

For Earth, For Life  
Kubota

# KUBOTA REPORT 2021

Digest Version





Committed to a prosperous society and cycle of nature

# Aiming to Become an “Essentials Innovator for Supporting Life”



## What we want to convey in the KUBOTA REPORT 2021

The Kubota Group publishes the KUBOTA REPORT to gain the understanding of our stakeholders regarding our efforts and value creation.

In order to convey our corporate medium- to long-term vision, the content of the KUBOTA REPORT 2021 has been renewed and the report now integrates our business and ESG strategies.

This report was compiled largely in accordance with the Guidance for Collaborative Value Creation as issued by the Japanese Ministry of Economy, Trade and Industry and concisely summarizes information that is highly important for the Kubota Group with regard to improving its corporate value.

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### Relationship between the Digest Version and the Full Version

#### Digest Version

We have compiled a concise and clear summary of the Kubota Group’s Long-term Vision, Mid-term Business Plan and other information to make the entire picture of the Kubota Group easier to understand.

#### Full Version

In addition to the content of the Digest Version, more detailed ESG and other information are disclosed in a PDF format.

[www.kubota.com/ir/financial/annual/](http://www.kubota.com/ir/financial/annual/)

#### ■ Period covered by the KUBOTA REPORT

From January 2020 to December 2020

\* Matters outside the above period are partially included.

#### ■ Boundary of the KUBOTA REPORT

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/](http://www.un.org/sustainabledevelopment/)



## Ever since its founding in 1890, 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. Believing that “If you try hard, you can get it done” and “Do not be afraid of making mistakes,” he became the first producer of iron water pipes in Japan as well as mechanizing agricultural production, thereby contributing to the development of society.

“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.”

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 the Kubota Group: “Global Major Brand Kubota.”

### 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

##### 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.



## 2030 > Our Goal

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

By making agriculture more efficient, the Kubota Group contributes to the abundant and stable production of food.

**Food**

By developing water infrastructure, the Kubota Group contributes to reliable water supply and restoration.

**Water**

By developing social infrastructure, the Kubota Group contributes to the creation and the preservation of comfortable living environments.

**Environment**

Aiming to achieve the SDGs

Becoming a global corporation

Together with the development of society

Business foundation

**2011**  
Became the first company in the world to acquire the U.S. CARB certificate, responding swiftly to global emissions regulations

An engine conforming to stage 4 emission standards

**2014**  
Established a large upland farming tractor manufacturing company in France

Large tractor for use in expansive farmland

**2015**  
Constructed water supply and sewage treatment facilities, etc. in Myanmar

Water purification plant constructed in Thilawa Industrial Park

**1962**  
Entered the water treatment business and tackled the emerging water pollution problem

Night soil treatment plant in Miyoshi, Hiroshima, the first project after the Division was formed

**1968**  
Started manufacturing the original model of the modern rice transplanter

The original model for modern rice transplanters

**1974**  
Started manufacturing mini excavators, supporting small-scale urban construction

Fully revolving small hydraulic shovel, the base model for subsequent Kubota mini excavators

**1904**  
Initiated the mass production of the first cast iron pipes for water supply in Japan

Kubota iron pipe shipping site around 1905

**1947**  
Developed the cultivator, a pioneering piece of equipment in the mechanization of agriculture

First cultivator

**1960**  
Developed a tractor to support farming villages suffering from labor shortages

A ride-on upland farming tractor

## Founded in 1890

Founded as a casting manufacturer  
Started production of castings for weighing equipment and daily commodities

Food Water Environment

## Yuichi Kitao

President and  
Representative Director,  
Kubota Corporation



### Foreword—a look back at 2020

In 2020, our business faced a difficult situation due to proliferation of the new coronavirus disease (COVID-19) and the resulting economic stagnation. However, thanks to the support of our customers and other stakeholders involved in our business, we have managed to overcome these challenging conditions. This was a year in which I was reminded once again that Kubota's business is supported by deep-rooted needs and expectations, even during the COVID-19 pandemic, and that it is an essential concern that is deemed a necessity for society.

This year marks the start of our newly formulated long-term vision and new mid-term business plan. The Kubota Group's vision is to be "a company that can make the greatest contribution to society by earning the trust of the greatest number of customers," and to that end we aim to accelerate innovation to solve issues related to food, water and the environment around the world.

### Our long-term vision for the next decade: GMB2030

I strongly feel that around the world humanity has come to a common realization that the current state of society cannot be sustained forever due to the complex and interconnected nature of environmental issues such as climate change and air pollution, natural disasters and pandemics, population and resource issues, as well as global political issues. We have formulated our long-term vision GMB2030 with the hope that all 40,000 employees of the Kubota Group will share this vision, considering what Kubota should do and how we should proceed in order to face the various challenges that may arise over the next 10 years, in order to preserve a lifestyle that is sustainable day-to-day.

Our vision for 2030 is to be an "Essentials Innovator for Supporting Life," committed to a prosperous society and cycle of nature that reaffirms what Kubota has been doing for the past 130 years. Looking back on our business activities over the past 130 years, we will continue to support a rich society, the cycle of nature and social infrastructure as an

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

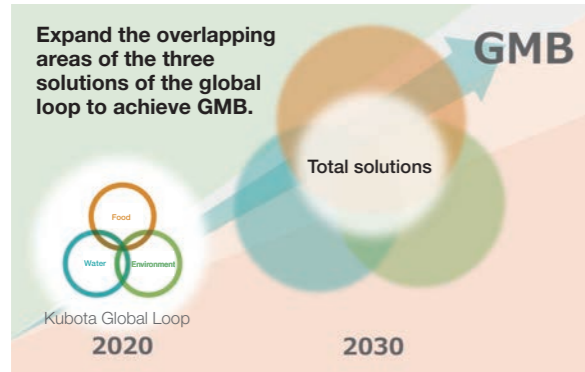
The entire Kubota Group will come together to support the enrichment of people's lives in the fields of food, water and the environment, which are indispensable to the survival of humankind, as well as contributing to the resolution of social issues.

"essentials innovator." Here an "essentials innovator" refers to a company that provides a service that you must use when you want to do something. To this end, we are using the term "essentials innovator" to express our aspiration to become a company that is indispensable to society by ensuring that Kubota's products and services are used in the fields of food, water and the environment. We will reach out to related companies and organizations to participate in the platform we are building, as we seek to build a foundation for cooperation. In order to achieve this goal, we are investing in various start-up companies to complement the areas where we are lacking, as we try to build a win-win relationship with these enterprises. We believe that it is our mission and role to continue to contribute to the food, water and the environmental fields by providing our products and services in 2030 and beyond to 2050.

### Three solutions to pursue as pillars of business development going forwards

Our vision identifies three solutions as pillars of business development: "Enhancing the productivity and safety of food," "Promoting the circulation of water resources and waste," and "Improving urban and living environments."

We believe that each of these solutions, including those that we are already working on as well as those that are in the beginning stages or are still under consideration, has great potential for growth by leveraging the synergies of each of our businesses, with highly competitive products and technologies at their core. By building an ecosystem with various business partners, we will provide total solutions and transform ourselves into a "solution provider" that directly contributes to solving the world's social issues.



Kubota's Vision and Direction

The first solution seeks to “enhance the productivity and safety of food.” For the production of crops such as rice, wheat, and fruit trees, we will develop automated and unmanned agricultural machinery and provide automated management systems that utilize AI. We will provide solutions for the entire food value chain as part of an “Open Agri-Platform” that can be shared not only with the agricultural sector but also with other industries.

The second solution seeks to “promote the circulation of water resources and waste.” This involves the creation of a platform to support the entire water and waste cycle. For example, for waste generated from agriculture, water circulation and economic activities, we will build a total solution for resource recovery and reproduction based on the recovery technology of phosphorus or valuable metals, combined with technologies owned by other companies.

The third solution seeks to “improve urban and living environments.” We will provide a monitoring and management platform for water supply and sewage facilities and river floods that utilizes plant information and sensors, and contribute to the development of

efficient, disaster-resistant and sustainable infrastructure. Furthermore, we will promote the smart construction of underground infrastructure and construction equipment, in addition to giving consideration to services that build an integrated platform for underground information.

Furthermore, the foundation for these new solutions will be the existing businesses that we are currently developing. Based on the activities of the existing businesses, the R&D department will play the role of promoting the commercialization of new businesses, while the Innovation Center and Corporate Planning Department will keep an eye on social trends as well as searching for the seeds of new businesses. We will continue to search for new technologies and business by uniting and aligning these vectors and create new value by integrating existing businesses, the development of our long-term vision, and the promotion of these three solutions.

### Shift to business operations with Kubota's unique ESG at the core of management

In line with the targets of the SDGs and the Paris Agreement that are shared with other global long-term goals, in order for Kubota to continue to be a sustainable company in the face of increasing demands for corporate social responsibility, we will promote initiatives with a greater awareness of ESG (Environment, Society 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 K-ESG as the Kubota Group's unique ESG measures—measures that are rooted in the

Kubota Global Identity that we will seek to promote.

In order to accelerate and strengthen these initiatives, we will raise awareness of ESG throughout the Group, oversee various measures, and use ESG as a basis for decision-making regarding future business development. In addition, we have formulated an “Environmental Vision” to show the direction of our business from an environmental perspective toward 2050. The vision states that we will “contribute to the realization of a carbon-neutral and resilient society in the fields of food, water and the environment, while facing the challenge of achieving zero environmental impact.” We will meet the challenge of carbon neutrality by 2050 through two approaches: reducing CO<sub>2</sub> emissions from Kubota as a company and the products we manufacture, and through the various solutions we provide.

### New mid-term business plan

In the new mid-term business plan, we have positioned the five years from 2021 as a period for laying the groundwork for the realization of GMB2030 and this is also when we will construct the framework for our business activities. During this period we will continue to address various business challenges, in addition to responding to the changes in the business environment surrounding the Kubota Group. To this end, we will implement measures across five main themes: promoting of ESG management, laying the foundation for the realization of GMB2030 to support the next generation, expanding existing business sales, improving profit margins and developing infrastructure to support sustainable growth. We will also work to promote digital transformation (DX), which is a common thread across all these themes.

In addition, we will search for development and business themes from a long-term perspective and allocate management resources intensively. By 2025, we hope to have secured several candidate themes that can become drivers of future growth by completing everything from theme selection to the establishment of a business management system within the period of the mid-term business plan. At the same time, we will vigorously pursue reforms to our profit structure, including targeting steady growth in high-margin fields, building a profitable business structure and thorough streamlining of business operations. As a result, we aim to achieve net sales of 2,300 billion yen and operating income of 300 billion yen by 2025.



### In closing

It will not be easy to achieve the goals of GMB2030 and the new mid-term business plan, but we will do our utmost to make them a reality. The entire Kubota Group will work together to achieve the goals of the mid-term business plan, and we will further expand our business by contributing to the SDGs and solving various social issues that may arise in the future. We will accelerate our activities toward the realization of GMB2030 by mobilizing the collective strength of the 40,000-strong Kubota Group, and we will push forward in the belief and expectation that we will develop as a sustainable company.

## Business Development to Realize GMB2030

■ Provide total solutions by creating an ecosystem with business partners active in various fields

Business Development	How our businesses are developing (current snapshot)
<p>1 Solutions to enhance the productivity and safety of food</p> <p>Food Water Environment</p>	<ul style="list-style-type: none"> <li>● Yield expansion, crop quality improvement, and productivity improvement (e.g. advanced Smart Agriculture)</li> <li>● Solving problems across the entire food value chain</li> <li>● Next-gen crop production</li> </ul>
<p>2 Solutions to promote the circulation of water resources and waste</p> <p>Food Water Environment</p>	<ul style="list-style-type: none"> <li>● Reduction of environmental impact from social and industrial activities</li> <li>● Purification and reuse of domestic wastewater and sewage</li> <li>● Zero landfill waste and resource recovery from waste (e.g. provision of resource recovery solutions)</li> <li>● Establishment of an eco-system for CO<sub>2</sub> reduction</li> </ul>
<p>3 Solutions to improve urban and living environments</p> <p>Water Environment</p>	<ul style="list-style-type: none"> <li>● Improving the efficiency of urban social infrastructure management (e.g. building a water environment platform)</li> <li>● Creation of higher quality, more comfortable and safer living spaces</li> </ul>

# GMB2030—Our long-term vision looking 10 years ahead

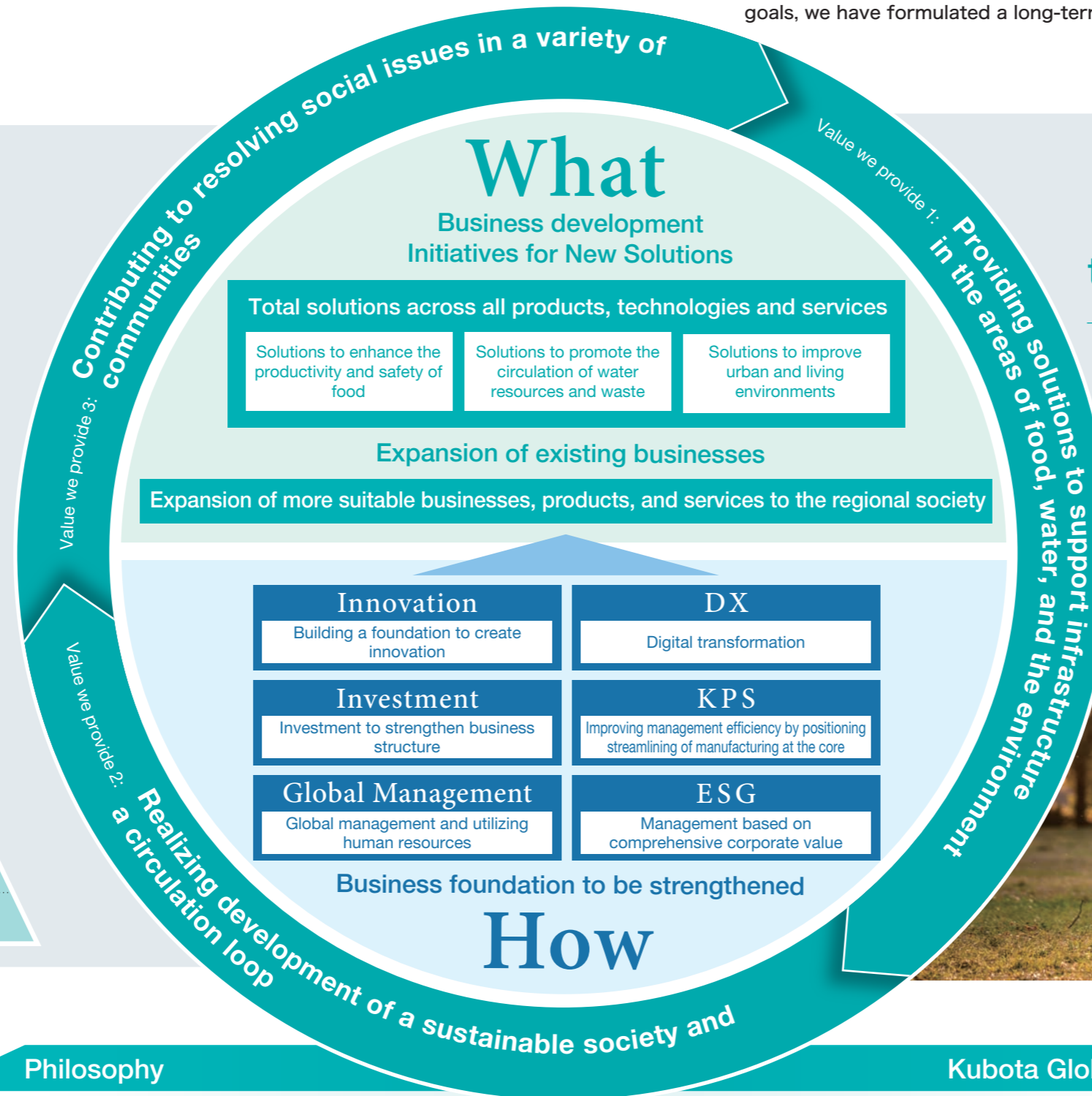
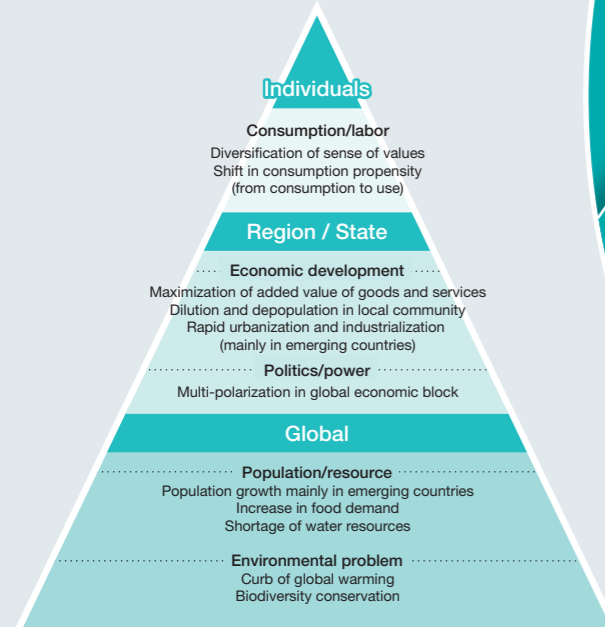
Our long-term goal is to realize “Global Major Brand Kubota (GMB Kubota),” which translates to “a company that can make the greatest contribution to society by earning the trust of the greatest number of customers.”

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 the speed toward realizing these goals, we have formulated a long-term vision—GMB2030—which looks 10 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

## Future social issues



## 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

## Philosophy



### Spirit of the Founder

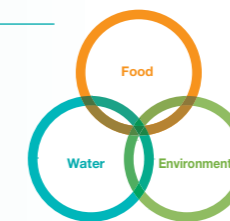
“For the prosperity of society, we need to put all of our efforts into creation.”  
“Our products should not only be technically excellent, but also useful for the good of society.”

Founder: Gonshiro Kubota

## 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.





**Participants:** Kubota Corporation

<b>Masatoshi Kimata</b> Chairman and Representative Director	<b>Yuichi Kitao</b> President and Representative Director	<b>Masato Yoshikawa</b> Director and Executive Vice President	<b>Shinji Sasaki</b> Director and Senior Managing Executive Officer	<b>Toshihiko Kurosawa</b> Director and Senior Managing Executive Officer	<b>Dai Watanabe</b> Director and Senior Managing Executive Officer
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\*Correct as of October 2020

# DIALOGUE

## Contributing to the realization of a sustainable society with our long-term vision GMB2030

Since its establishment in 1890, the Kubota Group has contributed to the world in the fields of food, water and the environment for 130 years. 2020 was a year in which the spread of the new coronavirus disease (COVID-19) deepened our awareness of our enterprise as an “essential business that supports society.”

Against this backdrop, we invited Ms. Hiroko Kuniya, a journalist who has been engaged in reporting on and raising awareness of the SDGs, to talk with our management team about our long-term vision GMB2030, and about the future of the Kubota Group post-COVID-19.

**Kuniya:** Can we share our thoughts about the realization of a sustainable society? As symbolized by the SDGs, this was a year in which society as a whole woke up to the importance of comprehensively resolving the issues of the environment, economy, and society, rather than partial optimization. The long-term vision GMB2030 that Kubota has formulated incorporates global trends, and I feel that the company is aware of how it can provide solutions to these trends as part of its business.

**Kimata:** First and foremost, Kubota’s ultimate goal is to realize Global Major Brand (GMB) Kubota, a goal that has remained unchanged since I was President of the company. Kubota is “a company that can make the greatest contribution to society by earning the trust of the greatest number of customers,” which is the spirit of our founder and continues to be our corporate mission.

**Kitao:** Based on this premise, I have taken the lead in formulating a long-term vision that spans the next 10 years in order to share the direction Kubota should take with the entire Group and accelerate the realization of GMB.

**Kuniya:** Nowadays, investors are also being asked to take

## sustainable society

responsibility for global sustainability. In addition, as the world grapples with the new coronavirus pandemic, the concept of Build Back Better\*<sup>1</sup> (BBB) has become more important, which is how to deal with risks and how to build a more resilient society.

**Kitao:** Even if we have a vision, I think it is important to look backwards from that vision and consider what we should do now as well as the sense of urgency required. From now until 2030, Kubota is determined to make technological innovations to further enhance customer value from the perspective of the entire supply chain.

**Kuniya:** I feel that Kubota is putting a considerable amount of effort into environmental management. You have established clearly organized policies such as setting environmental materiality, identifying opportunities and risks, and then formulating specific measures, but what are the challenges in implementing these policies?

**Kitao:** At the same time as the long-term vision, we have formulated an environmental vision and new medium- and long-term goals for environmental conservation. In terms of CO<sub>2</sub> reduction, Kubota has set a target of achieving a 30% reduction

in CO<sub>2</sub> emissions in 2030 (compared to the 2014 level of domestic emissions) and virtually zero CO<sub>2</sub> emissions in 2050, thus contributing to the realization of a carbon-neutral society.

**Kuniya:** I understand that there always has to be a balance between “cost” and “profit”—can you tell us what the management stance is on this?

**Yoshikawa:** In deciding where to invest in our business activities, the balance between “profit” and “cost” is an important issue. As the world becomes increasingly concerned about environmental issues, including CO<sub>2</sub>, Kubota must conduct research and development toward resolving these issues. We also need to make significant upfront investments in technologies that do not impose environmental loads, technologies that reduce environmental loads, and solution technologies to solve issues centered on the SDGs. We will expand our business and increase customer value in a way that allows us to secure sufficient management resources and at the same time does not lower our bottom line, and we will increase our upfront investment more than ever while generating those resources. We are making significant investments in Europe, Thailand and North America,



**Hiroko Kuniya**  
Facilitator  
Project Professor, Graduate School of Media and Governance, Keio University. Formerly a newscaster/journalist, Kuniya is currently a member of the Board of Trustees of the Tokyo University of the Arts (special assignment for the president), holds the post of Director at the Natural Energy Foundation, and is also a Goodwill Ambassador for the Food and Agriculture Organization of the United Nations (UNFAO).



\*1 Build Back Better: The phrase used by the United Nations to call for a more sustainable, resilient and inclusive society as we embark on our post-COVID-19 recovery.



including a new R&D Center in Sakai, Osaka, and we are also planning to expand the functions of the Innovation Center, which will create new added value, globally.

**Kurosawa:** As an example of “resource recovery solutions,” one of the priority measures set forth in GMB2030, many local governments have already adopted initiatives to recover digestion gas—another name for methane gas—generated from sewage, and to use this gas to generate electricity and supply it to surrounding areas. Kubota would like to provide recycling-oriented solutions that recover energy resources such as methane gas and phosphorus from sewage and waste treatment processes and utilize them to generate electricity and in fertilizers.

**Kuniya:** I think it is very important to recover resources from waste and recycle them. At the same time as efforts to decarbonize society, such circular solutions are accelerating worldwide. In what areas do you plan to demonstrate Kubota’s strength in terms of circular solutions?

**Kurosawa:** With regard to facilities related to social infrastructure, such as water supply, sewage and waste treatment, which was mentioned earlier, we are starting to see implementation of public-private partnerships such as PFI/PPP<sup>\*2</sup>. We would like to be actively involved in these partnerships and make full use of Kubota’s technologies. We can contribute to the realization of a “zero landfill society” by proposing social systems for recycling, including the field of agricultural production, which is where we have an advantage, with the aim of creating a circular economy.

**Kuniya:** Globally, it is said that four system changes are important: energy, food, cities and the circular economy. Of those four, Kubota is trying to work on the entire system change in food,

which is a very progressive approach. How do you plan to collaborate with various stakeholders, from production to consumption, in implementing this initiative?

**Kitao:** I think we need a system that connects the demand side and the production side with IT; in other words, a system that can connect and share data across various companies, local governments and other organizations. This means that we need to understand where problems are occurring and what is going on, analyze them, and solve them throughout the supply chain. Our strength lies in the fact that we are connected to many producers as we have developed our business with farming at the core. In order to realize this challenge, we would like to collaborate more than ever with those who are doing business on the output side, such as distributors.

**Kuniya:** I hope that you will lead the way as a change leader in the food system, and make it possible to eliminate food loss through IT. In the future—with “resource recycling society” becoming a megatrend—the amount of resource input will become a KPI and one of the ways in which the company can strengthen competitiveness, as stated in the long-term vision. In the midst of this circular movement, what are your thoughts on R&D, innovation, and sales strategies for “resource minimization”?

**Kitao:** We are already working on improving the transmission efficiency of our machinery, making it lighter and more compact in the R&D stage, but in the future, we will go one step further and review at the design and development stage by adopting biomass-derived resins, and we will also start recovering valuable metals from urban mines, which has become a social issue. In addition, we will need to consider entering the used construction equipment business and recycling at the time of disposal, which are areas where we have not been so involved thus far.

**Kuniya:** It is an important issue. Furthermore, it is also important to have a business model that allows the product to be used repeatedly for a longer period of time, including maintenance, inspection, and after-sales service.

**Kitao:** There is a concept called “life cycle cost”—for example, tractors and combine harvesters are generally used for longer than 10 years, and the question of how to ensure that they can be used without failure or waste can also be considered an area of business. If the product breaks down, it is a waste of resources, so we need to make a preliminary diagnosis and replace service parts so that our customers can use their product for a long time. In order to do this, we propose improving efficiency through collecting information digitally. In addition, we are paying attention



<sup>\*2</sup> PFI/PPP: A scheme in which the public and private sectors work together to provide public services is called a Public Private Partnership (PPP), and a Private Finance Initiative (PFI) is a method of PPP that utilizes the private sector’s financial, managerial and technical capabilities to construct, maintain and operate public facilities.



to hydrogen as an energy source. In particular, I would like to work on engine development in collaboration with other companies.

**Kuniya:** Is there a possibility of making hydrogen from water, as is the case in Europe?

**Sasaki:** Regarding hydrogen production, the general method is to use electricity that cannot easily be stored from solar or wind power generation for electrolysis and to store this energy as hydrogen, and then use that hydrogen in FT synthesis<sup>\*3</sup> to make liquid fuel. In the future, for example, this fuel could be used in construction and industrial machinery. We are also looking at this as a carbon-free fuel, and I think this is a possible option.

**Kuniya:** Japan has a wide range of technologies, and I hope that Kubota, as an essentials innovator in the environmental business, will show leadership in connecting these technologies. You also mentioned next-gen crop production as one of the new solutions in GMB2030. What do you intend to do in this regard?

**Kitao:** We are working with a start-up company to commercialize this. Rather than a conventional plant factory, this will be an “artificial light-type plant factory” that can stably produce nutritious, safe and secure food in a space-saving manner without being affected by abnormal weather or other external conditions. From a long-term perspective, this kind of initiative will lead to solutions to food shortages and environmental problems, and I believe it has great potential as a business.

**Kuniya:** In Europe and elsewhere, it is said that it is important to promote agriculture as regenerative<sup>\*4</sup>—as something that can contribute to global environmental regeneration. As shown in examples from other companies, it will become commonplace for people to absorb more than they emit, so is there any possibility that Kubota can expand the nature of agriculture to become a carbon sink<sup>\*5</sup>?

**Watanabe:** Kubota has long been involved in the agricultural machinery business, mainly in Asia. In the past 10 years, the development of Asian countries has led to accelerated mechanization, which has freed them from labor and increased productivity, but it has also caused air pollution problems due to the burning of large amounts of agricultural waste. As a manufacturer of agricultural machinery, we are thinking of contributing to environmental issues by proposing ways to recover agricultural waste instead of burning it, to use it effectively for other purposes, and even to return it to the soil.

**Sasaki:** From a research and technology standpoint, there is data

showing that the amount of phosphorus and nitrogen remaining in Japanese farmland is many times higher than the average of OECD countries, and I wonder if we can find a way to approach this problem. Japanese farmers have always tended to apply fertilizer to their fields at a certain time of the season, based on past experience. In the future, we will not only rely on empirical data but also use soil sensing technology to visualize where and how much fertilizer should be applied to each field in real time. I would like to contribute to the realization of agriculture that is friendly to both farmland and the planet.

**Kuniya:** Last but not least, water issues are becoming an important theme for humanity to confront. How does Kubota intend to address this issue?

**Kurosawa:** There is a limit to how much water sources can be secured depending on the country and land, and there is also the issue of cost in terms of water quality. In particular, large amounts of water are used for agricultural production, so it can be said that our food problems are really a water problem. From water intake to water discharge, I would like to further refine the pipeline and water transmission facility construction and water operation management technologies that we have cultivated over the years, in addition to contributing to securing precious water resources in the agricultural sector.

**Kuniya:** In order to promote change in the agricultural sector, what challenges do we face at the global and local levels with regard to agriculture and water? I feel that it is necessary for people to know what kind of technologies and techniques are available to solve these problems. It is said that the next five years are very important. I think we need to hurry up and make changes.

**Kitao:** In the fields of agriculture and water, which are indispensable for life, can we create added value by leveraging Kubota’s strengths, and can we establish this as a business model? We are beginning discussions and examinations to that end with more determination than ever before. In order to achieve speedy solutions to specific issues in the business domains of food, water and the environment, Kubota will shift to business operations with a greater focus on ESG management than ever before, and will make concerted efforts by the 40,000 employees of the Group. Please look forward to Kubota’s initiatives for the future.

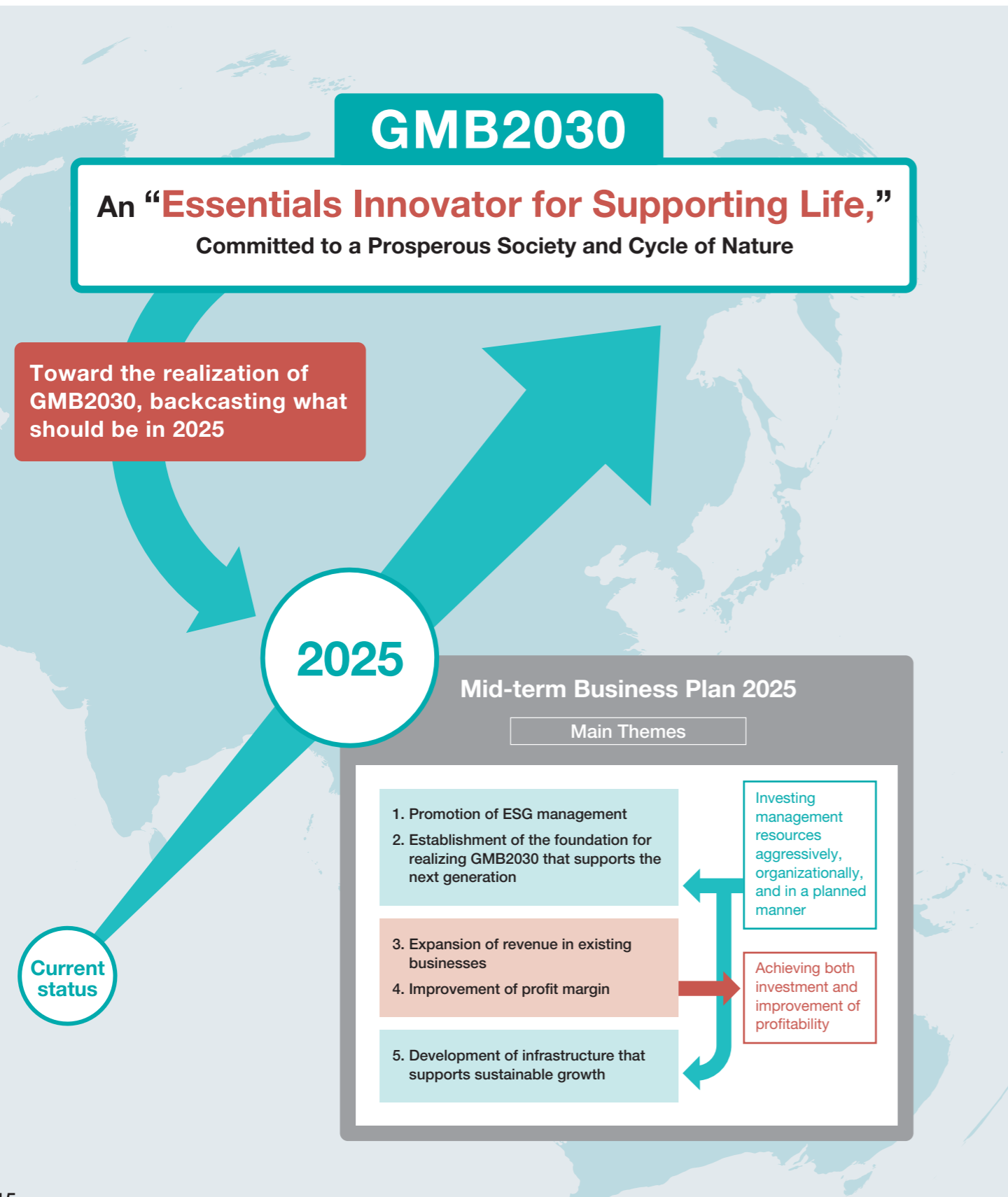


<sup>\*3</sup> FT synthesis: A catalytic reaction that synthesizes basic chemicals such as light oil and other petroleum substitute fuels, alcohols, and olefins from syngas (a mixture of carbon monoxide and hydrogen)  
<sup>\*4</sup> Regenerative: The concept of not only pursuing sustainability of the global environment, but also allowing the entire ecosystem to flourish while regenerating the global environment  
<sup>\*5</sup> Carbon sink: In addition to forests and oceans, the ability of soil to absorb and fix carbon dioxide is attracting attention.



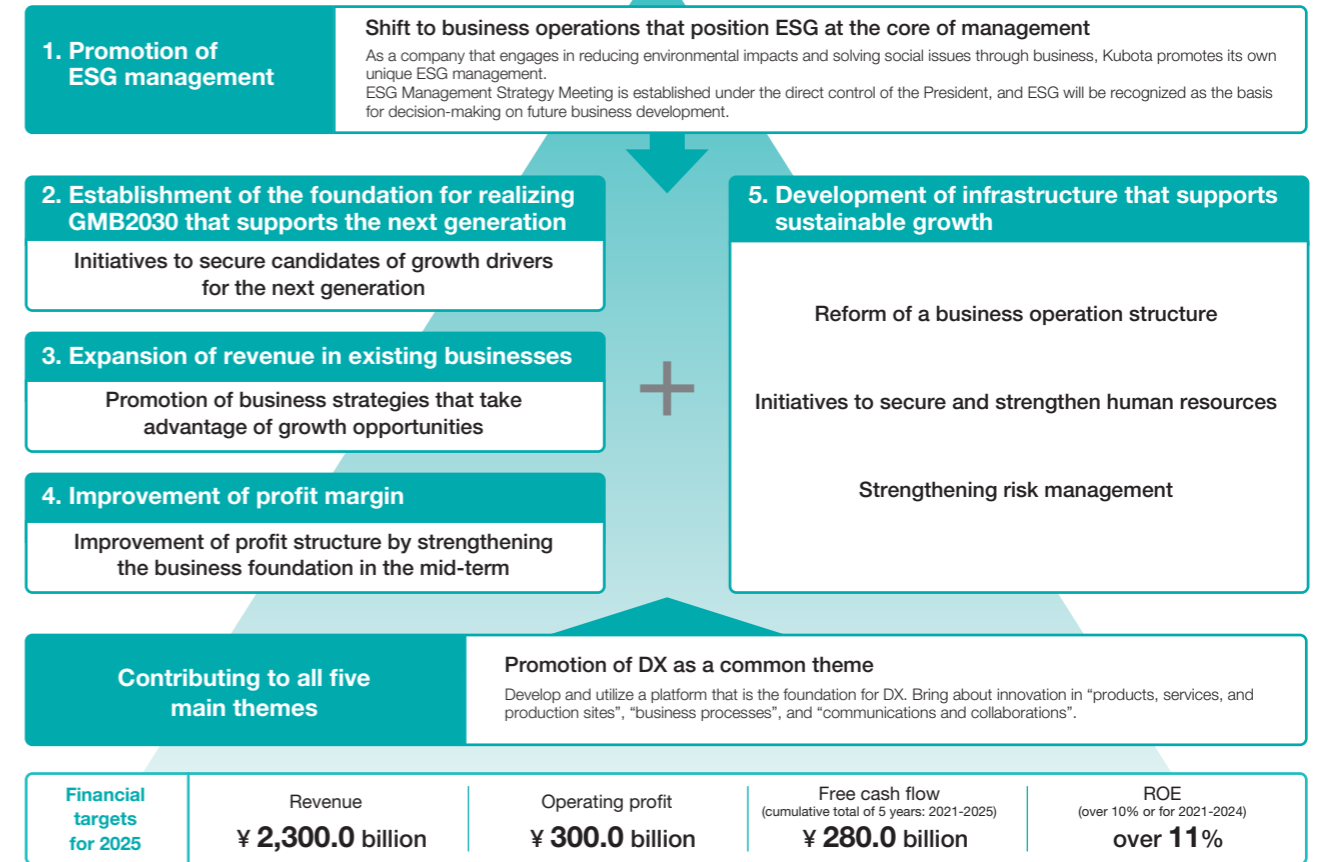
# Mid-term Business Plan 2025

Kubota positions the 5 years in Mid-term Business Plan 2025 as the period to complete the establishment of foundation for the realization of GMB2030, and the entire group will work together on the 5 main themes.



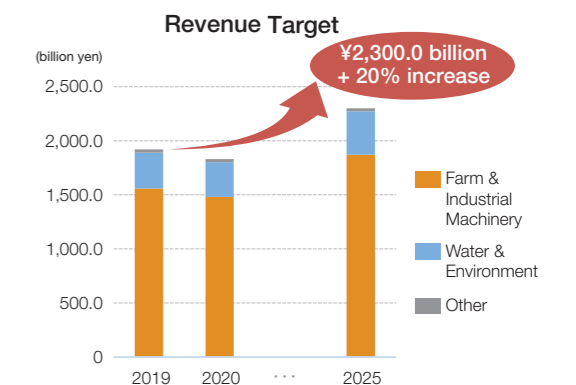
## Outline of Mid-term Business Plan 2025

# GMB2030



Financial Targets (PL) of Mid-term Business Plan 2025

(billion yen)	2019.12 (Actual)	2025.12 (Target)	Changes from FY2019	
			Amount	%
<b>Revenue</b>	1,920.0	2,300.0	+380.0	+19.8
Farm & Industrial Machinery	1,558.3	1,870.0	+311.7	+20.0
Water & Environment	330.1	400.0	+69.9	+21.2
Other	31.6	30.0	-1.6	-5.1
<b>Operating profit</b>	10.5% 201.7	13.0% 300.0	+98.3	+48.7



Financial Targets (Other) of Mid-term Business Plan 2025

	2019 (Actual)	2021-2025 (Target)
ROE	10.7%	Maintain over 10% / over 11% in 2025
Shareholder return ratio	42.7%	Set the mid-term target of over 40%, and aim at 50%
Operating cash flow	82.4 billion yen	880.0 billion yen (cumulative total of 5 years)
Free cash flow	-12.4 billion yen	280.0 billion yen (cumulative total of 5 years)

# Mid-term Business Plan: Specific Initiatives

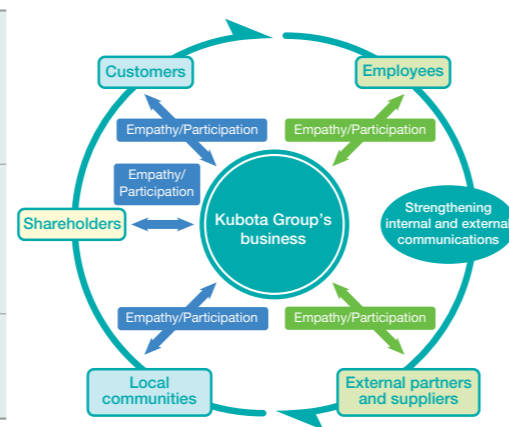
## Shift to business operations that position ESG at the core of management

Kubota will promote ESG management using the company's own approach to advance initiatives that are more ESG aware than ever. As a company that engages in reducing environmental impacts and solving social issues through business, ESG Management Strategy Meeting and ESG Promotion Department are established under the direct control of the President in order to promote its own unique ESG initiatives (K-ESG) in addition to general initiatives. ESG Management Strategy Meeting is positioned as the institution that determines the Group's important business management policies, and ESG will be recognized as the basis for decision-making on future business development. We will also add stakeholder contribution as a perspective to the S (Society) of ESG, and provide all stakeholders with opportunities to contribute to solving social issues through gaining empathy with and participation in Kubota's business.

### K-ESG (examples)

<b>E: Environment</b>	<ul style="list-style-type: none"> <li>Formulating an environmental vision (See the Full Version page 41 for details)</li> <li>Initiatives aiming at carbon neutral by 2050</li> <li>Promoting resource recycling as a business (environmental impact reduction + CO<sub>2</sub> reduction)</li> <li>Commercialization of reducing environmental impact in manufacturing</li> </ul>
<b>S: Society</b>	<ul style="list-style-type: none"> <li>Promoting to solve social issues as a business ⇒ Realization of the concept that "Growth of Kubota's business leads to solution of social issues"</li> <li>Providing all stakeholders with opportunities to contribute to solving social issues through gaining "empathy" and "participation" for Kubota's business</li> </ul>
<b>G: Corporate Governance</b>	<ul style="list-style-type: none"> <li>Expanding internal communication ⇒ Unification of intentions in a range of management to all employees</li> <li>Promoting appropriate information disclosure to each stakeholder</li> </ul>

### Relationship with stakeholders



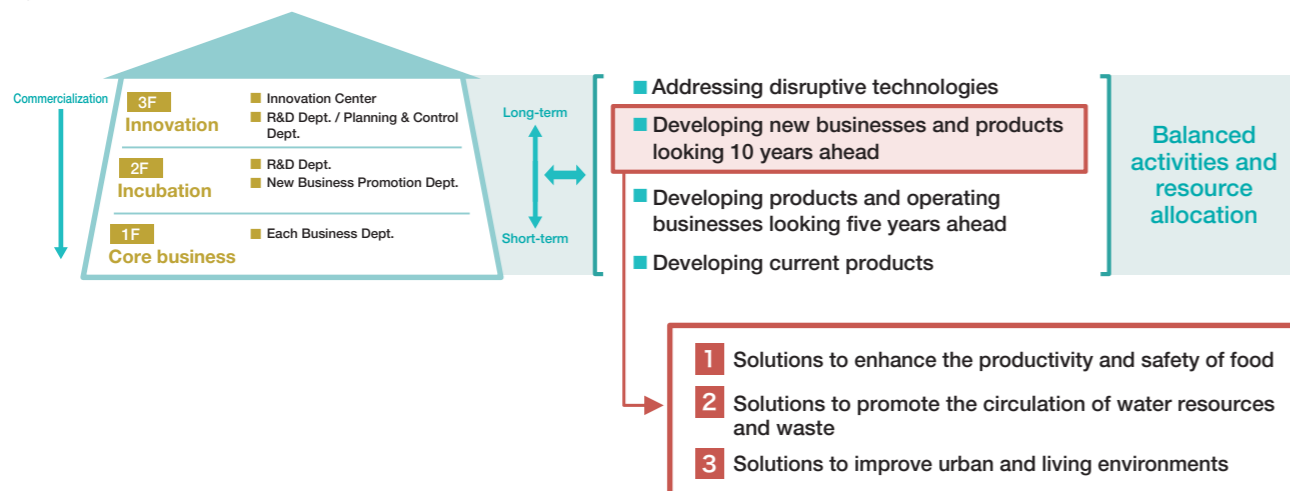
## Initiatives to secure candidates of growth drivers for the next generation

### Establishment of a structure from selection of themes to commercialization

The ESG Management Strategy Meeting oversees the selection of development themes, R&D organizational structure and role sharing, as well as business incubation in order to realize GMB2030 as important matters for the future.

### Initiatives of R&D and commercialization

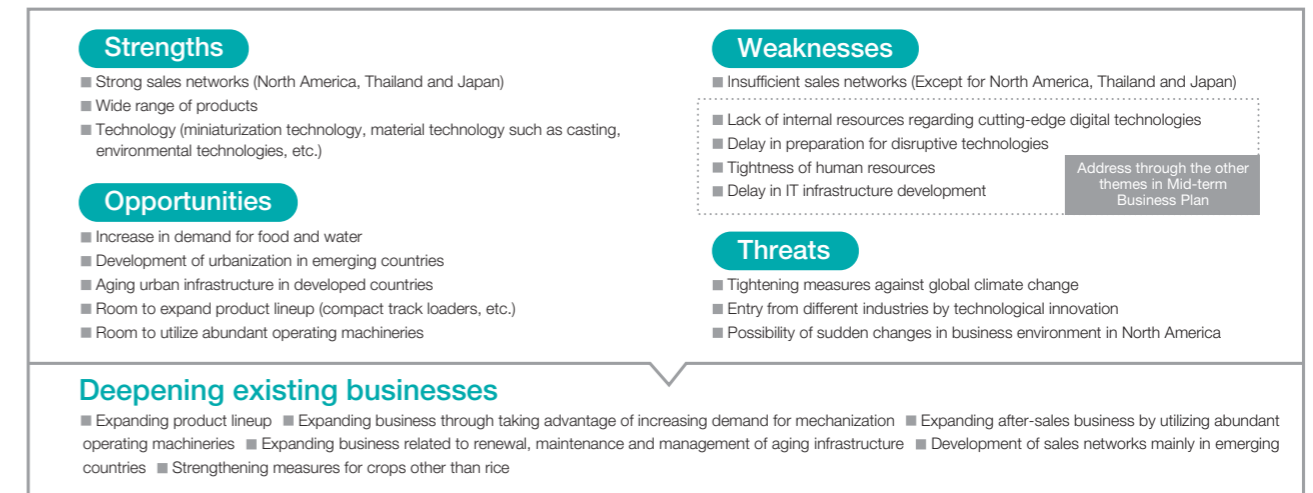
Aiming to secure multiple business models, products, services, and market candidates that become the growth drivers in the next generation by 2025



## Promotion of business strategies that take advantage of growth opportunities

### Status-analysis and basis strategies

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



### Setting 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

#### Farm & Industrial Machinery/After-market Business

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

#### ASEAN/Farm & Industrial Machinery Business

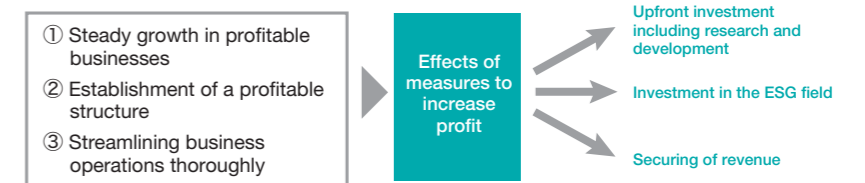
Aiming for a further increase in sales of farm equipment and construction machinery along with urbanization

#### Water & Environment/Solution Business

Aiming to shift from equipment sales-oriented business to O&M- and solution-oriented business by utilizing IoT and other technologies

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

Sustainable growth requires proactive resource investment, as well as investments to prepare for various risks such as disasters, improvements to the working environment and other purposes in the ESG field. We will address measures as described to the right to generate investment resources without causing profit margins to decline.

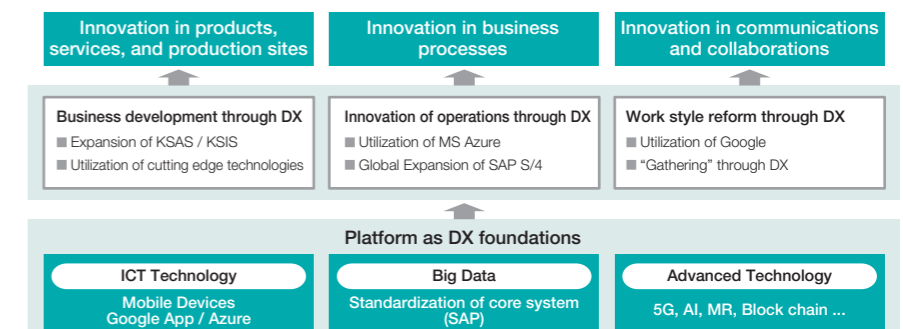


## Development of infrastructure that supports sustainable growth

- Reform of a business operation structure** ..... Transforming operation structure in response to globalization
- Initiatives to secure and strengthen human resources** ..... Strengthening human resources who support sustainable growth by strengthening recruitment and cultivation, as well as providing opportunities
- Strengthening risk management** ..... Developing and expanding organization that can develop countermeasures more actively in response to various risks

## Promotion of DX as a common theme

Bringing about innovation in "products, services, and production sites", "business processes", and "communications and collaborations" by developing and utilizing a platform that is the foundation for DX, and ensuring the promotion of the five main themes



## Kubota dedicated to solving social issues in all areas of the world

Toward the goal of realizing “Global Major Brand,” the Kubota Group is expanding its business globally in accordance with local needs to solve food, water and the environmental issues around the world.

**Europe**

Group Companies  
**42** companies

Group Employees  
**4,123**

**Japan**

Group Companies  
**56** companies

Group Employees  
**22,763**

**Asia**

Group Companies  
**41** companies

Group Employees  
**8,614**

**North America**

Group Companies  
**37** companies

Group Employees  
**5,737**

**Other**

Group Companies  
**10** companies

Group Employees  
**368**

Revenue ..... **¥1,853.2 billion**

Overseas revenue (Overseas revenue ratio)  
**¥1,258.0 billion (67.9%)**

Operating profit (Operating margin) ..... **¥175.3 billion (9.5%)**

Group companies ..... **186**

Overseas group companies ..... **130**

Consolidated employees ..... **41,605**

Business footprint ..... **120+ countries**

(As of December 31, 2020)

■ Total tractor production volume

More than **4.8 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.



■ Sales Volume of Mini Excavators

**Global No.1** for 19 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 2020."



■ 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.



■ 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 **2,000** models

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

■ European Emissions Regulations

**Stage V** compliant

Kubota also has made engines that meet Europe's rigorous emissions regulations. We support local industry while considering the environment.

■ Submerged membrane unit deliveries

More than **6,500** 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 **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.



# Farm & Industrial Machinery

The Farm & Industrial Machinery Business manufactures agricultural machinery and agriculture-related products that contribute to stable food production across many countries and regions, as well as combustion engines and construction machinery.

## The Kubota Group's major products



### Tractors

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



### Combine harvesters

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



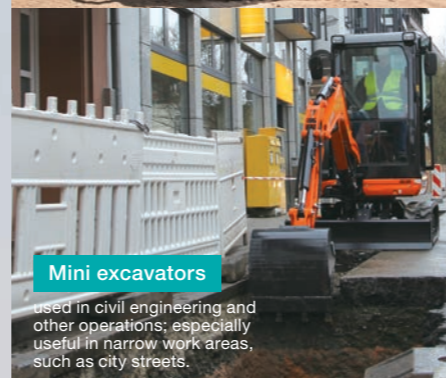
### Rice transplanters

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



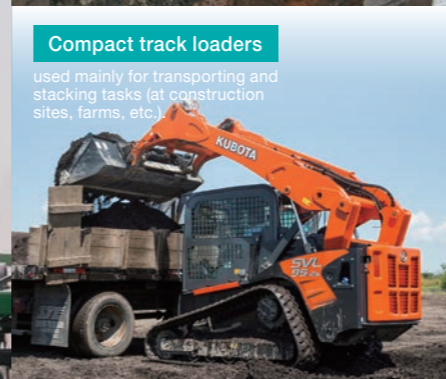
### Utility vehicles

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



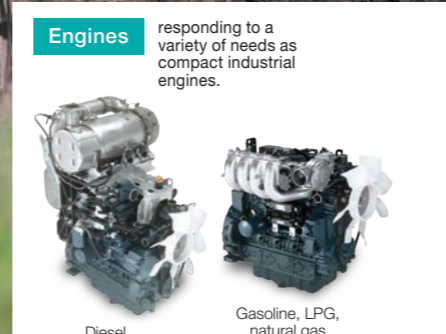
### Mini excavators

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.

Diesel

Gasoline, LPG, natural gas

## Kubota's Innovation

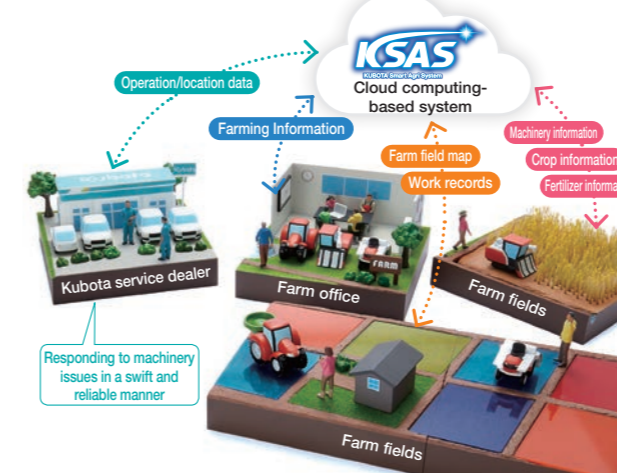
### Kubota Aims for Smart Agriculture

As the farming population ages and the scale of farms expands, it is globally crucial to grow agricultural produce efficiently with higher yield and quality.

By promptly introducing ICT (information and communication technology) and robotic technology in agriculture, Kubota will realize smart agriculture that reduces labor and increases precision, contributing to the abundant and stable production of food.

### Kubota Smart Agri System (KSAS)

A system to support farm operations by integrating advanced technologies with ICT. KSAS visualizes agricultural data, enabling efficient farm operations with no need to rely on experience and intuition.



### The automated agricultural system Agri Robo series

Kubota's automated agricultural machinery Agri Robo series consists of three agricultural machines for rice farming: tractors, combine harvesters and transplanters. Kubota will continue to develop ICT and robot agricultural machinery to address challenges faced by Japan's agriculture industry, thereby commercializing an integrated farming system using automated agricultural machinery.



## TOPICS

### The "Kubota Farm" demonstration farm is launched in Thailand

Since the establishment of a manufacturing and distribution hub in Thailand back in 1978, Kubota has been promoting agricultural mechanization in the ASEAN region while contributing to regional economic development. Specifically, recent development efforts are focused on agricultural machinery suitable for local crops, rice paddy conditions and farming systems. Moreover, Kubota Research and Development Asia—an R&D hub—was launched in Thailand in 2016 to further expand the product lineup.

As part of these efforts, "Kubota Farm" was also established in Thailand in August 2020, where farming and management techniques

using advanced machines and technologies are tested and demonstrated in this extensive experimental farm. Equipped with dedicated facilities, the farm also provides distribution dealers and customers (farmers) with first-hand experience of advanced agricultural techniques, which in turn promotes sales and educates local farm workers.

Kubota is committed to expanding operations in the growing ASEAN market, serving the needs of local communities and contributing to the development of local agriculture.



Opening ceremony attended by Her Royal Highness Princess Maha Chakri Sirindhorn



A rice paddy at Kubota Farm

# Water & Environment

The product lineup of the Water & Environment Division includes pipeline infrastructure products (ductile iron pipes, plastic pipes, valves for the public sector, formed and fabricated materials, spiral welded steel pipes, air-conditioning equipment, etc.) and environmental products (environmental plants, pumps, valves for the private sector, etc.).

## 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.



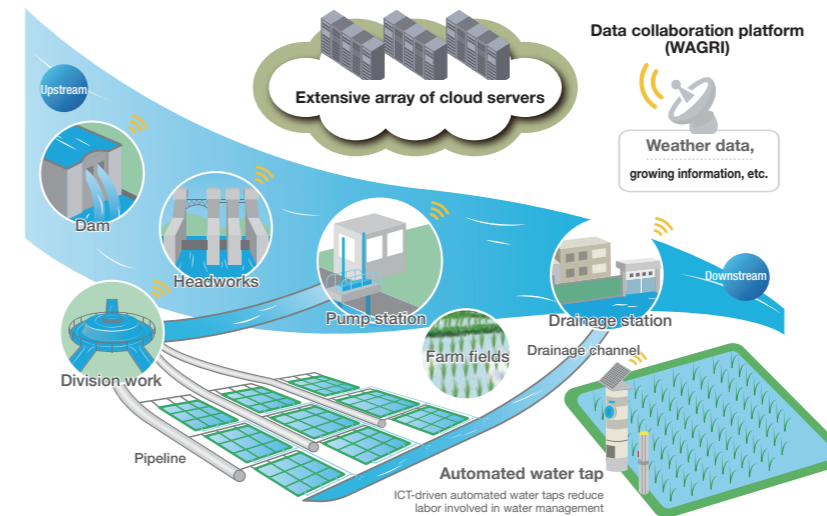
### Waste incinerator plants and ash and melting furnace plants

used to incinerate and reduce the volume of municipal waste, as well as to contribute to decarbonization of society by using the large quantity of waste heat to generate electricity.

## Kubota's Innovation

### Kubota aims for IoT-monitored water and environment infrastructure

Kubota has developed the Kubota Smart Infrastructure System (KSIS), a new service utilizing IoT in the water and environment field. At present, R&D projects in partnership with the NTT Group, including facility diagnosis using AI, are underway, and planned to be released as a practical service. KSIS offers comprehensive solutions covering everything from individual products and plant devices to systems and after-sales services, thereby helping customers inside and outside Japan solve their problems.



### Farm Water Management System WATARAS

WATARAS is a farm water management system developed by Japan's National Agriculture and Food Research Organization (NARO) that allows users to remotely and automatically control water flowing in and out of rice paddies while monitoring water levels on a smartphone or PC.



## TOPICS

### Contributing to the sustainability and development of water infrastructure through participation in DBO projects for water treatment plants

While the recent trend has been to mobilize the resources of the private sector in designing, building and operating key infrastructure for sewage treatment and rainwater drainage as well as for water supply systems including water purification facilities, the Kubota Group contributes to sustainability and development of water infrastructure through PPP\*1 projects such as those based on DBO\*2.

For example, in March 2020 an agreement was concluded with Bizen City, Okayama Prefecture, on the construction of the Sakane Water Purification Plant and the Mitsuishi No.1 Pressure Pump Station. In this DBO project for water supply facilities (including UV treatment facilities), which is the first of its kind in Japan, the Kubota Group will undertake civil and construction work for water purification facilities and pressure pump station, in addition to the designing, building and installation of mechanical equipment as well as operation and maintenance of municipal water supply systems.

Another agreement was concluded in March 2020 with Hirosaki City, Aomori Prefecture, on the renovation of the Hinokuchi Water Purification Plant, the Iwakigawa Intake Pump Station and the Tokiwazaka Booster Pump Station. Each one of these locations needs to be renovated immediately due to dilapidation and poor earthquake resistance. Specifically, the Kubota Group will undertake designing, building and installation of mechanical equipment at the water purification plant and the pump stations as well as operation and maintenance of the municipal water supply system to ensure long-term, stable and efficient operation of Hirosaki City's water project as a means to safeguard and secure water supply. The Kubota Group will continue to mobilize its resources in solving social challenges as a total solution provider for water management, offering various products, technologies and services related to water supply and sewage.



Rendering of the Sakane Water Purification Plant



Rendering of the new Hinokuchi Water Purification Plant

\*1 PPP: Public Private Partnership  
\*2 DBO: Design, Build and Operate

Driving force for creation of new values

# Open Innovation



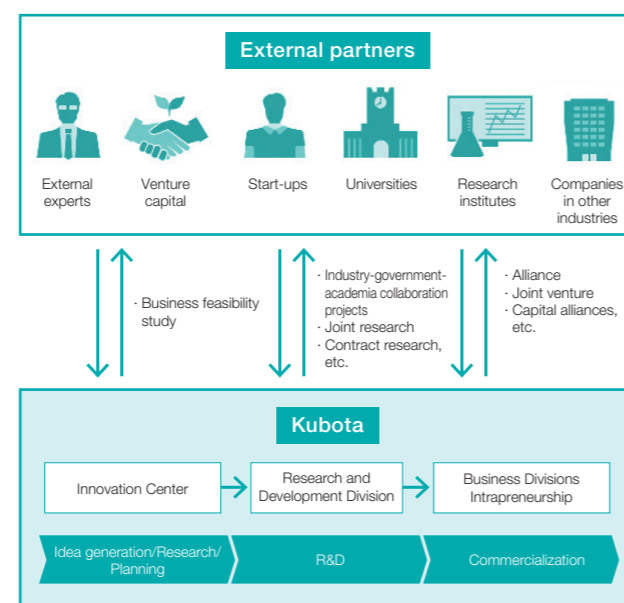
## ■ The Kubota Group's intangible assets

Global social challenges are becoming increasingly complicated and diversified as the population increases and global warming intensifies. Addressing these growing challenges, meanwhile, involves continuous efforts to create

entirely new values at an unprecedented pace. With its focus on food, water and the environment businesses, Kubota is committed to providing solutions through open innovation, and considers its business partners to be valuable intangible assets.

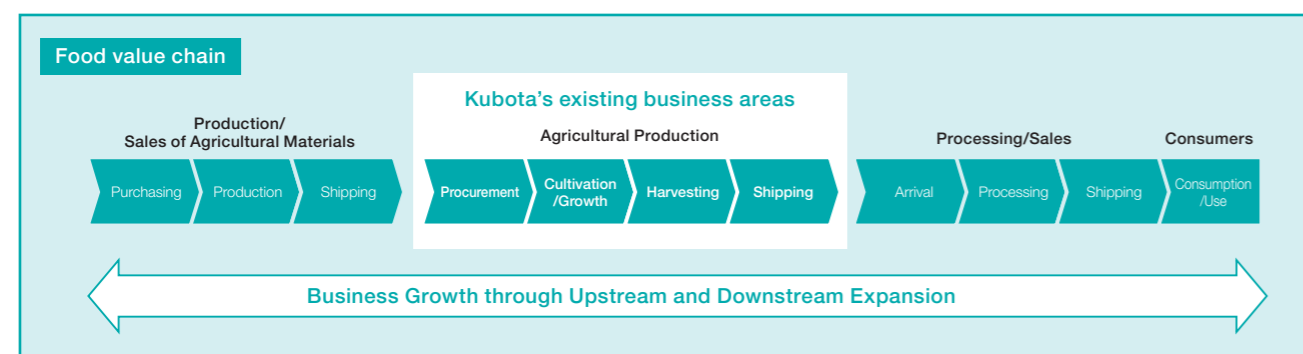
## ■ Kubota's concept of open innovation

Kubota is pushing ahead with open innovation that strengthens partnerships with external parties such as start-ups, universities and research institutes. As quite a few partners boast advanced technologies that can have a significant impact on society, we will incorporate them into our experience and expertise to develop solutions and new businesses, forecasting challenges that may emerge in the future.



## ■ Kubota's ideal open innovation

Kubota is creating new values by leveraging advanced technologies such as ICT and AI. The food business, for example, aims to provide total solutions for food value chains that encompass the entire process of agricultural production, from purchasing to processing, distribution and consumption, which involves promoting smart crop production and the upstream and downstream expansion of food value chains through open innovation. We will also act as a liaison between all partners to develop an agri-platform.



## ■ Open innovation initiatives

### Demonstrating the feasibility of autonomous orchard and vineyard farming system using drones and IoT

Kubota and Aurea Imaging, a Dutch start-up announced a strategic partnership, under demonstration of the feasibility of autonomous orchard and vineyard farming systems that combine Kubota's machine technology with Aurea's crop intelligence technology. Aurea Imaging provides services such as fruit yield forecasting and soil map preparation, leveraging AI to analyze data collected through drones and IoT sensors. Its advanced sensing technology, coupled with Kubota's proprietary machines, is expected to provide total solutions for fruit growing.



### Investing in an agri-tech company developing artificial lighting for plant cultivation designed for plant factories

Plant factories using artificial lighting ensure stable, high-yield crop production regardless of external environmental factors such as abnormal weather. Kubota has a stake in PLANTX, which is developing artificial lighting systems for plant cultivation, leveraging its advanced technology.

The partnership with PLANTX will be enhanced for business cooperation in an effort to streamline and stabilize food production.



### Testing agricultural machinery sharing services

Agricultural machinery with improved performance and automated functions is expected to accelerate the recent trend, particularly among those who are entering the agriculture industry for the first time, to switch from "ownership" to "use."

To this end, Kubota is trialing agricultural machinery sharing services in some areas in Japan to propose new ways to use agricultural machinery while efforts are underway to identify and review challenges prior to the provision of full-scale services.



## ■ Activities supporting open innovation

As a strong network with external partners is key to promoting open innovation, Kubota takes part in partnership programs with start-ups from Europe and America while engaging in activities led by international agricultural organizations, with the ultimate intention of taking the lead in incorporating advanced technologies.



■ Summary of the results of operations for the year ended December 31, 2020

For the year ended December 31, 2020, revenue of Kubota Corporation and its subsidiaries (hereinafter, the "Company") decreased by ¥66.8 billion [3.5%] from the prior year to ¥1,853.2 billion. Domestic revenue decreased by ¥30.2 billion [4.8%] from the prior year to ¥595.2 billion because revenue in Farm & Industrial Machinery decreased mainly due to some negative impacts of the infection spread of COVID-19 and the consumption tax hike in the fiscal 2019. In addition, revenue in Water & Environment decreased due to a decrease in sales of environment-related products and products for private sector, such as plastic pipes. Overseas revenue decreased by ¥36.6 billion [2.8%] from the prior year to ¥1,258.0 billion because of significantly decreased revenue in Farm & Industrial Machinery mainly due to delay in production and shipment, while demand caused by stay-at-home lifestyle increased along with the infection spread of COVID-19. In addition, revenue in Water & Environment decreased slightly.

Operating profit decreased by ¥26.4 billion [13.1%] from the prior year to ¥175.3 billion. This decrease was mainly due to some negative effects from decreased revenue in the domestic and overseas markets, as well as a deterioration in profitability in its manufacturing bases resulting from a temporary suspension of production and a reduction in production volume, although there were some positive effects from raised product prices and declined interest rates in the United States. Profit before income taxes decreased by ¥23.1 billion [11.1%] from the prior year to ¥185.9 billion mainly due to decreased operating profit. Income tax expenses were ¥47.0 billion. Share of profits of investments accounted for using the equity method was ¥2.5 billion. Profit for the year decreased by ¥17.7 billion [11.1%] from the prior year to ¥141.4 billion. Profit attributable to owners of the parent decreased by ¥20.5 billion [13.8%] from the prior year to ¥128.5 billion.

■ Five-year Summary of Key Financial Data

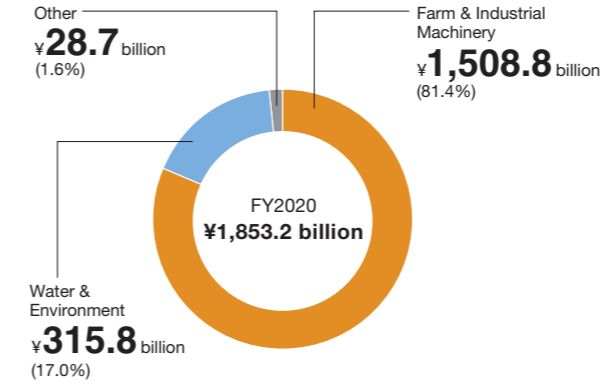
\* From the fiscal year ended December 31, 2018, International Financial Reporting Standards (IFRS) have been applied instead of Generally Accepted Accounting Principles (U.S. GAAP) that were applied previously. For the fiscal year ended December 31, 2017, financial figures in accordance with IFRS are 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			
	2016.12	2017.12	2017.12	2018.12	2019.12	2020.12
<b>Operating results for fiscal year (billions of yen)</b>						
Revenues / Revenue	¥ 1,596.1	¥ 1,751.5	¥ 1,751.0	¥ 1,850.3	¥ 1,920.0	¥ 1,853.2
Operating income / Operating profit	188.8	198.8	200.0	189.3	201.7	175.3
Income before income taxes and equity in net income of affiliated companies / Profit before income taxes	197.0	212.9	214.0	197.2	209.0	185.9
Net income attributable to Kubota Corporation / Profit attributable to owners of the parent	132.5	136.4	134.2	138.6	149.1	128.5
Capital expenditures*1	65.4	52.2	52.2	64.1	86.7	87.2
Depreciation and amortization*1	43.4	45.3	45.1	49.6	48.9	53.2
R&D expenses	43.0	48.1	43.4	53.8	53.1	55.3
Net cash provided by operating activities	185.0	222.3	137.2	89.1	82.4	142.9
<b>As of fiscal year-end (billions of yen)</b>						
Total assets	¥ 2,670.6	¥ 2,853.9	¥ 2,832.4	¥ 2,895.7	¥ 3,139.3	¥ 3,189.3
Shareholders' equity / Equity attributable to owners of the parent	1,198.8	1,301.3	1,291.1	1,339.9	1,442.8	1,476.0
Interest-bearing debt / Interest-bearing liabilities	818.0	836.6	834.1	839.3	903.0	874.4
<b>Per share data (yen)</b>						
Earnings per share (EPS)	¥ 106.58	¥ 110.30	¥ 108.45	¥ 112.44	¥ 121.59	¥ 105.85
Book-value per share (BPS)	966.19	1,054.86	1,046.55	1,087.44	1,182.72	1,221.95
Annual cash dividend	30	32	32	34	36	36
<b>Financial indicators</b>						
Operating margin (%)	11.8	11.4	11.4	10.2	10.5	9.5
ROA*2 (%)	7.6	7.7	7.8	6.9	6.9	5.9
ROE*3 (%)	11.3	10.9	10.8	10.5	10.7	8.8
Shareholders' equity to total assets / Ratio of equity attributable to owners of the parent to total assets (%)	44.9	45.6	45.6	46.3	46.0	46.3
Payout ratio (%)	28.1	29.0	29.5	30.2	29.6	34.0
Shareholder return ratio*4 (%)	32.7	38.6	39.3	32.3	42.7	49.4
Net debt equity ratio*5 (times)	0.54	0.47	0.47	0.46	0.49	0.44

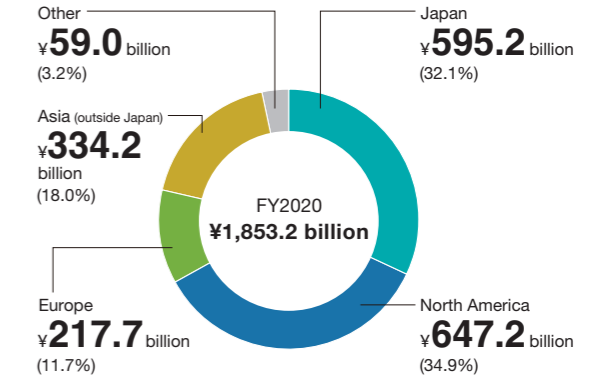
\*1 Recognition of right-of-use assets and depreciation of right-of-use assets along with adoption of IFRS 16 Leases are not included.  
 \*2 ROA: [U.S. GAAP] Income before income taxes and equity in net income of affiliated companies ÷ Total assets (average of beginning and end of fiscal year) [IFRS] 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 Beginning with the year ending December 31, 2020, in conformity with the change in the business reporting structure, the amounts related to air-conditioning equipment are reported in the "Water & Environment", whereas they were formerly reported in the "Farm & Industrial Machinery". Accordingly, the information for the year ended December 31, 2019 was adjusted to conform to the current year's presentation.

Please refer to the Annual Securities Report for detailed financial information.  
[www.kubota.com/ir/financial/yuho/](http://www.kubota.com/ir/financial/yuho/)

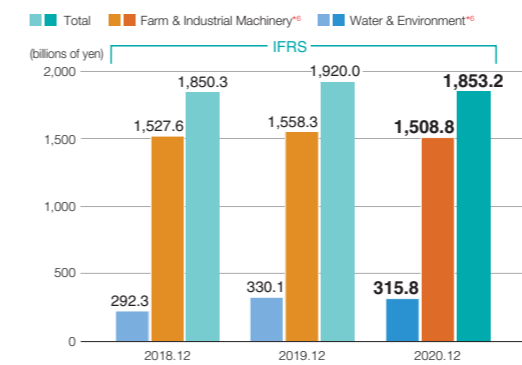
Revenue by Reportable Segment



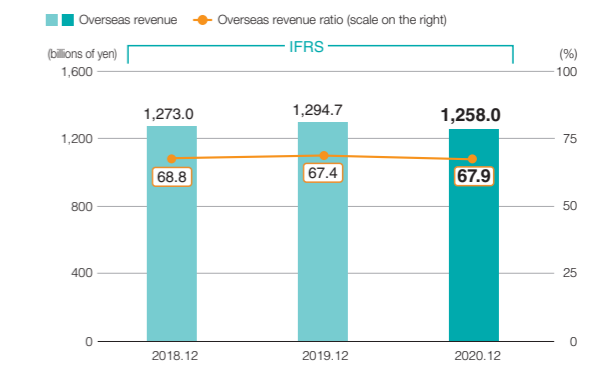
Revenue by Region



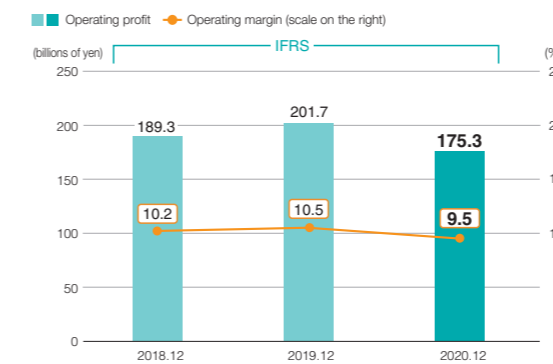
Revenue



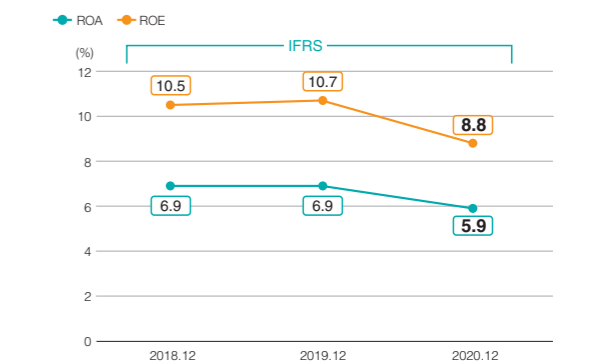
Overseas Revenue and Overseas Revenue Ratio



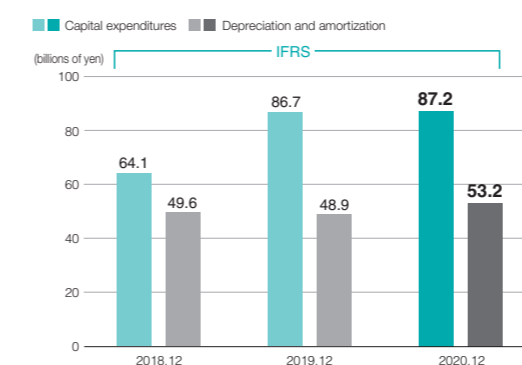
Operating Profit and Operating Margin



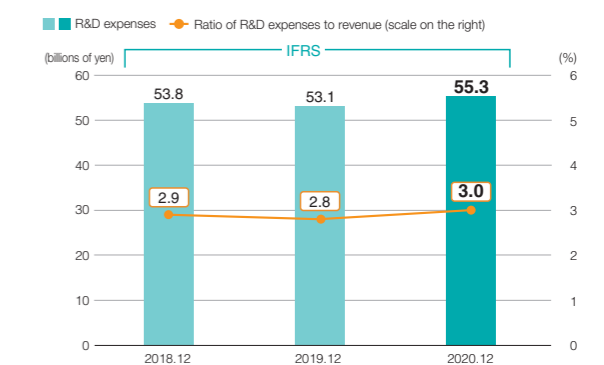
ROA\*2 and ROE\*3



Capital Expenditures, Depreciation and Amortization\*1



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





The Kubota Group will contribute to the development of a sustainable society by engaging in environmental management practices under its brand statement “For Earth, For Life.”

The Environmental Vision is an environmentally conscious business guideline toward 2050 with an emphasis placed on environmental conservation efforts such as climate change mitigation measures.

## 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 field of “food, water, and the environment.”

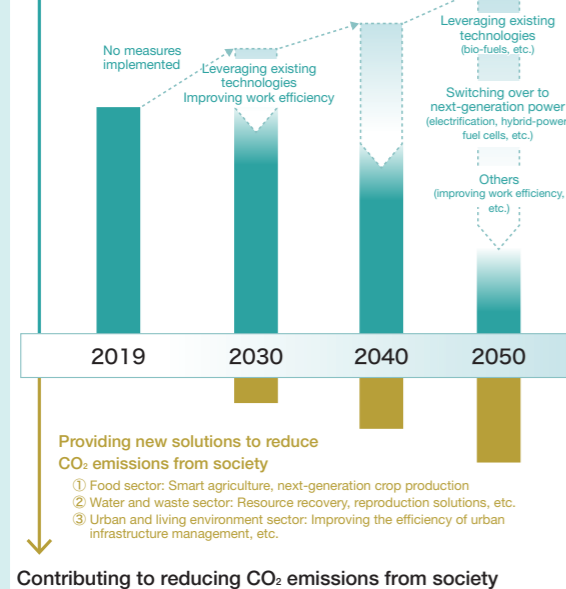
### Taking on the Challenge of Carbon Neutrality

Based on the situation of CO<sub>2</sub> emissions in the product life cycle as a whole, we believe that it is important to tackle reducing CO<sub>2</sub> emissions when manufacturing and using products.

Toward the realization of a carbon neutral society, we will promote reduction of greenhouse gas emissions and energy-saving, improvement of fuel consumption of products, motorized products, and reduction of CO<sub>2</sub> emissions in the products’ life cycles as a whole. At the same time, through the provision of products and solutions, we will help reduce CO<sub>2</sub> emissions generated from social activities and join forces to take on the challenge of realizing substantially zero CO<sub>2</sub> emissions by the year 2050.

#### Company-wide efforts to reduce CO<sub>2</sub> emissions

Even with expansion of business operations, solutions such as next-generation power contribute to reducing CO<sub>2</sub> emissions from the entire value chain.



### Kubota’s efforts to realize its Environmental Vision

#### Scope 1 and 2\* emission reductions

Further reducing CO<sub>2</sub> emissions through continuous improvements in production efficiency, fuel switching and the introduction of renewable energy.

\* Scope 1: Direct emissions by the company itself  
\* Scope 2: Indirect emissions from purchased electricity, etc.



Solar power system installed on the factory rooftop (China)

#### Scope 3\* emission reductions

Decarbonizing power through electrification, hybrid-power, fuel cells, etc.

\* Scope 3: Emissions by others or at customers’ sites related to the company’s activities



Electric construction machinery and tractor

#### Contributing to reducing CO<sub>2</sub> emissions from society and creating a resilient society

Increasing crop yield per unit area and improving work efficiency through robotized machinery and ICT to save energy and resources in the agricultural sector.



Kubota Smart Agri System software interface

Contributing to reducing irrigation requirements, using the WATARAS\* field water management system with rice paddies leveraged to control river flooding.

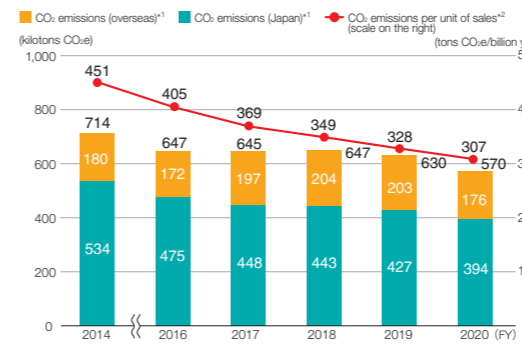


The WATARAS field water management system

\* A field water management system that remotely and automatically controls the irrigation and drainage of rice paddies while monitoring water levels and temperatures

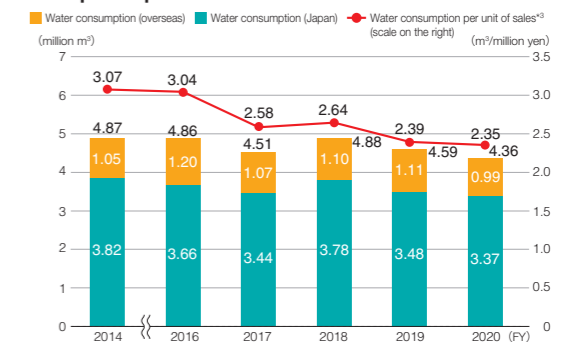
### The Kubota Group’s performance on reducing environmental loads

#### Trends in CO<sub>2</sub> Emissions and Emissions per Unit of Sales



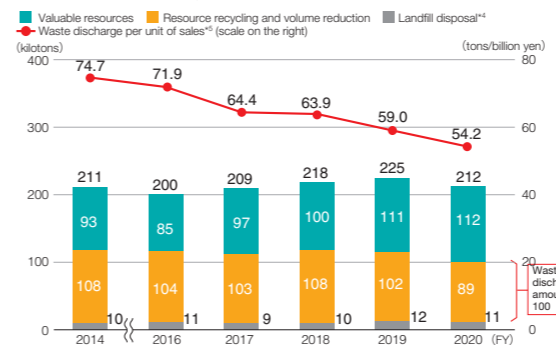
\*1 CO<sub>2</sub> emissions refer to those of Scope 1 and 2, including greenhouse gas emissions from non-energy sources.  
\*2 CO<sub>2</sub> emissions per unit of consolidated net sales

#### Trends in Total Water Consumption and Water Consumption per Unit of Sales



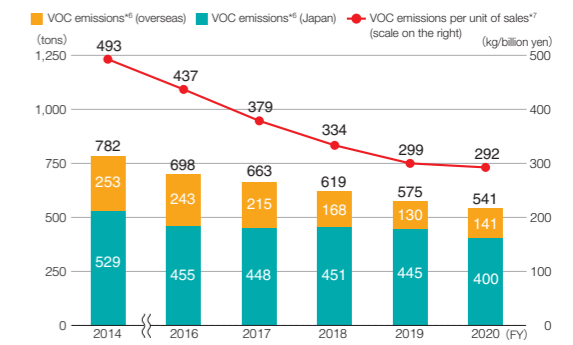
\*3 Water consumption per unit of consolidated net sales

#### Trends in Waste, Etc. (including valuable resources) and Waste Discharge per Unit of Sales



\*4 Landfill disposal = Direct landfill disposal + Final landfill disposal following external intermediate treatment  
\*5 Waste discharge per unit of consolidated net sales  
Waste discharge amount = Resource recycling and volume reduction + Landfill disposal

#### Trends in VOC Emissions and Emissions per Unit of Sales



\*6 VOCs comprise the six substances that are most prevalent in emissions from the Kubota Group: xylene, toluene, ethylbenzene, styrene, 1,2,4-trimethylbenzene, and 1,3,5-trimethylbenzene.  
\*7 VOC emissions per unit of consolidated net sales

### Expanding the lineup of environment-friendly products and services

Product environmental assessments are conducted at the design and development stage to make the entire product life cycle, from material procurement to product disposal, environmentally friendly, with environment-friendly products certified internally as Eco-Products for promotion purposes.

#### Products certified in FY2020 as Eco-Products (examples)

Compact and high-performance engine conforming to EU emissions regulations (Stage V)



V5009 (200 hp)

Downsizing, coupled with improved performance



Large size Johkasou (KTZ type)

### Environment awareness activities

The Kubota Group endeavors to raise awareness among employees about environmental issues by designating June every year as “Environment Month” and taking part in environmental communication activities with local communities.



2020 Environment Month poster for awareness raising



Tohoku branch office  
Forest preservation activities



SIAM KUBOTA Metal Technology Co., Ltd. (Thailand)  
Tree planting activities

#### Kubota Receives the Highest Evaluation for the Third Time in a Second Consecutive Year in CDP Water Security 2020\*



\* Award sponsored by the international non-profit organization CDP where water-related business risks, opportunities and strategies, etc. are reviewed and evaluated.

#### Kubota Supports the Recommendations\* of the Task Force on Climate-related Financial Disclosures (TCFD)



\* Recommendations that call on companies to voluntarily disclose information about their climate change strategies and the impacts of climate change on their business operations.



# Social



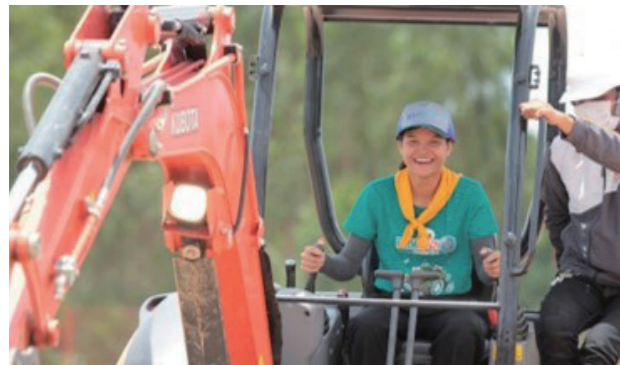
The Kubota Group promotes activities to enhance corporate value by providing opportunities for various stakeholders to empathize and participate in our business.

## Developing a Range of Social Contribution Activities around the World

The Kubota Group is engaged in social contribution activities in Japan and other countries around the world, including education for the next generation, sports promotion, community cleanup, and environmental conservation.

### Educating the Next Generation

#### Supporting the next generation of young farmers (Thailand)



SIAM KUBOTA Corporation Co., Ltd. (Thailand) supports agricultural education for the next generation, providing motivation to start farming by encouraging a positive attitude and provides technology to farmers.

#### Kubota TERRA-KOYA Summer Camp (Japan)



Kubota sponsors a summer camp where children can learn about the abundance of nature and the importance of the global environment. A total of 268 children participated in the camp, and in 2020, a special website was opened to collect photos and messages from "TERRA-KOYA Kids" who participated in the camp in the past.

### Promoting Sport

#### Supporting UNICEF's sport guidelines (Japan)



Kubota Spears, a rugby team operated by Kubota Corporation and based in Funabashi, Chiba, became the first rugby-related organization to endorse UNICEF's sport guidelines: "Children's Rights in Sport Principles" in August 2020.

### Coexistence with the Local Community

#### Conducting an outreach program (Philippines)



In 2016, Kubota Philippines, Inc. launched an outreach program to the local community, including an exchange program at an orphanage. The company also donated a cultivator to the Aeta tribe, an indigenous tribe in the Philippines currently suffering a serious food shortage, and held a reception to deepen exchanges with them over a meal.

### Response to Asbestos Issues

Kubota takes very seriously the fact that some residents living in proximity of the former Kanzaki Plant and employees working at the plant have developed asbestos-related diseases. From the perspective of fulfilling our social responsibility as a company that previously handled asbestos, we will continue to address this issue with the utmost sincerity.

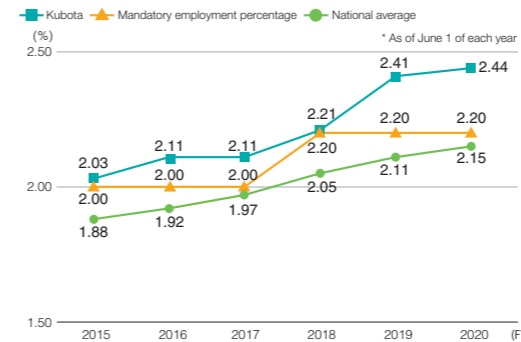
For details please see:  
[www.kubota.co.jp/kanren/](http://www.kubota.co.jp/kanren/)  
 (only in Japanese)

## Creating Jobs for People with Disabilities X Utilizing Idle Farmland X Hydroponics

Kubota Sun-Vege Farm Co., Ltd. is a special subsidiary operated by Kubota Corporation that has built vinyl greenhouses on idle farmland and is engaged in hydroponic cultivation of leafy vegetables such as leaf lettuce, spinach, *komatsuna* (Japanese mustard spinach) and *mizuna* (pothorb mustard), which are shipped to the company cafeteria and nearby supermarkets as well as being used in school lunches.

At present, 16 people with disabilities are working hard to grow safe, secure and delicious vegetables, creating a lively workplace full of smiles.

### Trend in Percentage of Employees with Disabilities (Applicable Kubota Group Companies in Japan)



Kubota Sun-Vege Farm Co., Ltd.

## Creating a More Comfortable Workplace

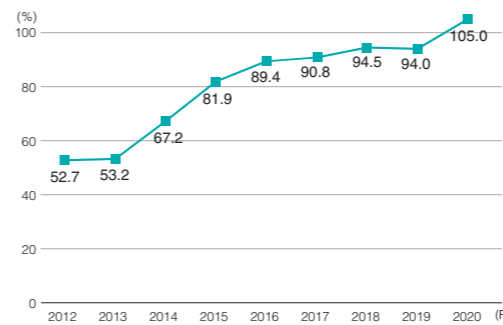
We are promoting the creation of a comfortable and rewarding workplace where employees can not only work safely and with peace of mind, but also feel pride and joy in their work.



Certificate by Minister of Health, Labour and Welfare of Japan as a company with next-generation childcare systems

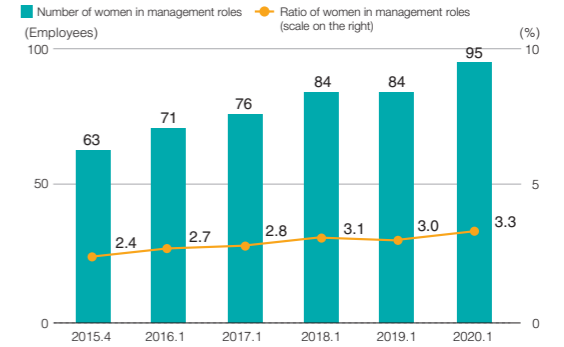
Received work with Pride Silver 2020

### Trend in the Percentage of Employees Taking Annual Paid Leave (Kubota Corp.)



\* Talled from March 16 to March 15 of the following year for each year up to 2015  
 \* Talled from December 16 to December 15 of the following year for each year from 2016  
 \* For FY2020, this includes special vacation days related to the novel coronavirus.

### Trend in the Number of Women in Management Roles (Kubota Corp.)



## For Customer Satisfaction

### Research and Development

In order to provide "inspiring products" to customers around the world, we are clarifying the roles of our development bases and promoting the expansion of our global R&D system with Japan as the core.



Cutting-edge new facilities to be established in Sakai City, Osaka Prefecture (Scheduled to be established in 2022)

### Production

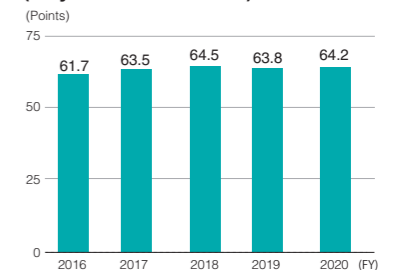
We are building a global production system and promoting the implementation of the Kubota Production System (KPS) at each site.



### Sales and Service

In order to realize an appropriate maintenance service for each customer, we hold contests to compete for service skills and solution proposals, and conduct customer satisfaction surveys.

### Customer Satisfaction Survey\* (July 2019–June 2020)



\* Overall customer satisfaction with the store where they purchased agricultural machinery (Japan)

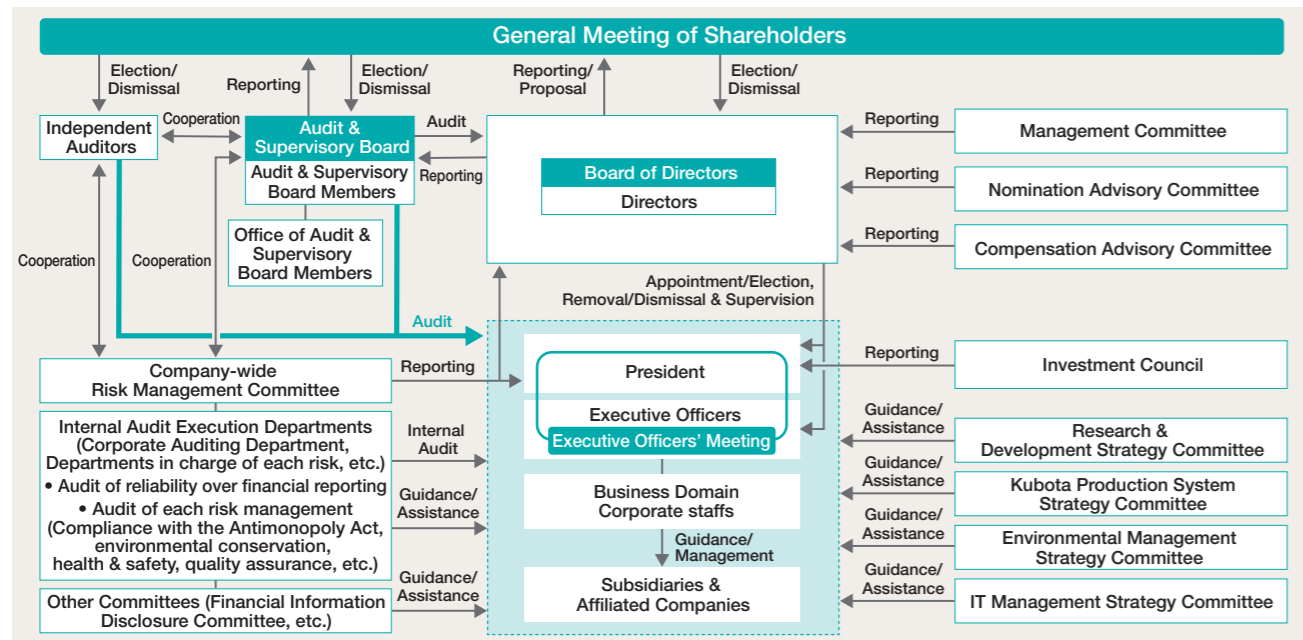
# Governance

We are working to strengthen our corporate governance in order to respond quickly to the business environment and improve the transparency of our management.



1. Masatoshi Kimata  
Chairman and Representative Director
2. Yuichi Kitao  
President and Representative Director
3. Masato Yoshikawa  
Director and Executive Vice President
4. Toshihiko Kurosawa  
Director and Senior Managing Executive Officer
5. Dai Watanabe  
Director and Senior Managing Executive Officer
6. Yuzuru Matsuda  
Outside Director
7. Koichi Ina  
Outside Director
8. Yutaro Shintaku  
Outside Director
9. Kumi Arakane  
Outside Director
10. Toshikazu Fukuyama  
Audit & Supervisory Board Member
11. Yasuhiko Hiyama  
Outside Audit & Supervisory Board Member
12. Masaki Fujiwara  
Outside Audit & Supervisory Board Member
13. Yuichi Yamada  
Outside Audit & Supervisory Board Member
14. Yuri Furusawa  
Outside Audit & Supervisory Board Member

Corporate Governance Structure (as of March 19, 2021)



	Board of Directors	Audit & Supervisory Board	Executive Officers' Meeting
<b>Objective</b>	Strategic decision-making and supervision of duty execution by executive officers	Supervision and auditing of duty execution by directors	Confirmation of the status of duty execution by executive officers and implementation of prompt and appropriate management decisions
<b>Members</b>	9 directors (including 4 outside directors) • Attendance rate of outside directors (Jan. 2020–Dec. 2020) Yuzuru Matsuda (100%), Koichi Ina (100%), Yutaro Shintaku (100%)	5 Audit & Supervisory Board members (including 3 Outside Audit & Supervisory Board members) • Attendance rate of Outside Audit & Supervisory Board members (Jan. 2020–Dec. 2020) Masaki Fujiwara (100%), Kumi Arakane*1 (100%), Yuichi Yamada*2 (100%)	President and Representative Director and executive officers (35 members)
<b>Frequency</b>	Regular meetings are held once a month (in addition, as needed)	Regular meetings are held once a month (in addition, as needed)	Regular meetings are held once a month (in addition, as needed)
<b>Content</b>	Discusses and decides on important management issues (Matters related to management plans, financial plans, investments, business restructuring, etc.)	Discusses and decides on audit policy, audit reports, etc.	The President instructs the executive officers on policies and decisions made by the Board of Directors. The executive officers report to the President regarding the status of their execution of duties.

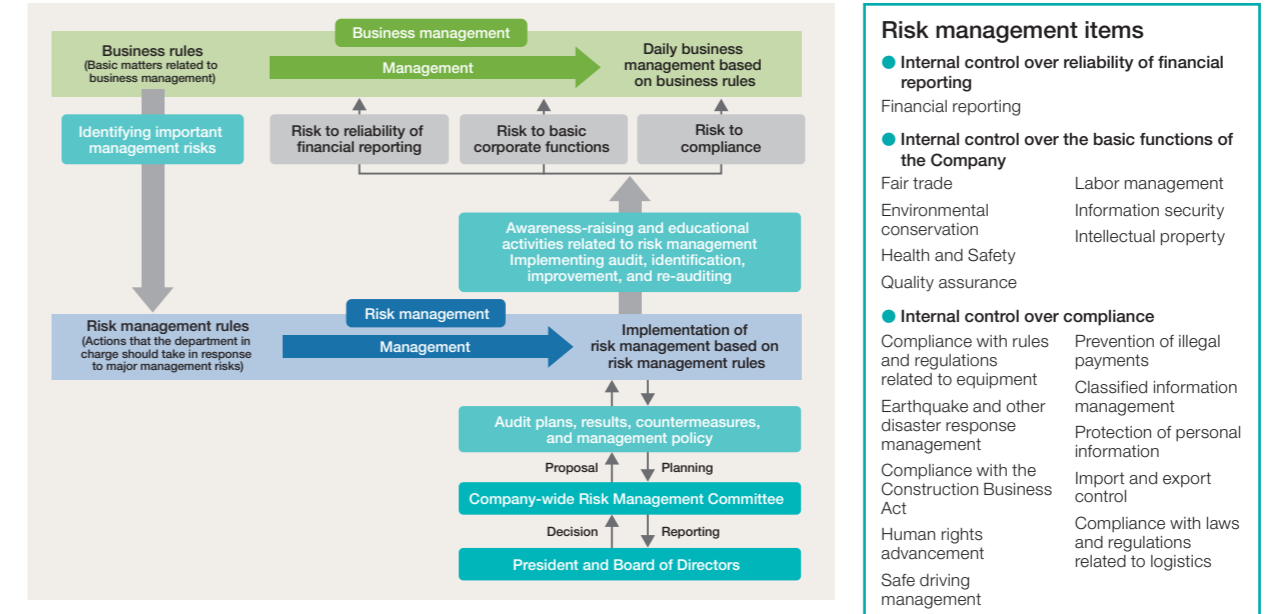
\*1 Ms. Kumi Arakane was appointed as an Outside Audit & Supervisory Board member at the General Meeting of Shareholders held in March 2021.  
\*2 Mr. Yuichi Yamada, an Outside Audit & Supervisory Board member, attended all meetings of the Audit & Supervisory Board held after his appointment in March 2020.

## Internal Control System

The internal control system of the Kubota Group is a mechanism for clearly providing the rules that should be followed during the performance of business, and for checking whether or not business has been managed according to those rules.

This system consists of the segments of “business management,” which entails the performance of business operations based on rules, and “risk management,” which entails the management of major risks in management.

### Internal Control System Overview



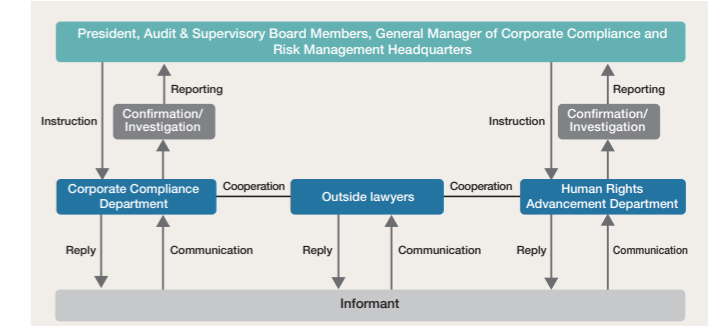
## Whistleblowing System (Kubota Hotline)

As a framework to support risk management, Kubota operates a whistleblowing system. This system aims to prevent, or quickly detect and correct, any illegal or unethical acts as well as to develop an open corporate culture.

<b>Types of contact points and matters handled</b>	Corporate Compliance Department (other than human rights issues), Human Rights Advancement Department (human rights issues), outside lawyers
<b>Available to</b>	Full-time, part-time and temporary employees of Kubota and its Group companies in Japan
<b>Number of cases reported</b>	January to December 2019: 59 cases January to December 2020: 74 cases

\* Each overseas location handles reporting individually and notifies the Kubota head office of any significant issues. (Starting from 2017, all whistleblowing cases in China are reported to the Kubota head office.)

### Flowchart of Kubota Hotline



## Corporate Data (as of December 31, 2020)

Corporate name:	Kubota Corporation	Total number of shares issued:	1,208,576,846
Head Office:	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka	Number of shareholders:	45,559
Established:	1890	Revenue (consolidated):	¥1,853.2 billion
Capital:	¥84.1 billion	Employees (consolidated):	41,605

Kubota Group's Global Network  
[www.kubota.com/network/](http://www.kubota.com/network/)

## 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.

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(As of June 1, 2021)

## KUBOTA Corporation

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