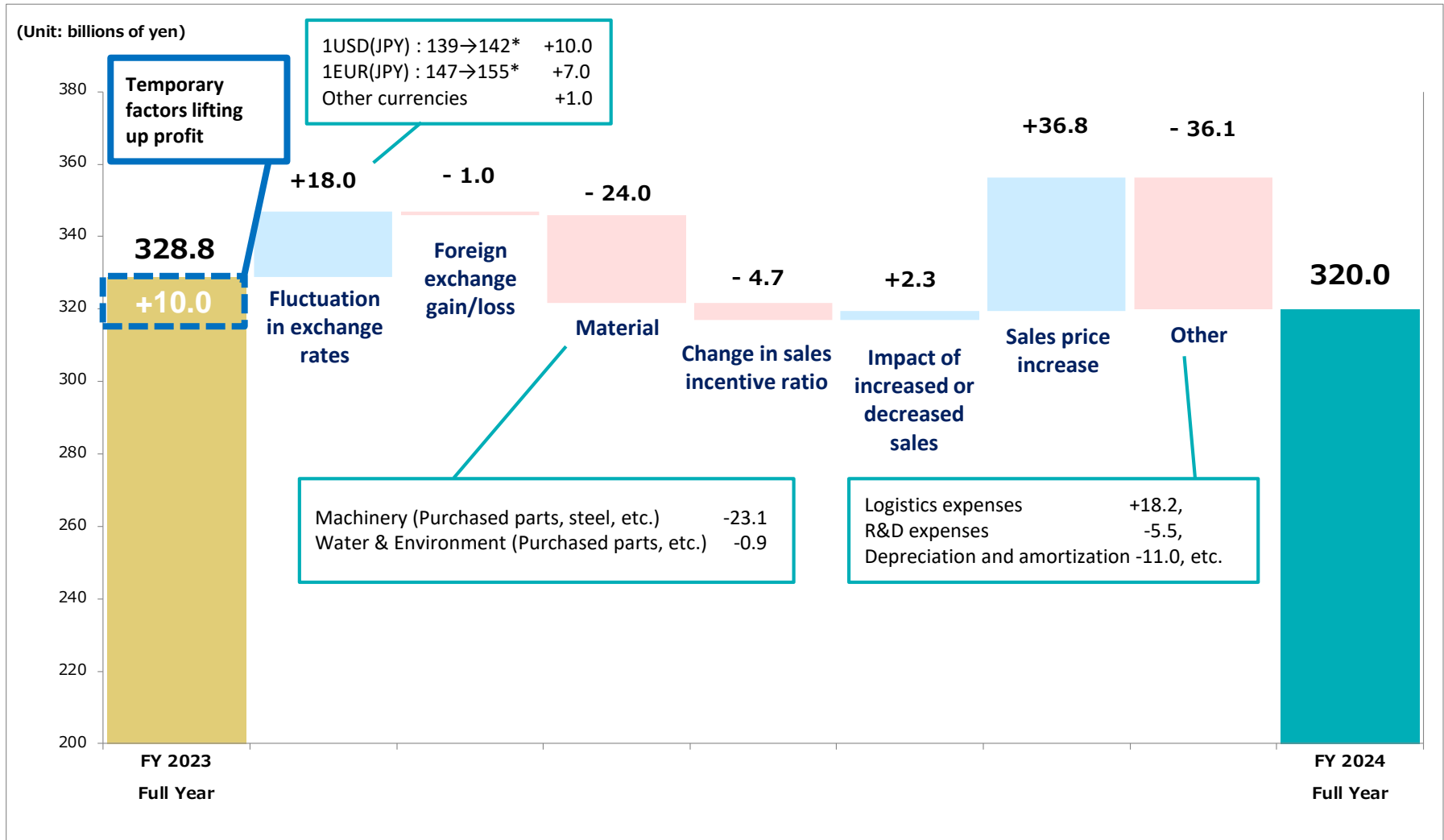
The O&M business market continue to expand in accordance with increase of consignment to private sector.

Other: 18.0 billion yen (YoY -1.5)

Other is mainly comprised of a variety of other services such as logistics.

Operating Profit Forecast

Profit analysis (YoY change -8.8 billion yen)



*Actual exchange rate for the profit pertaining to the export products from Japan in consideration of transportation and inventory periods

Operating Profit Forecast by Reportable Segment

(Unit: billions of yen)		FY 2024 (Forecast)	FY 2023 (Actual)	Changes
Machinery	Revenue	2,654.0	2,636.7	+17.3
	Operating profit	358.0	355.8	+2.2
	OP margin	13.5%	13.5%	-0.0P
Water	Revenue	378.0	364.5	+13.5
	Operating profit	31.0	30.5	+0.5
	OP margin	8.2%	8.4%	-0.2P
Other	Revenue	18.0	19.5	-1.5
	Operating profit	1.0	1.5	-0.5
	OP margin	5.6%	7.7%	-2.2P
Adjustment*	Operating profit	-70.0	-59.0	-11.0
Total	Revenue	3,050.0	3,020.7	+29.3
	Operating profit	320.0	328.8	-8.8
	OP margin	10.5%	10.9%	-0.4P

*Adjustment includes administrative expenses, basic research expenses, and foreign exchange gain/loss at the parent company.

CAPEX, R&D expenses and Shareholder Return History For Earth, For Life Kubota

■ CAPEX and R&D expenses

(Unit: billions of yen)	FY 2024 (Forecast)	FY 2023 (Actual)	FY 2022 (Actual)
Capital expenditures	190.0	147.0	169.4
R&D expenses	105.5	100.1	88.3

■ Shareholder Return History

(Unit: billions of yen)	Year ended Dec. 31, 2019	Year ended Dec. 31, 2020	Year ended Dec. 31, 2021	Year ended Dec. 31, 2022	Year ended Dec. 31, 2023	Total of last 5 years
Profit attributable to owners of the parent	149.1	128.5	174.8	156.5	238.5	847.3
Total amount of dividend paid (Dividend per share)	44.1 (36yen)	43.6 (36yen)	50.6 (42yen)	52.5 (44yen)	56.6 (48yen)	247.4
Retirement of treasury shares	19.6	19.9	20.3	20.0	30.0	109.7
Total shareholder return	63.6	63.5	70.9	72.5	86.6	357.1

Shareholder return ratio (Dividends and retirement of treasury shares)	43%	49%	41%	46%	36%	42%
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Mid-term target for shareholder return

- Secure over 40% in shareholder return ratio, and aim at 50%
- Continue share buy-backs and prompt retirement of treasury shares

Increase Corporate Value

For Earth, For Life

Kubota

Supplementary data of U.S.

■ YoY growth rate of retail sales units in tractor market by horsepower

		Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Sept.	Jan.-Dec.
2022	0-40hp	-10.8%	-18.7%	-21.4%	-26.2%	-15.8%	-17.5%	-19.3%
	40-120hp	-4.2%	-13.4%	-9.5%	-1.2%	-9.8%	-9.7%	-7.5%
	120-160hp	+10.3%	+3.9%	+4.4%	+12.5%	+6.5%	+5.7%	+7.8%
2023	0-40hp	-20.1%	-8.4%	-6.8%	-8.5%	-13.0%	-11.2%	-10.7%
	40-120hp	-9.2%	-4.5%	-6.5%	-14.0%	-6.5%	-6.5%	-8.6%
	120-160hp	-0.2%	+0.1%	-0.6%	-9.3%	-0.0%	-0.2%	-3.1%

Source: AEM (Association of Equipment Manufacturers)

■ YoY growth rate of retail sales units in mini-excavator market (0-6t)

		Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Sept.	Jan.-Dec.
2022		+10.2%	-7.7%	+7.6%	-3.1%	-0.3%	+2.3%	+0.8%
2023		+3.8%	+10.9%	-3.1%	+4.5%	+7.7%	+3.9%	+4.1%

Source: AEM (Association of Equipment Manufacturers)

■ YoY growth rate of retail sales units in compact track loader market

		Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Sept.	Jan.-Dec.
2022		-1.7%	-9.1%	-1.1%	+12.7%	-6.0%	-4.4%	+0.2%
2023		+17.4%	+3.3%	+5.9%	+4.0%	+9.4%	+8.2%	+6.9%

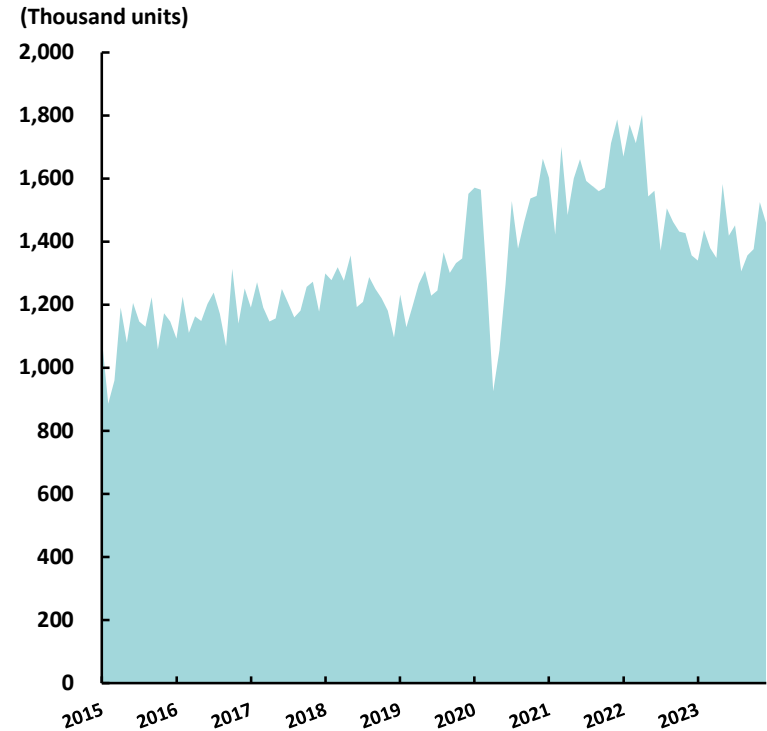
Source: AEM (Association of Equipment Manufacturers)

■ YoY growth rate of retail sales units in skid steer loader market

		Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Sept.	Jan.-Dec.
2022		-20.3%	-18.9%	-15.7%	-17.4%	-19.6%	-18.3%	-18.0%
2023		-5.3%	+4.5%	+7.9%	+28.7%	+0.1%	+2.6%	+10.7%

Source: AEM (Association of Equipment Manufacturers)

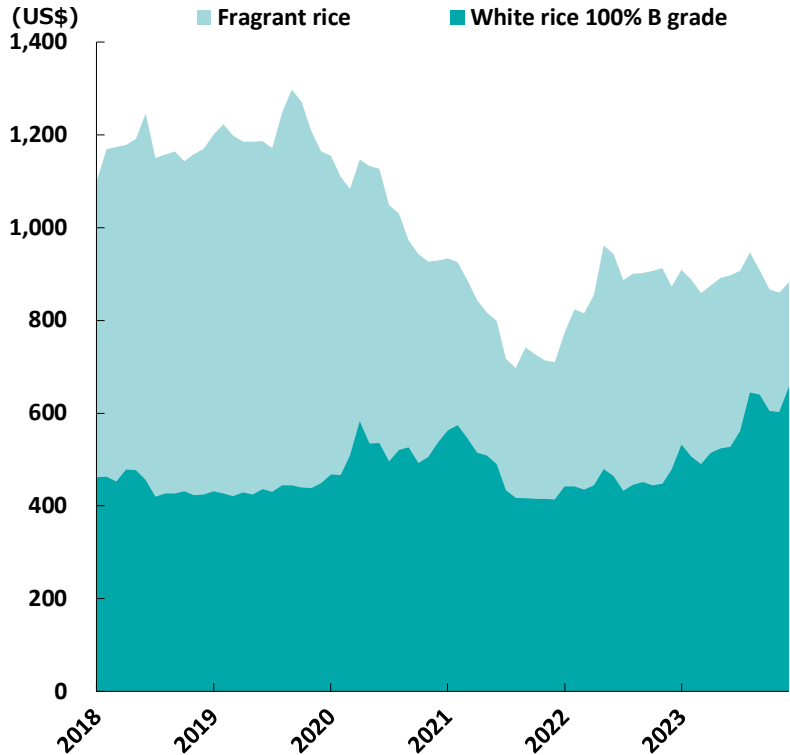
■ New privately owned housing units started (Seasonally adjusted annual rate)



Source: U.S. Census Bureau

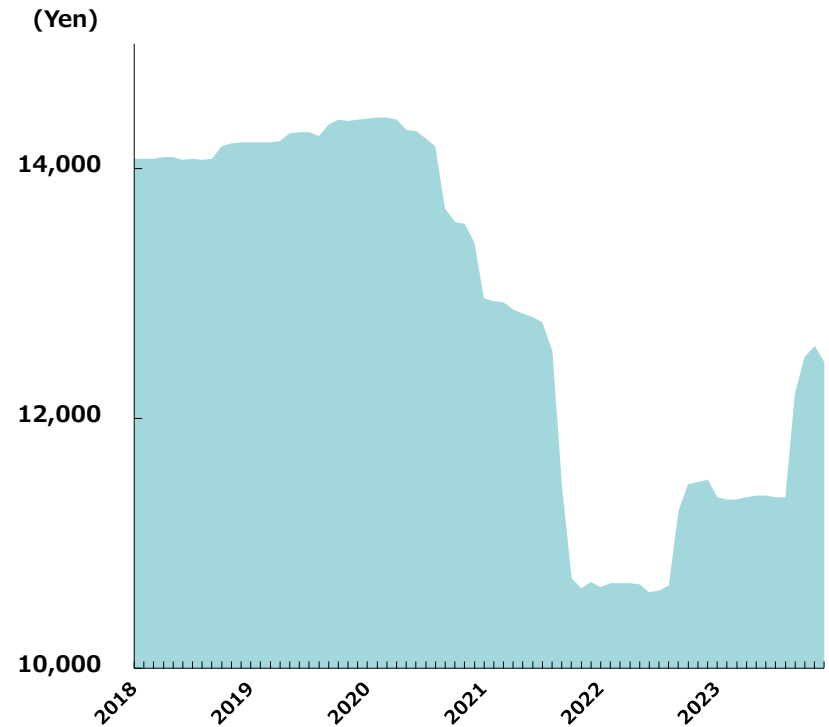
Supplementary data of Thailand and Japan

■ Export price of Thai rice (US\$/t)



Source: USDA, Thai Rice Exporters Association

■ Producers' price of Japanese rice (yen/ 60kg)



Source: Ministry of Agriculture, Forestry and Fisheries

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.
