

A photograph of three children standing on a grassy hill, looking out over a large lake and mountains. The children are seen from behind, with their arms around each other. The landscape is lush green with a blue lake and distant mountains under a clear blue sky.

ON YOUR SIDE

## Management overview and Business strategy

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February 15, 2024

1. FY2023 Financial Results
2. Enhancement of Company structure
3. Progress of Mid-term Growth Drivers
4. Cash-flow Improvement
5. R&D / New Solutions
6. Interim review of Mid-term Plan 2025

# 1. FY2023 Financial Results

## 【Increase in revenue and profit】

- Revenue : Increased by yen depreciation and price hike
- Profit : Increased by offsetting cost increase by price hike and yen depreciation

(Unit: billions of yen)	FY2023 Full Year	Changes	
		Amount	%
Revenue	3,020.7	+343.7	+12.8
Japan	643.1	+40.8	+6.8
Overseas	2,377.6	+303.0	+14.6
Operating profit	10.9% 328.8	+114.4	+53.4
Profit attributable to owners of the parent	7.9% 238.5	+82.0	+52.4

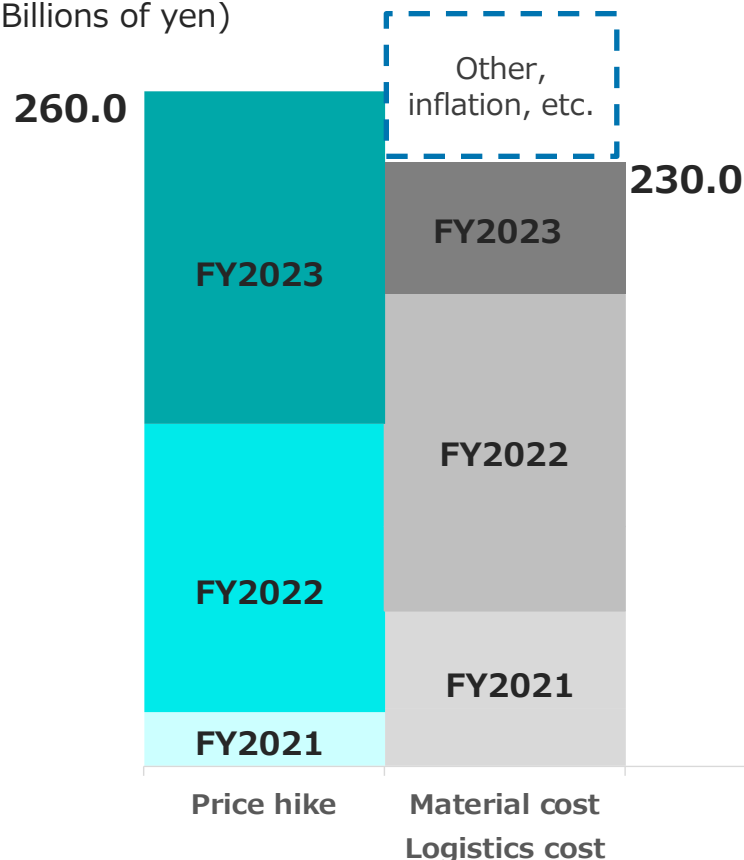
# 1. FY2023 Financial Results

## Measure against cost increase

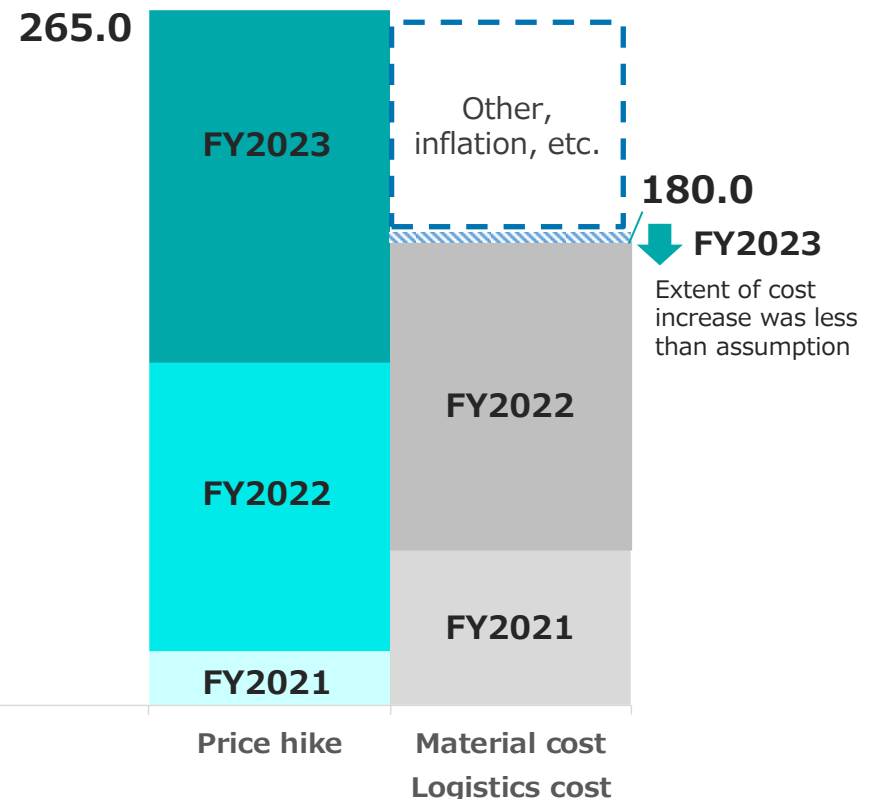
- Passed cost increase on to sales price as planned
- Progressed faster than planned because of moderate material cost rise

Accumulation from 2021 to 2023  
(Forecast as of Feb, 2023)

(Billions of yen)



Accumulation from 2021 to 2023  
(Act)

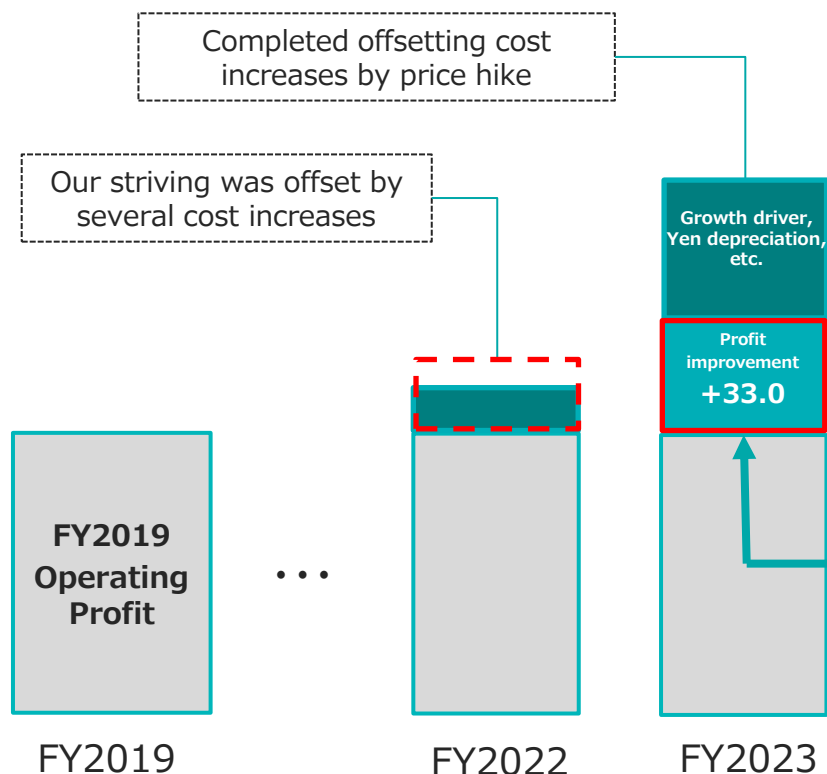


## 2. Enhancement of Company structure (Profit margin Improvement)

### Margin improvement (Mid-term Business Plan)

Our striving came out in profit figures through progress to offset various cost increase by price hike

Operating profit (Billions of yen)



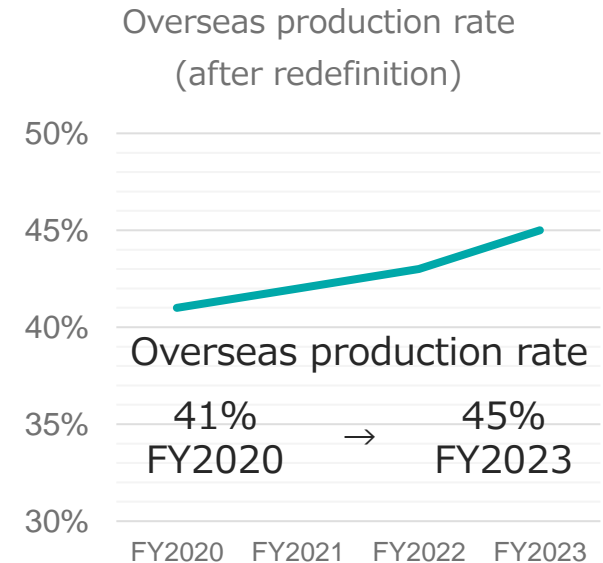
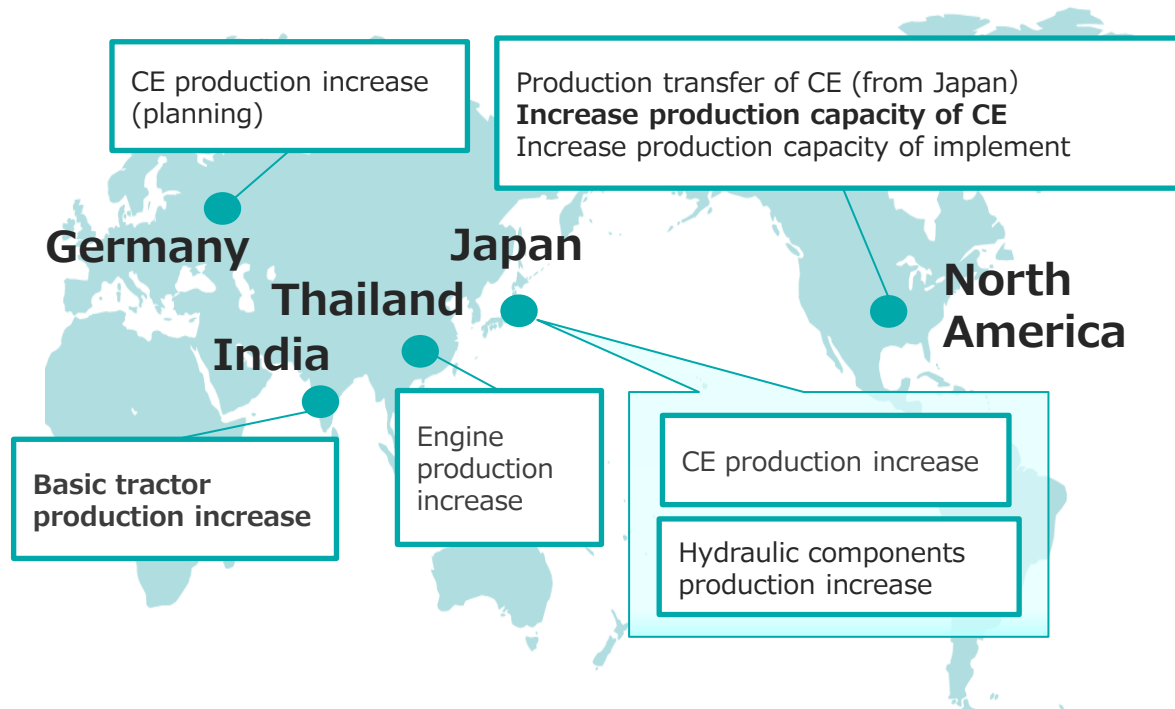
- |   | Cumulative total from 2020 |
|---|----------------------------|
| ① Steady growth in profitable business (develop spare parts and O&M business) | 10.0 Bln Yen               |
| ② Kaizen in factory (cost reduction)  | 22.0 Bln Yen               |
| ③ Kaizen in office (Streamlining business operations)                         | 1.0 Bln Yen                |
| <b>From 2020 to 2023</b>  | <b>33.0 Bln Yen</b>        |



## 2. Enhancement of Company structure (Production structure)

- Re-defining overseas production rate (against overseas revenue)
- Planning to increase production of CE in North America and Tractor in India

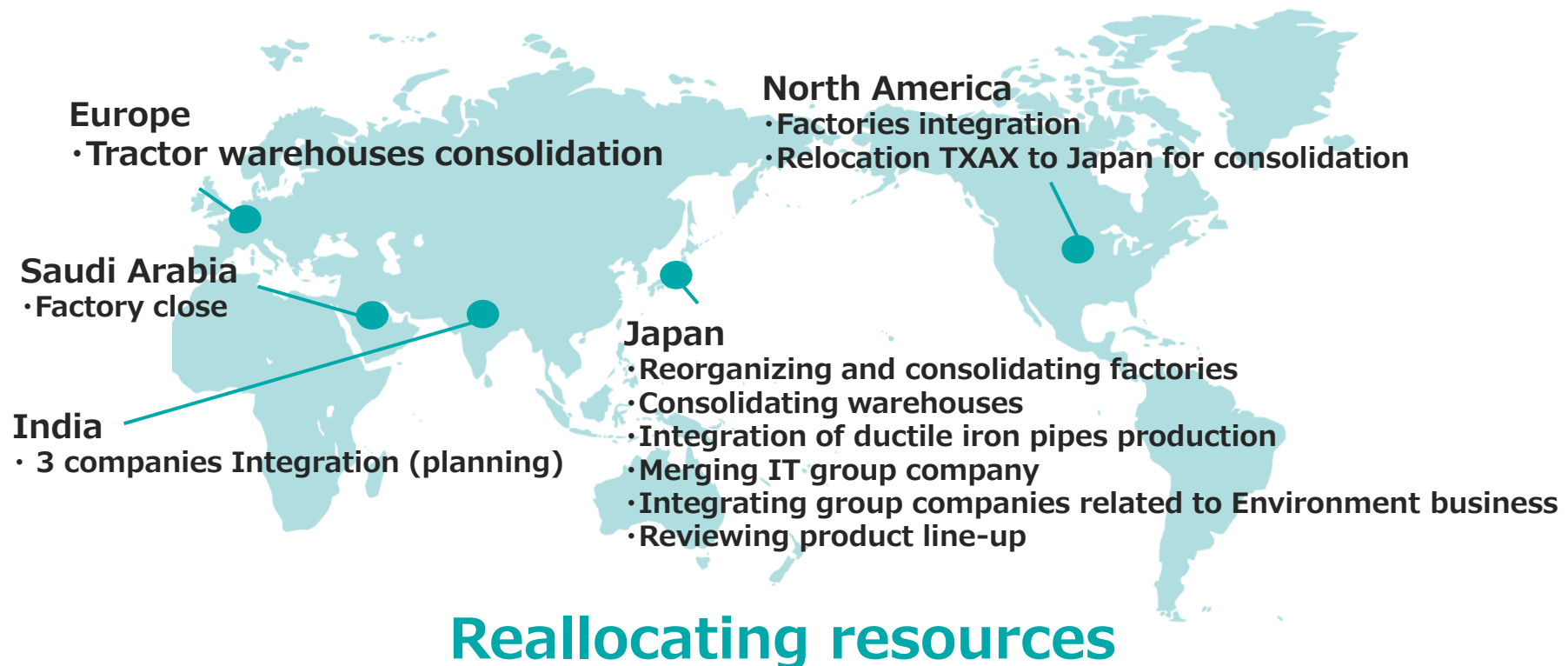
Proceeding / Planning



**Establish appropriate production structure and formation in consideration of exchange rate exposure and lead-time**

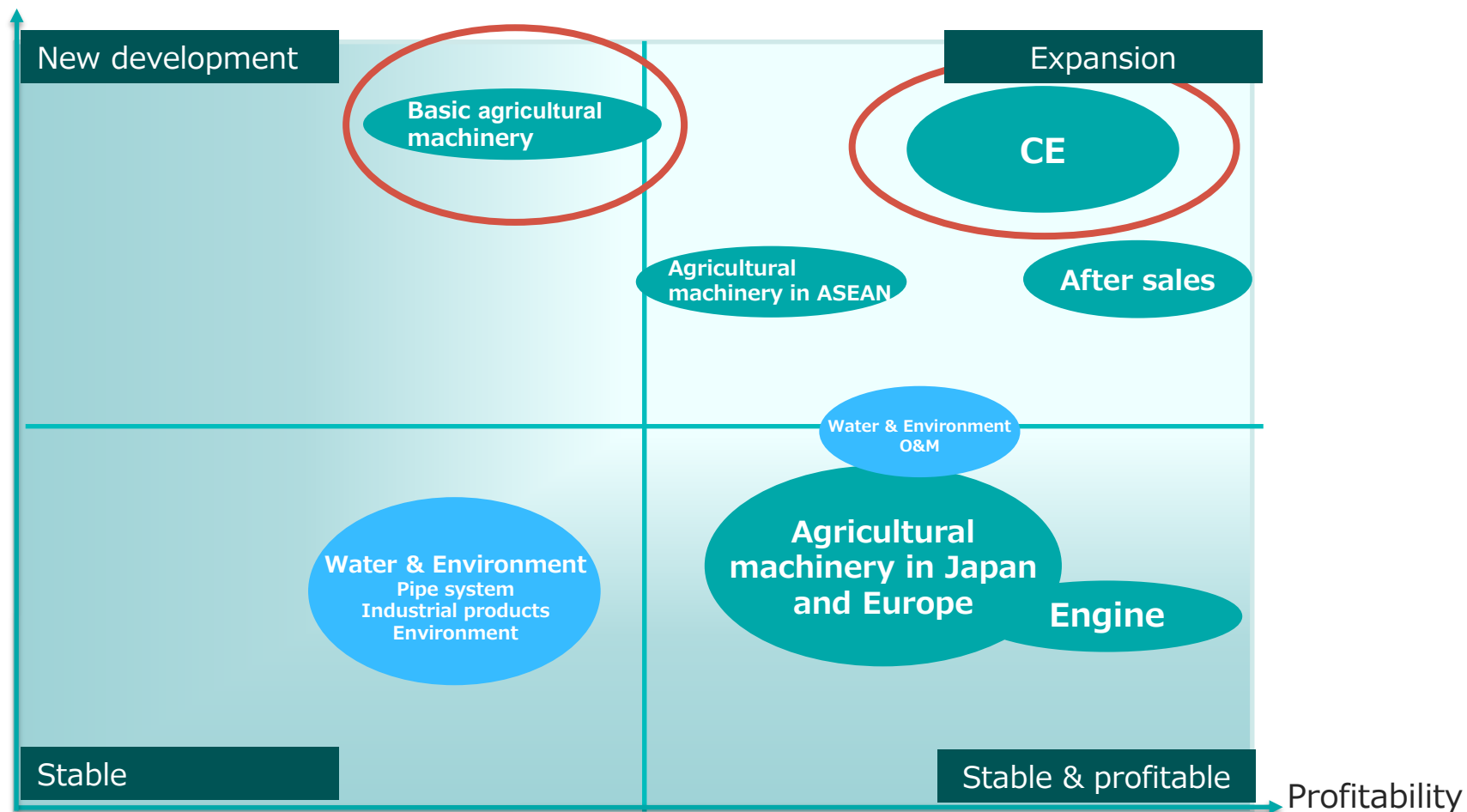
## 2. Enhancement of Company structure (Selection and Concentration)

- Integrated the production of ductile iron pipes with third party company (small-diameter pipe)
- Reduced headcount through reorganization and consolidation of subsidiaries
- Reduced logistics and assemble cost through warehouse consolidation
- Reduced product line-up and reallocate resources (resource reallocation from Rolls business to Cracking tubes business)



### 3. Mid-term Growth Drivers (Business portfolio)

Growth potential



**Focus on CE and Basic agricultural machinery business**  
**Others are mainly for generating cash through profitability increase**



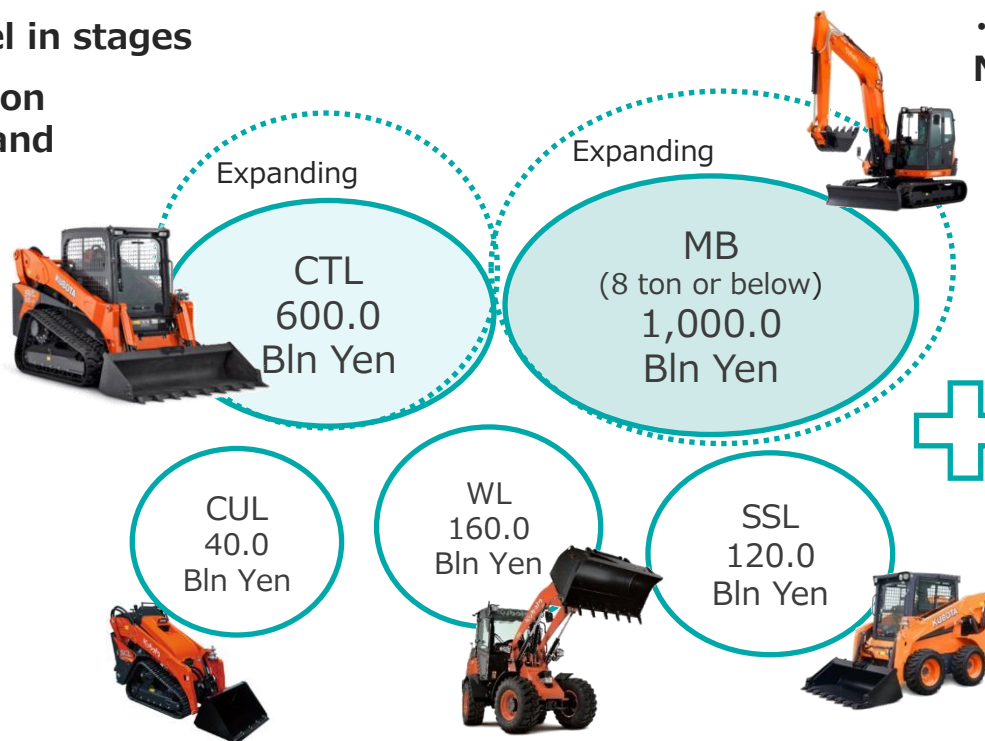
### 3. Mid-term Growth Drivers

#### CE business

Market is expected to grow steadily with population growth and urbanisation

Business market in 2022 (Estimation)

- Launch new model in stages
- Increase production capacity in Japan and North America



- Promote rental business in North America and Europe

- Develop brand new market in Thailand
- Increase production capacity in Japan

- Encourage more dealers to handle CUL

Consider new product

- Completed the production transfer to North America

**MB and CTL market are expected to expand globally**  
**Aim at 30% of market share**

### 3. Mid-term Growth Drivers

## Develop India business and enter Basic machinery market

### Strategy for doubling market share in India

- Good progress for Kaizen activities at factory
- Decided to set up retail financing company
- Operation oriented for retail sales and customer after-care
- Developing dealer network
- Decided to buy green field for growth aspiration



Kaizen activities are being infused.  
Tidy-up stemmed from the principal of  
Kaizen and KPS implementation



Strategy transformation



Dealer network development

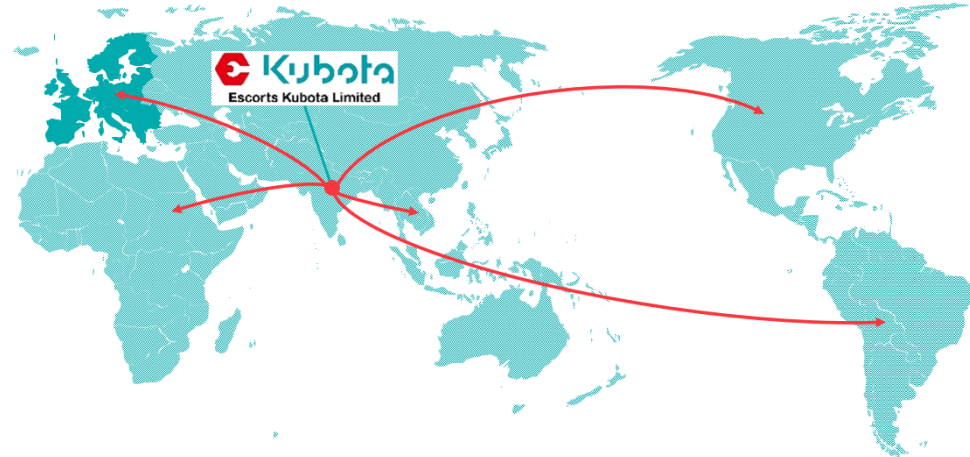
## Steady progress to penetrate into India market

### 3. Mid-term Growth Drivers

#### Develop India business and enter Basic machinery market

#### Expand export business

- Entered basic market in Europe and Export increased
- Planning to export for NA, ASIA, South America and Africa in stages



#### Utilise and optimise mutual resources

- Sourcing component for Kubota product from Escorts suppliers in stages from 2025 according to progress for their assessment
- Optimization of Product development themes in R&D
- Utilization of Indian engineering talent for global R&D

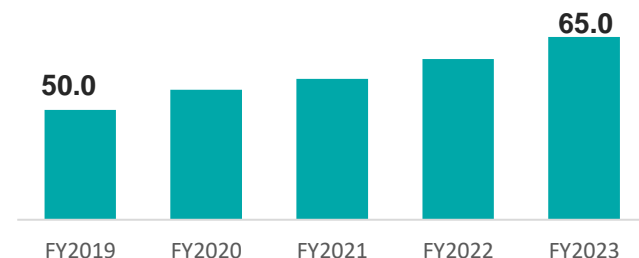
## Materializing Synergy effect gradually

### 3. Mid-term Growth Drivers

#### Water & Environment : O&M solution business

- Increasing pipe order related to Public Private Partnership
- Improving profit margin in line with price hike and increase of O&M business

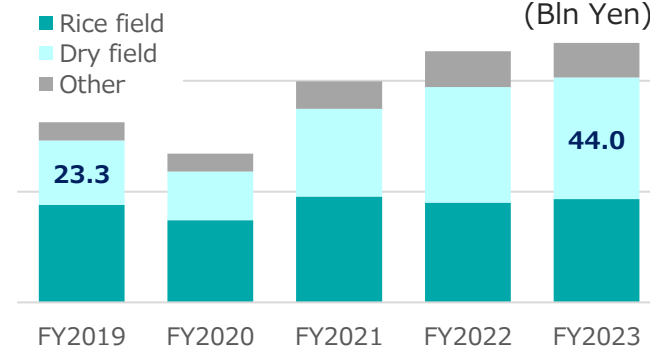
Revenue of O&M (Bln Yen)



#### Machinery : ASEAN agricultural machinery business

- Good progress to develop dry-land farming market mainly in Thailand
- Political matter retarded expected Myanmar market
- Develop Mid-size and high performance Tractor market

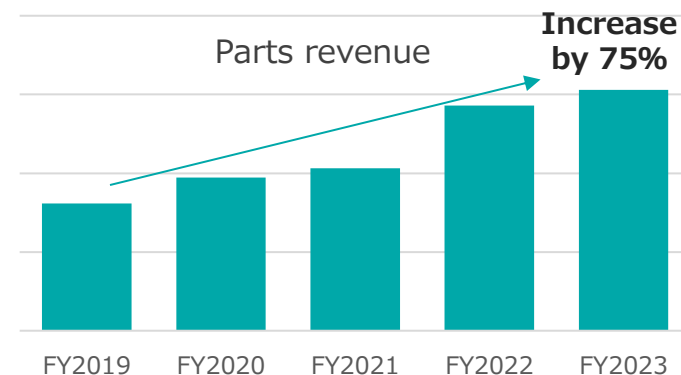
Tractor revenue in Thailand (Bln Yen)



#### Machinery : After care market business

- Revenue increased
- Revenue ratio against machinery was not improved

Parts revenue

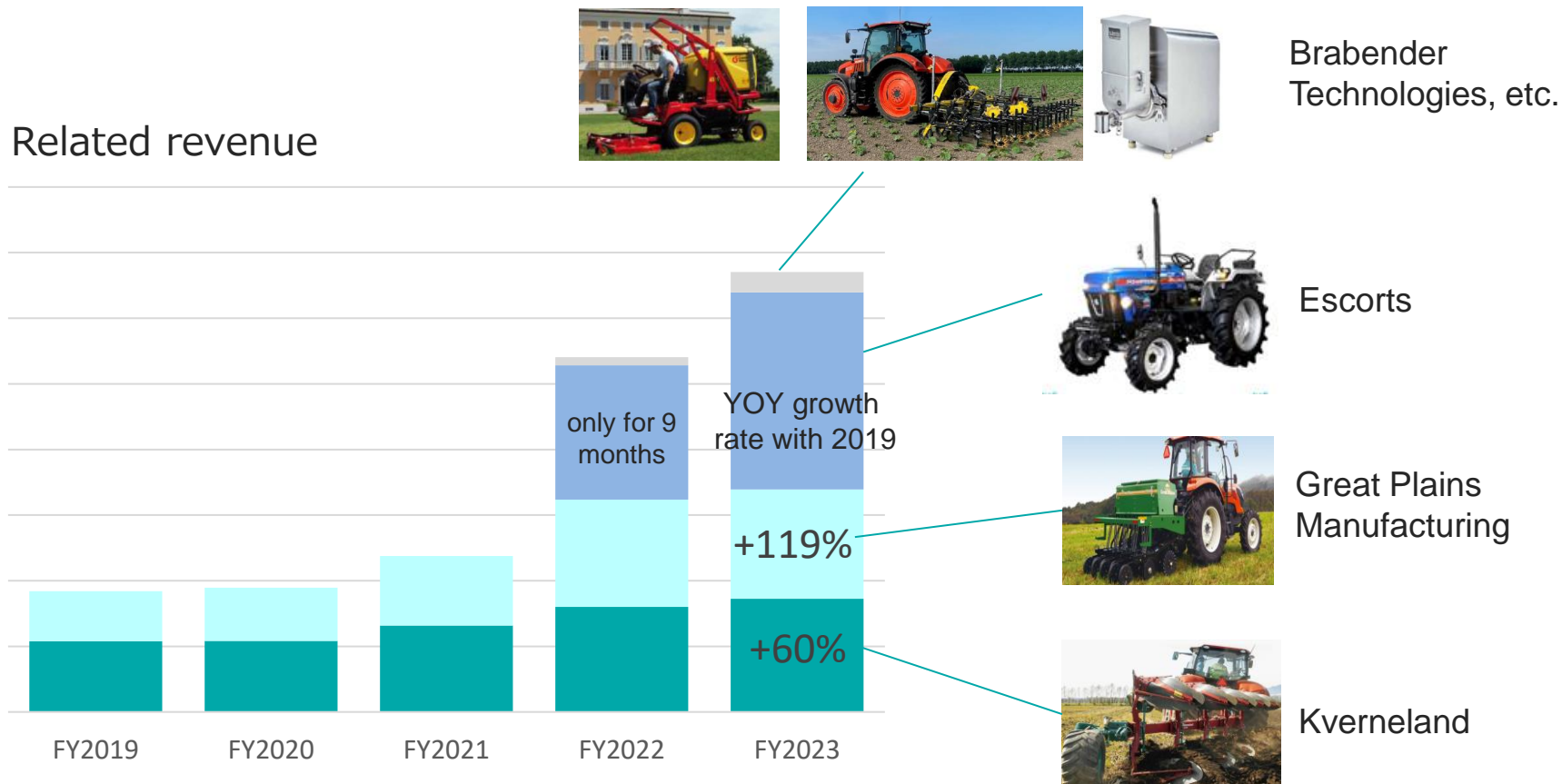


### 3. Mid-term Growth Drivers (Other business projects)

## Develop the current business through M&A

- M&A business is growing well
- Continue to search for an opportunity of M&A and project in small and medium size proactively

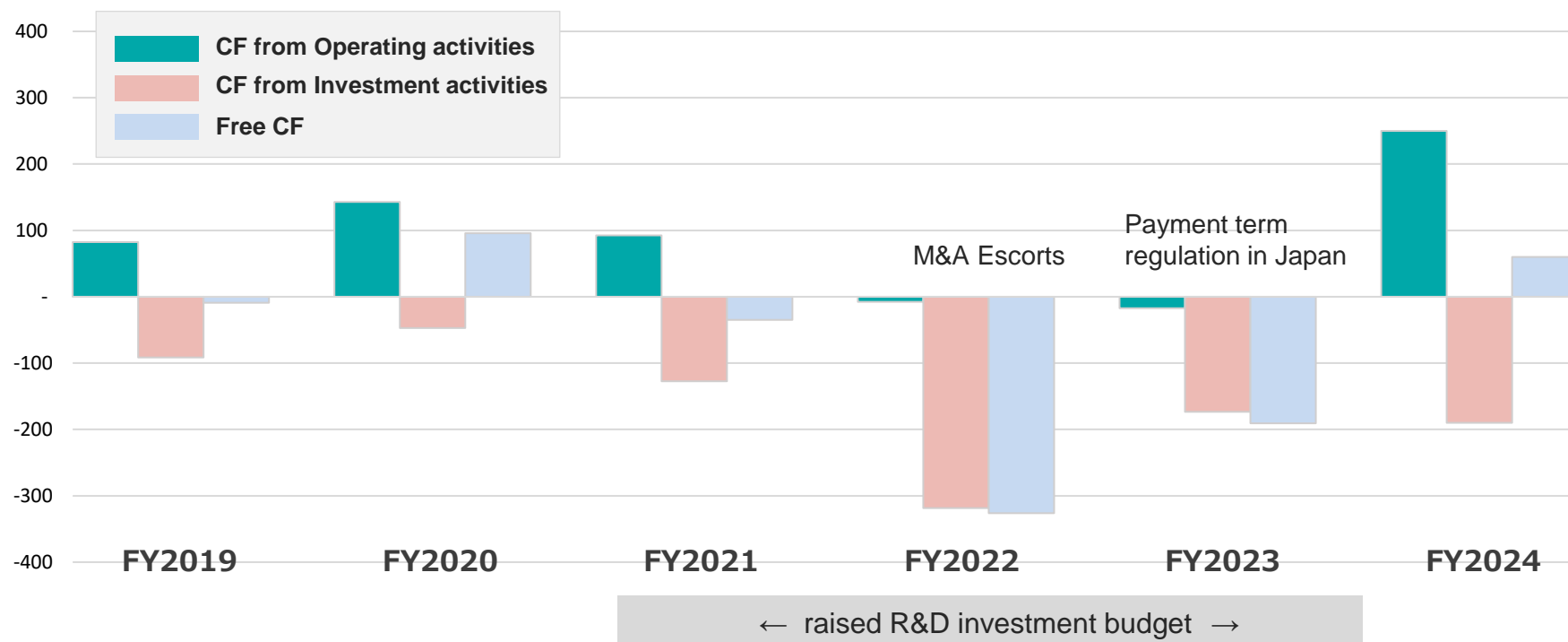
Related revenue



## 4. Cash-flow Improvement

- Capital Expenditure increased by cost up
- R&D investment goes into maintaining phase
- Tighten inventory control with new system

Cash Flow History (Bln Yen)



**Prioritise to improve Free Cash-flow and  
prepare ground for better shareholder return for the future**

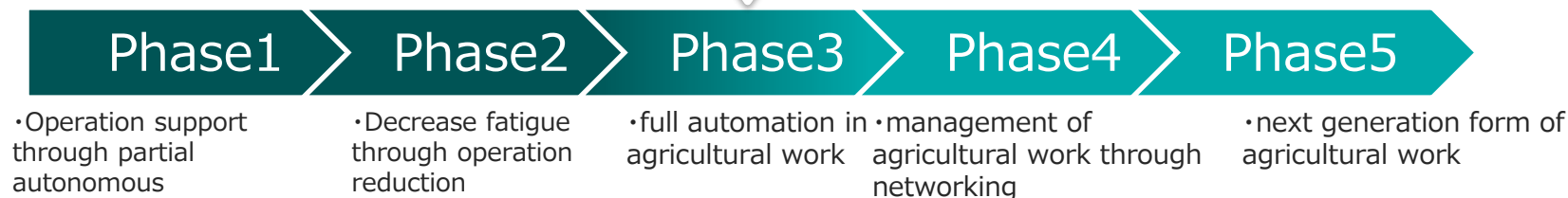


## 5. R&D/New Solutions

Promote R&D for the business in 2030 and beyond

### Smart and Autonomous Technology (autonomous operation)

- Prioritise Japan market for these development
- Different technology such as crossing public road are required against case of NA and Europe
- Issues to constitute a regulation for safety toward full autonomous driving



### Decarbonization Technology (electrification)

- Started rental sales of Tractor and CE to gain knowledge and identify issues about electric machinery
- Diesel superiority is expected to continue for the time being considering the challenges in cost and charging infrastructure

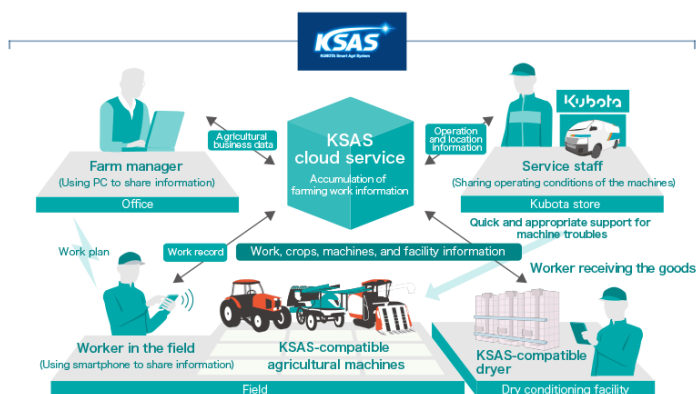


Concept car in CES  
(Jan, 2024)

## 5. R&D/New Solutions

### Smart Agriculture (Solution for improvement of productivity and safety of food)

- Expanding KSAS function thanks to open architecture and progressing data stack in Japan
- There is a view that the number of farmers will be half from 2020 to 2030 and these technology development are necessary
- Progressing experiment of autonomous operation in specialty crop field overseas



### Resource recovery (Solution for promotion of circulation of water resource and waste material)

- Melting furnace technology has been established
- 10.0 bln yen scale of business in incineration recycling business is coming to be feasible
- Cooperating with Terrarem, a group company of Kubota, to expand market coverage

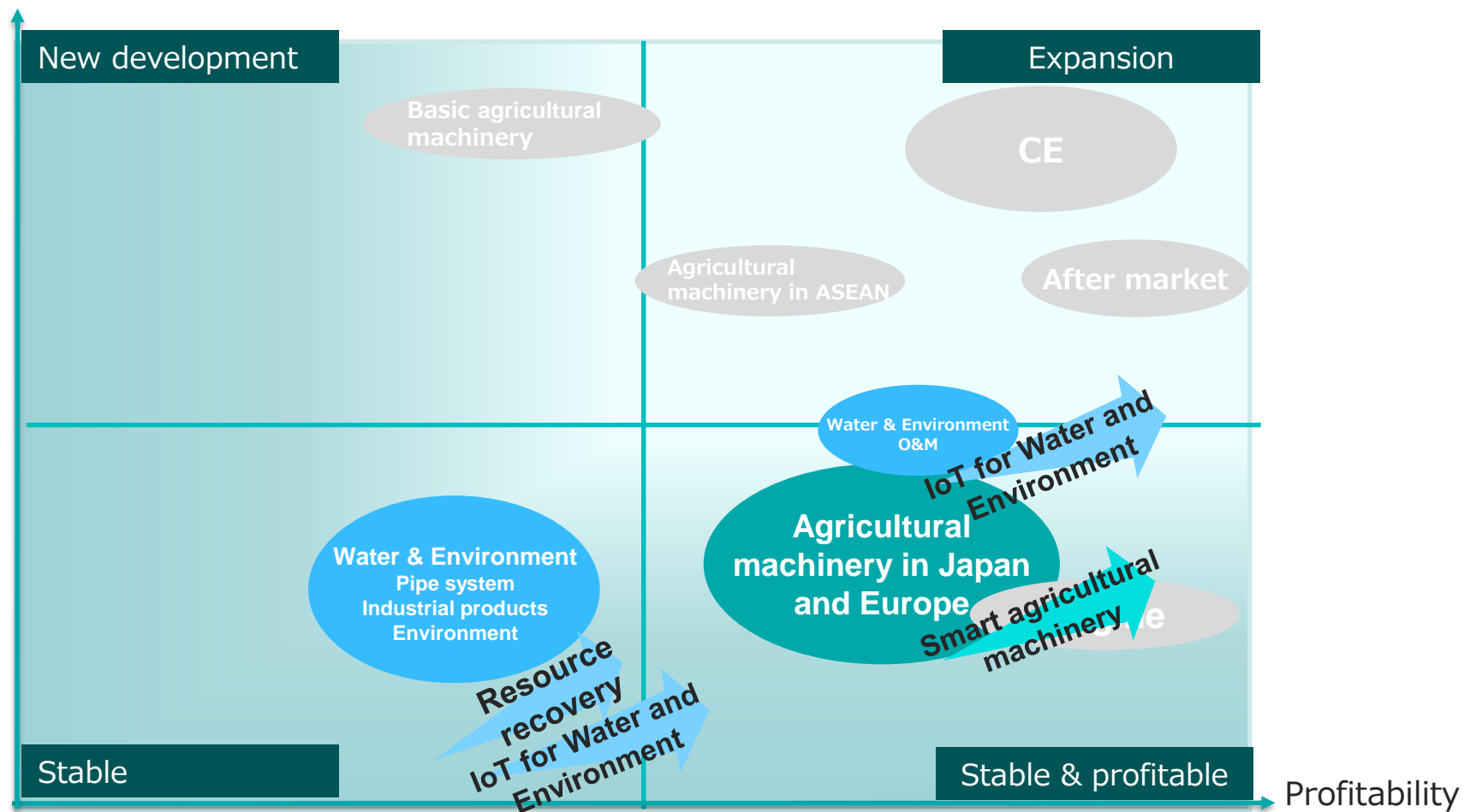
### Water Environment IoT (Solution for establishment of safe and secure infrastructure)

- Expand KSIS function related to water supply work and make it more autonomous and effective with ICT
- Workers decrease and the market of Public Private Partnership in water pipes industry is expected to expand sharply after 2030 and become 500.0 bln yen scale in 2040



## 5. R&D/New Solutions

Growth potential



## Evolve the existing business with new solutions

## 6. Interim review for Mid-term Plan 2025

### ① Promotion of ESG management...○ (OK)

- Reduction of CO2 emission in SCOPE 1&2 and progressing employee diversification
- New challenges of employee's engagement

### ② Establishment of the foundation for GMB 2030 that supports the next generation...○ (OK)

- Opportunity of 10.0 bln yen scale of business with new solution such as Melting furnace technology.
- Progressing technology development in other area and entering feasible study

### ③ Expansion of revenue in existing business...○ (OK)

- Growing next core businesses such as CE and Basic Tractor
- Other businesses are also getting steady as source of earnings.

### ④ Improvement of profit margin...△ (a bit behind)

- Forced to cope with operational disruption caused by pandemic

### ⑤ Development of internal infrastructure that supports sustainable growth...△(a bit behind)

- Delay of implementation of Kubota Integrated Core system
- Operation is improving but that has not reached to revolution

**Good progress but some need to catch up**

# “the Unique of Kubota”

**For Earth, For Life**

**Kubota**



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## Cautionary Statements with Respect to Forward-Looking Statements

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

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