Agenda

1. Long-term Vision "GMB2030"
2. Mid-term Business Plan 2025
Agenda

1. Long-term Vision "GMB2030"

2. Mid-term Business Plan 2025
Basic approach to create our long-term vision

Long-term Vision "GMB2030"

Megatrend

Roles to be played by Kubota Group

Future social issues

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.
Megatrend and the roles to be played by Kubota Group

Future social issues

<table>
<thead>
<tr>
<th>Individuals</th>
<th>Region / State</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption / labor</td>
<td>Maximization of added value of goods and services</td>
<td>Population growth mainly in emerging countries</td>
</tr>
<tr>
<td>Shift in consumption propensity (from consumption to use)</td>
<td>Dilution and depopulation in local community</td>
<td>Increase in food demand</td>
</tr>
</tbody>
</table>

Megatrend

<table>
<thead>
<tr>
<th>Achieving both economic growth and resource recycling (Circular economy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shift to a society where input volume of resources becomes KPI</td>
</tr>
<tr>
<td>Aggressive ESG investment</td>
</tr>
<tr>
<td>Resource recycling business as a means of strengthening competitiveness</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net zero greenhouse gas emissions (Carbon neutral)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grasp, net reduction, and active market transactions of greenhouse gas emissions</td>
</tr>
<tr>
<td>Maximum use of renewable energy</td>
</tr>
<tr>
<td>Progress toward smart cities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A society where the marginal cost of products is close to zero through recycling and sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rise of platform business and sharing business</td>
</tr>
<tr>
<td>Manpower saving by utilization of robotics and IoT</td>
</tr>
<tr>
<td>Expansion of service businesses</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Formation of new small- and medium-sized community that is not obsessed only with global capitalism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomous and decentralized social infrastructure</td>
</tr>
<tr>
<td>Value allocation mechanisms in which public and private are mixed</td>
</tr>
<tr>
<td>Governance mechanism in which individuals are autonomous and collaborate each other</td>
</tr>
</tbody>
</table>

Roles of Kubota Group

1. Providing solutions to support infrastructure in the areas of food, water, and the environment

2. Realizing development of a sustainable society and a circulation loop

3. Contributing to resolving social issues in a variety of communities
GMB2030

"Essentials Innovator for Supporting Life"
Committed to a Prosperous Society and Cycle of Nature

Initiatives for New Solutions

1. Solutions to enhance the productivity and safety of food
2. Solutions to promote the circulation of water resources and waste
3. Solutions to improve urban and living environments

Expansion of existing businesses

- Expansion of more suitable businesses, products, and services to the regional society

Business development (What)

Business foundation to be strengthened (How)

Innovation
Building a foundation to create innovation

Investment
Investment to strengthen business structure

Global Management
Global management and utilizing human resources

DX
Digital transformation

KPS
Improving management efficiency by positioning streamlining of manufacturing at the core

ESG
Management based on comprehensive corporate value
## Business development to realize GMB2030

Establish an ecosystem with various business partners in each field and provide total solutions

<table>
<thead>
<tr>
<th>Business development</th>
<th>Direction of Development (Current Image)</th>
</tr>
</thead>
</table>
| ① Solutions to enhance the productivity and safety of food | ● Expanding yield, improving crop quality, and enhancing productivity (ex. Sophistication of smart farming)  
● Solving issues in the entire food value chain  
● Producing next-generation crop |
| ② Solutions to promote the circulation of water resources and waste | ● Reducing environmental impact through social lives and industrial activities  
● Purifying and reusing wastewater and sewage  
● Zero landfill waste and recovery of resource from waste (ex. providing resource recovery solutions)  
● Building an eco-system to reduce CO2 |
| ③ Solutions to improve urban and living environments | ● Streamlining management of urban social infrastructure (ex. Building a Water Environment platform)  
● Creating better quality, more comfortable, and safer living space |

Each business collaborate, motivate each other, and creates synergies

“Total solutions” through every products, technologies and services

Solutions to enhance the productivity and safety of food  
Solutions to promote the circulation of water resources and waste  
Solutions to improve urban and living environments

[Financial results for the year ended December 31, 2020] KUBOTA Corporation
Smart farming

Solutions by Kubota

Expanding yield, improving crop quality, and enhancing productivity in grains, vegetables, and fruits
Developing sensing technologies, analysis systems, and automatic work machines, and providing automated management systems utilizing AI

- Data linkage platform for different industries such as food production, distribution, logistics, and materials
- Farm Management Information System (Agriculture data linkage platform)
- Fleet Management System (Data linkage platform for farm equipment)

Automated control utilizing AI

Crop production

Plan
- Plowing / leveling
  - 3D geometry grasp of cultivated fields
  - Management of depth of plowing
  - Obstacle detection
  - Soil analysis
- Seeding / transplantation
  - Growth monitor and diagnosis
  - Optimal water management
  - Weed detection
- Water management / mowing / fertilizing / pesticide
- Weeding / pest control / additional fertilizer
  - Growth monitor and diagnosis
  - Pest forecasting and detection
- Harvest
  - Evaluation of taste and functional ingredients
  - Forecast of optimal harvest time and yield
- Drying / preparing / selecting, etc.
  - Automatic sorting and shipping system

Sensing / Analyzing
- High sensing / variety of work machine group
  - Kubota autonomous tractors and implement (for vegetables)
  - Kubota autonomous tractors and implement (for vegetables and fruits)
  - Automatic harvester (for fruits, open-field vegetables, and house vegetables)
  - Automatic pruning machine (for fruits)

Data linkage

KSAS (Kubota Smart Agri System)

- Acquiring and utilizing market data
- Producing only the suitable amount of crops (from the perspective of taste and functionality) demanded in the market at the suitable time and contributing to reduction of food loss

[Environmental aspect] Contributing to reduction of CO2 emissions and inhibition of deforestation by curbing farmland expansion through streamlining farming and increasing yields

Financial results for the year ended December 31, 2020

KUBOTA Corporation
Water & Environment platform

Solutions by Kubota

Providing solutions for infrastructure of water supply & sewerage and natural disaster through the platform to monitor and control water supply & sewerage facility and river flood by utilizing plant information and sensors.

Providing solutions for prolonging and renewing underground infrastructure through establishing underground information integration platform and making construction machinery (CE) and construction methods smart.

Water & Environment platform

Information of water supply & sewerage plant, river, rainfall, disaster, and wastewater treatment plants (Johkasou)

Underground information integration platform

Pipeline information, construction status, soil data, and corrosion prediction data

- Smart pipeline construction
- Automatic diagnosis and repair system
- Non-revenue water management system
- Smart Sewerage (Securing water quality and LCC minimization)
- MBR system (AI control and operational control automation)
- Equipment life diagnosis (Big Data ⇒ AI Analysis)
- Reuse system by purpose (Irrigation system for agricultural water and Industrial use)
- River monitoring system (Information of river and rainfall ⇒ Pumps controlled by AI)
- Drainage pump vehicle for disaster recovery

- KSIS (Kubota Smart Infrastructure System)
- Water treatment plant
- Water pipeline
- Sewage pipeline
- Pump
- Water circulation
- Johkasou
- Membrane treatment

- Solutions of distributed treatment of water and waste
- Smart Water Supply (Stable supply of safe and secure water)
- Equipment life diagnosis (Big Data ⇒ AI Analysis)

[Environmental aspect] Promoting energy conservation through optimal operation of equipment and improving resilience.

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Resource recovery solution

Solutions by Kubota

Achieving zero landfill waste and recovering resources from various types of waste
Providing local governments and businesses with optimal packages and exits of recovered material

Reproduction

- Recovery of metals and energy resources from waste
- Production of fertilizer and feed from recovered material, such as agricultural residues and food waste

- Sewage sludge
- Night soil sludge
- Agricultural and livestock waste
- Waste plastic
- Residue from recycled material
- Burned ash
- Other waste

- Phosphorus recovery (for fertilizer)
- Metal recovery
- Heat recovery
- Energy recovery (methane, etc.)
- Molten slag (for construction materials)

- Response to resource depletion
- Reduction of greenhouse gas emissions
- Detoxification and volume reduction of hazardous waste

Technologies and solutions Kubota possesses

- Metal recovery technology through phosphorus recovery, methane utilization, and melting
- Utilization of existing resources (business experience in the field of food, water and urban construction)

Technologies and solutions other companies possess

- AI, IoT, and robotics technologies
- Various solutions

[Environmental aspect] Power generation by resource recovery and recovered energy from various types of wastes

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Please see the movie at the following URL.

https://youtu.be/zpgivzPWCis
Agenda

1. Long-term Vision "GMB2030"

2. Mid-term Business Plan 2025
Main themes of Mid-term Business Plan 2025

Changes in circumstances surrounding Kubota Group and Business Challenges

① Corporate social responsibility has become heavier and heavier due to changes in society surrounding companies.
② Kubota needs to establish a new business model which enables sustainable growth 10 years later taking into account social issues and megatrends (realization of GMB2030).
③ Kubota needs to take advantage of opportunities to expand existing businesses and promote to establish the foundation for further growth.
④ Profit margin has a tendency to decline due to intensifying competition and upfront investment.
⑤ As businesses become more globalized, a management control system is no longer in line with current business.

Main themes for Kubota Group over the next 5 years

① Promotion of ESG management
② Establishment of the foundation for realizing GMB2030 that supports the next generation
③ Expansion of revenue in existing businesses
④ Improvement of profit margin
⑤ Development of infrastructure that supports sustainable growth

Investing management resources aggressively, organizationally, and in a planned manner
Achieving both investment and improvement of profitability

* Due to the change in fiscal year end, the fiscal year ended December 31, 2015 was the nine-month period from April to December. Therefore, data for 12 months from January to December, 2015 were displayed for reference.
** In accordance with U.S. GAAP until the fiscal year ended December 31, 2016 and IFRS from the fiscal year ended December 31, 2017.
The goal that Kubota aims in 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.

GMB2030

“Essentials Innovator for Supporting Life”
Committed to a Prosperous Society and Cycle of Nature

Toward the realization of GMB2030, backcasting what should be in 2025

Current status of Kubota

Mid-term Business Plan 2025
Transformation driven by ESG
~ toward GMB2030 + beyond ~

- [Promotion of ESG management]
  - Kubota should develop unique ESG management in an own way.
  - Aiming to achieve carbon neutral in 2050, Kubota should finish drawing “blueprint” for the achievement of it.

- [Establishment of the foundation for realizing GMB2030]
  - Kubota should secure multiple themes that will lead to revenue and profit in and after 2026, and these themes should progress toward commercialization.

- [Expansion of revenue in existing businesses]
  - Each division should have scenarios for enhancement and growth toward 2030 and implement measures.

- [Improvement of profit margin]
  - Kubota should transform into a structure capable of generating sufficient profits and achieve both securement of investment resources and improvement of profitability.

- [Development of infrastructure that supports sustainable growth]
  - Kubota should establish management control system in response to the current globalization.
  - Kubota should secure human resources who ensure sustainable growth and realize diverse values and work styles.
  - Kubota should consolidate appropriate risk management system as an infrastructure.
Outline of Mid-term Business Plan 2025

Promotion of ESG management

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

- Establishment of the foundation for realizing GMB2030 that supports the next generation
  - Initiatives to secure candidates of growth drivers for the next generation

- Expansion of revenue in existing businesses
  - Promotion of business strategies that take advantage of growth opportunities

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

Development of Infrastructure that supports sustainable growth

- Reform of a business operation structure
- Initiatives to secure and strengthen human resources
- Strengthening risk management

Contributing to all five main themes

Promotion of DX as a common theme
Shift to business operations that position ESG at the core of management

As a company that engages in reducing environmental impacts and solving social issues through business, **Kubota promotes its own unique ESG initiatives (K-ESG)** in addition to general initiatives. With respect to environmental aspect, Kubota created environmental vision, “Striving for zero environmental impact, Kubota will contribute to the realization of carbon neutral and resilient society in the area of “food, water, and the environment”.

**ESG Management Strategy Meeting and ESG Promotion Department are established under the direct control of the President.**

**ESG Management Strategy Meeting is positioned as the institution that determines not only ESG initiatives but also the Group’s important business management policies, and ESG will be recognized as the basis for decision-making on future business development.**

<table>
<thead>
<tr>
<th>K-ESG (Examples)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E : Environment</strong></td>
<td></td>
</tr>
</tbody>
</table>
| ● Initiatives aiming at carbon neutral by 2050  
● Promoting resource recycling as a business (environmental impact reduction + CO2 reduction)  
● Commercialization of reducing environmental impact in manufacturing  |
| **S : Society + Stakeholders** |  |
| ● Promoting to solve social issues as a business  
=>Realization of the concept that “Growth of Kubota’s business leads to solution of social issues”  
● Providing all stakeholders with opportunities to contribute to solving social issues through gaining “empathy” and “participation” for Kubota's business  |
| **G : Governance** |  |
| ● Expanding internal communication  
=>Unification of intentions in a range of management to all employees  
● Promoting appropriate information disclosure to each stakeholder  |

* "S" in K-ESG means “society” as well as "all of stakeholders"
Initiatives to secure candidates of growth drivers for the next generation

Establishment of a structure from selection of themes to commercialization

The following items toward the realization of GMB2030 will be controlled as important matters for the future

- Selection of development themes
- R&D organizational structure and division of roles
- Business incubation

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

- Addressing disruptive technologies
- Developing new businesses and products looking 10 years ahead
- Developing products and operating businesses looking five years ahead
- Developing current products

Balanced activities and resource allocation

1. Solutions to enhance the productivity and safety of food
2. Solutions to promote the circulation of water resources and waste
3. Solutions to improve urban and living environments
Promotion of business strategies that take advantage of growth opportunities - Status-analysis and basis strategies

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strong sales networks (North America, Thailand and Japan)</td>
<td>• Insufficient sales networks (Except for North America, Thailand and Japan)</td>
</tr>
<tr>
<td>• Wide range of products</td>
<td>• Lack of internal resources regarding cutting-edge digital technologies</td>
</tr>
<tr>
<td>• Technology (miniaturization technology, material technology such as casting, environmental technologies, etc.)</td>
<td>• Delay in preparation for disruptive technologies</td>
</tr>
<tr>
<td></td>
<td>• Tightness of human resources</td>
</tr>
<tr>
<td></td>
<td>• Delay in IT infrastructure development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase in demand for food and water</td>
</tr>
<tr>
<td>• Development of urbanization in emerging countries</td>
</tr>
<tr>
<td>• Aging urban infrastructure in developed countries</td>
</tr>
<tr>
<td>• Room to expand product lineup (CTL, etc.)</td>
</tr>
<tr>
<td>• Room to utilize abundant operating machineries</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Tightening measures against global climate change</td>
</tr>
<tr>
<td>• Entry from different industries by technological innovation</td>
</tr>
<tr>
<td>• Possibility of sudden changes in business environment in North America</td>
</tr>
</tbody>
</table>

Deepening existing businesses

- Expanding product lineup
- Expanding business related to renewal, maintenance and management of aging infrastructure
- Expanding business through taking advantage of increasing demand for mechanization
- Development of sales networks mainly in emerging countries
- Expanding after-sales business by utilizing abundant operating machineries
- Strengthening measures for crops other than rice

Address through the other themes in Mid-term Business Plan

[Financial results for the year ended December 31, 2020] KUBOTA Corporation
Promotion of business strategies that take advantage of growth opportunities – Growth drivers

CE business in North America

Aiming for a significant increase in market share by expanding product lineup and locally integrated operations of development, production, and sales

1 Expansion of product lineup

[Comparison of product lineup with a competitor]

<table>
<thead>
<tr>
<th>CTL</th>
<th>Kubota</th>
<th>Competitor</th>
<th>Market units in the U.S. in 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 &lt; 2000lbs</td>
<td></td>
<td>2 models</td>
<td>6,400</td>
</tr>
<tr>
<td>2000 &lt; 2300</td>
<td>SVL65</td>
<td>3 models</td>
<td>20,200</td>
</tr>
<tr>
<td>2300 &lt; 2600</td>
<td>SVL75</td>
<td>1 model</td>
<td>13,300</td>
</tr>
<tr>
<td>2600 &amp; Over</td>
<td>SVL95</td>
<td>4 models</td>
<td>24,300</td>
</tr>
<tr>
<td>Total</td>
<td>3 models</td>
<td>10 models</td>
<td>63,900</td>
</tr>
</tbody>
</table>

2 Establishment of locally integrated structures of development, production, and sales

- Smooth start-up of the manufacturing base in North America for mass production in 2022
- Establishment of CE Engineering Dept. North America and promotion in development of products produced locally
- Internal production of attachments for CE and expansion of lineup

CTL (SVL95)
Aiming for a further increase in sales of farm equipment and CE along with urbanization

1. Expansion of business domain by introducing new products
   - Expansion into new domain through introduction of low-cost basic tractors
   - Introduction of low-cost and over 100 horsepower combine harvesters
   - Expansion of CE in ASEAN countries

2. Promotion of R&D rooting in local areas
   - Promotion of product development that meets local needs, such as implements for upland farming, by strengthening cooperation between KRDA* and sales subsidiaries
   * Kubota Research & Development Asia (R&D center in Thailand)

3. Enhancement of retail finance in ASEAN countries
   - Accelerating mechanization in ASEAN by enhancing retail finance in addition to introducing low-cost tractors

*Estimated tractor market in ASEAN countries
*Estimated CE market in ASEAN countries
*The figures from 2015 to 2018 are for Thailand only. Figures for 2019 and 2025 are the total number of ASEAN market targeted, and estimated by Kubota.

*The figures are the total number of ASEAN market targeted, and estimated by Kubota.
Promotion of business strategies that take advantage of growth opportunities – Growth drivers

After-market business of Farm & Industrial Machinery

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

1 Expansion of repair parts business

- "After-sales business" is advantageous from the perspective of competitive environment unlike the product market, and leads to the stabilization of business performance even in rapid changes in the environment.
- Kubota’s ratio of repair parts business to total revenue is lower than that of competitors at present, therefore there is much room for expansion.
- Expansion of product lineup other than genuine repair parts to meet diverse customer needs
- Business expansion by price setting that is strategic and meets local price indices

Comparison in ratio of revenue from repair parts business to total revenue

<table>
<thead>
<tr>
<th></th>
<th>Repair parts business</th>
<th>Machinery business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kubota</td>
<td>8%</td>
<td>92%</td>
</tr>
<tr>
<td>Competitor X *</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitor Y *</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Estimated by Kubota by reference to competitors’ website

2 Expansion of domestic maintenance business

- Introducing a multi-year maintenance contract and providing value through operation period of machinery
- Business expansion through timely receipt of maintenance orders by utilizing IoT
Along with the labor shortages in local governments and aging infrastructure, aiming to shift from equipment sales-oriented business to O&M- and solution-oriented business by utilizing IoT and other technologies.

1. Expansion of environmental O&M business
   - Optimal proposition of repair and renewal by utilizing diagnosis technology (IoT technologies such as KSIS)
   - Reducing costs by labor-saving

2. Expansion of pipeline solution business
   - Expansion of renewal, maintenance, and control business of aging pipelines by utilizing construction technique (construction method), sensing, etc.
   - Expansion of orders for pipeline DB (Design Build) projects
   - Sales expansion of smart waterworks integrating new construction technology (such as simple jointing equipment) and construction management utilizing IoT

3. Establishment of structure to support expansion of environmental O&M business and pipeline solution business
   - Enhancement of cooperation among group companies by integrating offices in Tokyo
   - Expanding the range of order receipts through the leverage of Water & Environmental Solutions Developing and Sales Department
   - Reorganization of business organizations and integration of core systems
   - Horizontal share of O&M know-how within Kubota Group
Revenue in Machinery and Water & Environment (Water) is expected to increase by 20% from FY2019.
Results of initiatives to secure candidates of growth drivers for the next generation are not included.

<table>
<thead>
<tr>
<th>(billions of yen)</th>
<th>FY2019 Actual</th>
<th>FY2025 Target</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>+16.7</td>
</tr>
<tr>
<td>Japan</td>
<td>306.3</td>
<td>323.0</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>668.0</td>
<td>855.0</td>
<td>+187.0</td>
</tr>
<tr>
<td>Europe</td>
<td>236.7</td>
<td>260.0</td>
<td>+23.3</td>
</tr>
<tr>
<td>ASEAN</td>
<td>197.1</td>
<td>252.0</td>
<td>+54.9</td>
</tr>
<tr>
<td>Others</td>
<td>150.2</td>
<td>180.0</td>
<td>+29.8</td>
</tr>
<tr>
<td>Machinery</td>
<td>1,558.3</td>
<td>1,870.0</td>
<td>+311.7</td>
</tr>
<tr>
<td>Water</td>
<td>330.1</td>
<td>400.0</td>
<td>+69.9</td>
</tr>
<tr>
<td>Other</td>
<td>31.6</td>
<td>30.0</td>
<td>-1.6</td>
</tr>
<tr>
<td>Total revenue</td>
<td>1,920.0</td>
<td>2,300.0</td>
<td>+380.0</td>
</tr>
</tbody>
</table>

FY2020 Actual

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Japan</td>
<td>292.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>635.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>215.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASEAN</td>
<td>192.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>172.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery</td>
<td>1,508.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>315.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>28.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenue</td>
<td>1,853.2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Improvement of profit structure

- Kubota aims to generate a net increase in profit of ¥50.0 billion (compared to FY2019) in 2025 and achieve both securement of investment resources and improvement in profitability.
- The initiatives cover not only reduction in fixed costs, but also all aspects of business activities such as reduction of variable costs and promotion of investment effects.

1. Steady growth in profitable businesses
   (Expanding repair parts and O&M businesses)
2. Establishment of a profitable structure
   (Reduction of material, logistics, and fixed costs, promotion of investment effects, etc.)
3. Streamlining business operations thoroughly
   (Improvement of productivity by fundamental reform of operations through utilizing DX and others)
Development of infrastructure that supports sustainable growth

Reform of a business operation structure

Transforming operation structure in response to globalization

① Reform of production and procurement layout
② Establishment of global management and control structure

Initiatives to secure and strengthen human resources

Aiming to strengthen human resources who support sustainable growth by strengthening recruitment and cultivation, as well as providing opportunities

① Expansion of human resources (utilization of recruitment and external resources)
② Supporting for human resources to play active roles in creative work by improving operational productivity
③ Improving capabilities and skills of human resources

Strengthening risk management

Aiming to develop and expand organization that can develop countermeasures more actively in response to various risks

① Countermeasures for BCP (natural disasters, pandemics, geopolitical risks, etc.)
② Countermeasures for compliance risks
③ Countermeasures for cyber and security risks
④ Countermeasures for business 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.

**Business development through DX**
- **Expansion of KSAS**
  - Realizing smart farming focusing on “labor saving through automation of agricultural machine” and “refinement by utilizing data”
- **Expansion of KSIS**
  - Controlling pipe construction, facility, and pipeline / utilizing for diagnosis, etc.
- **Utilization of cutting edge technologies**
  - Utilizing HoloLens to repair and inspection operations
  - Utilizing AI to call center operations

**Innovation of operations through DX**
- **Utilization of MS Azure**
  - MS Azure as Global Standard
- **Global Expansion of SAP S/4**
  - Reconstructing core system by utilizing SAP S/4 as core system and communalizing and centrally managing data globally (accounting, management, HR, audit, etc.)

**Work style reform through DX**
- **Utilization of Google**
  - Realizing work style that is free from time and place
  - Enhancing internal communication
  - Promoting internal and external collaboration (utilizing it as a tool for promotion of collaboration with external companies)
- **" Gathering" through DX**
  - Developing opportunities to create value actively regardless of time and place

---

**Platform as DX foundations**

**ICT technology**
- Mobile Devices
- Google App / Azure

**Big Data**
- Standardization of core system (SAP)

**Advanced technology**
- 5G
- AI
- MR
- Block chain...
## Mid-term Business Plan 2025  Financial Targets (PL)

<table>
<thead>
<tr>
<th>(billions of yen)</th>
<th>FY2019 (Actual)</th>
<th>FY2025 (Target)</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td>Revenue</td>
<td>1,920.0</td>
<td>2,300.0</td>
<td>+380.0</td>
</tr>
<tr>
<td>Machinery</td>
<td>1,558.3</td>
<td>1,870.0</td>
<td>+311.7</td>
</tr>
<tr>
<td>Water</td>
<td>330.1</td>
<td>400.0</td>
<td>+69.9</td>
</tr>
<tr>
<td>Other</td>
<td>31.6</td>
<td>30.0</td>
<td>-1.6</td>
</tr>
<tr>
<td>Operating profit</td>
<td>10.5%</td>
<td>13.0%</td>
<td>+98.3</td>
</tr>
</tbody>
</table>

**Revenue Target**

- **¥2.3 trillion + 20% increase**

**Target of Operating profit and Operating margin**

- **¥300.0 billion yen 13.0%**

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*Financial results for the year ended December 31, 2020*

KUBOTA Corporation
### Mid-term Business Plan 2025  Financial Targets (Other)

- Aiming at focusing not only on revenue and profit but also on capital efficiency
- Generating free cash flow of ¥280.0 billion (cumulative total of 5 years), taking into account an increase in capital expenditures, R&D expenses, and finance receivables
- Aiming to improve shareholder return ratio as enhancement of shareholder return

<table>
<thead>
<tr>
<th></th>
<th>FY2019 (Actual)</th>
<th>FY2020 (Actual)</th>
<th>FY2021~FY2025 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>10.7%</td>
<td>8.8%</td>
<td>Maintain over 10% / over 11% in 2025</td>
</tr>
<tr>
<td>Shareholder return ratio</td>
<td>42.7%</td>
<td>49.4%</td>
<td>Set the mid-term target of over 40%, and aim at 50%</td>
</tr>
<tr>
<td>Operating CF</td>
<td>82.4 billion yen</td>
<td>142.9 billion yen</td>
<td>880.0 billion yen (cumulative total of 5 years)</td>
</tr>
<tr>
<td>FCF</td>
<td>-12.4 billion yen</td>
<td>58.2 billion yen</td>
<td>280.0 billion yen (cumulative total of 5 years)</td>
</tr>
</tbody>
</table>

(Assumptions)
- Total interest-bearing liabilities as of end of FY2025: 1,200.0 billion yen
- Total finance receivables as of end of FY2025: 1,500.0 billion yen <Net cash outflow due to an increase in finance receivables is forecast to be ¥380.0 billion (cumulative total of 5 years), which is included in net cash provided by operating activities and free cash flow.>

<table>
<thead>
<tr>
<th>(billions of yen)</th>
<th>FY2019 (Actual)</th>
<th>FY2020 (Actual)</th>
<th>Cumulative total of 5 years (FY2021~FY2025 Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditures</td>
<td>86.7</td>
<td>87.2</td>
<td>600.0</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>53.1</td>
<td>55.3</td>
<td>400.0</td>
</tr>
</tbody>
</table>

[Financial results for the year ended December 31, 2020]
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.
ON YOUR SIDE

For Earth, For Life

For Earth, For Life