TOP MESSAGE

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Toward to our next stage of growth with the courage and confidence to embrace change

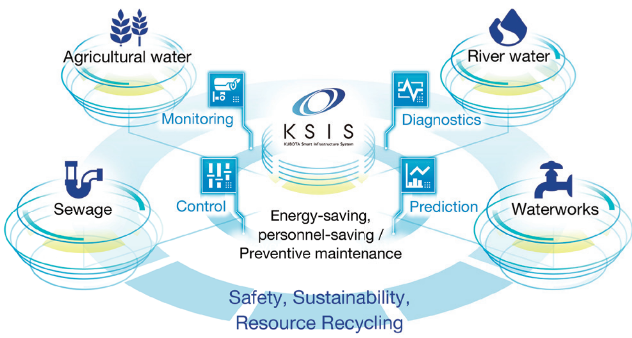
A company committed to addressing social issues

Since its foundation in 1890, Kubota has situated the core of its business in food, water and the environment — areas vital to human survival — and faced head-on the challenge of finding solutions to social issues. Despite changing times and shifts in society and the increasing complexity that brings to our business operations, our commitment to that mission remains unshakeable. The Kubota of today is the result of a consistent approach that meets great changes in external conditions by working out what society needs in response and providing the answer through its business operations. On becoming CEO in charge of Kubota's business management, what I felt most strongly at first was the immense responsibility of continuing with our unchanging mission while also evolving so as to pass Kubota safely on to the next generation. However, as well as feeling this heavy responsibility, I have also had reminders of the great potential of Kubota as a company. I sensed this in my earlier time at the sales frontline, when we were inspired by the idea that we could support society by delivering Kubota products and services. I have sensed it again now, since joining the executive team, where I have witnessed how our frontline staff around the world are focused on our customers and on resolving their problems. In each frontline scenario, I have been struck by the great role Kubota has to play, and each time that has renewed my own commitment as a business leader to fulfilling our mission.

The approach I find most important as a manager is to listen to people carefully. By making the effort to visit our worksites and finding out what individual employees and customers really think, I get to identify issues and possibilities that are not apparent from figures and papers alone. Many important management decisions have been based on maintaining constant dialogue with frontline operations. My basic management approach is to always think about how I would respond in the situation and whether there is a better way of doing things, rather than simply being guided by precedent and established practice.

Today, the world stands at a major turning point. Issues such as population growth, advancing urbanization, the ever more serious impact of climate change, emerging resource restrictions, and the increasingly severe labor shortages in both developed and emerging economies are closely interconnected and require more than a single solution. Kubota's business fields, related as they are to food, water and the environment, are at the forefront of these social challenges. The agriculture sector struggles increasingly with an aging workforce and a shortage among the rising generation of farm managers, while global food demand continues to rise. In the water and environment sector, upgrading aging infrastructure and putting in place a disaster-resilient social foundation have become urgent tasks, while initiatives to decarbonize and establish resource recycling have become shared issues across society.

Kubota sees these issues as opportunities for value creation that will enable us to continue contributing to society by combining technology with frontline ability to offer solutions focused on local community and customer issues. That is Kubota's driving purpose and the source of its competitiveness.



Review of the previous mid-term business plan and issues for the next stage of growth

In the fiscal year ended December 31, 2025, revenue maintained a steady level, reaching ¥3,018.9 billion. Operating profit, however, showed a decrease from the previous fiscal year to ¥265.5 billion. The main factors in this were weak demand, particularly in North America, the impact of U.S. import tariffs, and inflation-driven cost increases, which could not be absorbed completely by price revisions and compensating initiatives. On the other hand, we made progress with optimizing working capital, mainly by curbing retail finance receivables and reducing inventories, so that free cash flow showed a significant increase. Moreover, an improved balance of capital expenditures placed our finances on a sounder footing as part of steady progress in laying the foundations for the next stage of growth.

FY2025 was also the final year of Mid-Term Business Plan 2025, a period designated for laying the groundwork toward realizing the Long-Term Vision. We pursued a range of related initiatives, notably ESG management and revenue expansion in existing businesses. While we were able to fulfill our revenue target, operating margin fell short of the 12% target. This highlighted a number of issues: delay in adjusting production to match falling demand, failure to adequately absorb the impact of inflation, and insufficient speed in improving profitability in some businesses. In contrast, great progress was made in cultivating growth drivers for the future. In the North America construction machinery business, we continued enhancing our product range of compact track loaders (CTL), contributing to

steady expansion of our market share. In India, the acquisition of Escorts Kubota Limited (EKL) and initiatives leveraging the strengths of Kubota and EKL reinforced the basic machinery sector and drove growth in export markets. In the water and environment business, meanwhile, we were able to move forward with expansion of the operations and maintenance (O&M) business and solutions delivery through the Kubota Smart Infrastructure System (KSIS) platform.

Building on this progress, we are working to reform profit structure and fundamentally improve capital efficiency under the slogan of Mid-Term Business Plan 2030: Focus & Breakthrough. Learning from the lessons of the past, we will accelerate our business portfolio review and the shift to qualitative growth. In this way, we will move energetically forward with sustainable corporate value increase toward realizing the long-term vision, GMB2030.

Driving business transformation through the three initiatives under Mid-Term Business Plan 2030

Kubota has positioned Mid-Term Business Plan 2030 as a turning point heralding a new growth stage on the way to realizing the long-term vision, GMB2030. During the previous mid-term business plan, which prioritized initiatives reliant on a quantity-focused growth model, issues related to management quality began to emerge in areas such as profitability, cash generation capacity, and capital efficiency. Taking this lesson on board, Kubota decided to make a clear shift from quantity to quality in its management focus. Mid-Term Business Plan 2030 was therefore formulated as a path to achieving sustainable corporate value increase.

Mid-Term Business Plan 2030 adopts the signature phrase "Focus & Breakthrough." This expresses our strong determination to raise management quality to the next level through transformation based on original thinking not bound by the models of previous success and established practice. To this end, Kubota is driving reform from the twin approaches of business strategy and management foundation, with the central focus on three initiatives.

The first of these is "Selection and concentration of management resources." By identifying as "growth-driving businesses" areas that promise growth and give maximum leverage to Kubota strengths, we will emphasize strategically focused investment of management resources. Conversely, in businesses underperforming in terms of profitability and competitiveness, rather than attempting all-round business expansion, the approach will be to target sustainable growth through continuous rebuilding and structural reform with the joint aims of addressing social issues and increasing corporate value.

The second initiative is "Strategic financial management with a focus on the balance sheet," reflecting Kubota's shift to a management approach that attaches importance not only to profit and loss indicators such as net sales and operating profit, but also to cash generation capacity and capital efficiency. By optimizing working capital, curbing retail finance receivables, and ensuring strict investment discipline, we will lay down a sound and robust financial foundation. At the same time, we will direct

resources strategically to areas that will generate value into the future by rigorously probing the quality of each investment project. By thus fulfilling our management responsibility for the capital entrusted to us, we will work to provide a level of return that consistently exceeds the cost of capital.

The third initiative is to lay down "A robust global foundation to support future growth." In a business environment marked by dramatic change, it is essential to have not just a strategy, but also the organization and framework to reliably implement it with. Kubota is therefore working to put in place a management structure capable of swift decision-making, to nurture a corporate culture that enables diverse human resources to challenge themselves, and to reinforce the global supply chain against geopolitical risk. Having put in place this foundational structure, we will realize a management system that enables decisions and action to be taken at a level local to our worksites around the world.

Ambidextrous management through balancing deepening and exploring

Mid-Term Business Plan 2030 identifies "ambidextrous management" as an important concept. As social issues and customer needs undergo rapid change, a management approach that leans too heavily toward either raising the competitiveness of existing businesses or creating new value for future business expansion will be unable to realize sustainable growth. Instead, we will seek long-term corporate value by balancing "deepening" to refine existing businesses and "exploring" to create new value.

In terms of deepening, we will concentrate on our existing businesses in construction machinery, agricultural machinery, and the water and environment sector in a drive to enhance the added value of our products, technologies, and services. By shifting to a business model that goes beyond the simple delivery of products to support customers throughout the product lifecycle, and by additionally utilizing frontline data to achieve productivity improvements and expanding the services field, we will continuously boost competitiveness and earnings power. Refining existing business in this way is an initiative that seeks to leverage to the maximum the Kubota strength of capability in technologies and frontline operations and thus create a foundation for steady cash generation.

In terms of exploration, meanwhile, we will strive to create new value that goes beyond the linear expansion of existing businesses. Through smart solutions businesses and other new initiatives, we aim to combine products with digital technology to deliver solutions that directly support customer operations. The aim of these initiatives is not to contribute to short-term profit, but to cultivate future growth pillars by exploring new business models using the insights and the customer base built up in existing businesses.

Instead of deepening and exploration being separated in terms of organizations and timelines, Kubota's emphasis is on linking these two elements. As well as rolling out to new initiatives the technologies and frontline insights gained from existing businesses, we will also feed the ideas and technologies emerging from exploration back into existing operations. Setting up this cycle will raise competitiveness across the Kubota Group. For us, ambidextrous management is not just a concept aimed at new business creation, but rather the essence of a management approach that will enable continuous evolution across Kubota's business operations. Mid-Term Business Plan 2030 does not represent a definitive set of goals, but is instead a guideline for ongoing evolution in response to environmental change. Ever mindful of its founding commitment to creating value by addressing social issues, Kubota will work through the three initiatives outlined above, combined with ambidextrous management, to increase the practical effectiveness of management in implementing strategies for sustainable corporate value increase.

Strengthening the foundations for execution

The source of Kubota's competitiveness does not lie in its technologies and products alone. I believe that our greatest asset is in the people who create them and deliver them to society. However ingenious the strategies and plans we draw up, it is our individual employees who we rely on to put them into practice. I recognize that this means investment in human capital should be seen as a core concern of management.

What is important for me in terms of human capital is whether individual employees understand the significance of their own work and take pride in it. As I said before, Kubota's business fields cover areas indispensable to people's lives. But unless an awareness of that is shared all the way down to frontline operations, staff will not feel motivation or a sense of value in their day-to-day tasks. I believe it is management's role to put clearly into words the corporate mission and vision so that each and every employee can own them as a personal concern.

Another thing I consider especially important is dialogue. An organization only works properly if, as well as setting policy from the top down, we listen to voices at the front line and engage continuously in two-way communication. I have always made a point of visiting frontline worksites as much as possible to talk directly with our employees. It has always struck me that Kubota employees take their work very seriously, have a strong sense of responsibility, and put honest effort into whatever task is assigned to them. On the other hand, that serious attitude can sometimes lead to overcautiousness and hesitation in stepping up to new challenges.

That makes it all the more necessary for management to keep communicating clearly the message that taking on

challenges and learning from mistakes is a good thing. A culture that fosters a spirit of initiative and challenge will not take root overnight. One small success will encourage the next and, as long as failure does not attract blame, I think that this cumulative process will lead little by little to change in patterns of behavior within the organization.

One vital element when discussing human capital is respect for diversity. For Kubota with its global business operations, it is essential to create an environment in which human resources with diverse backgrounds and sets of values can participate. As I see it, creating an organization where individual strengths are valued regardless of nationality, gender, age, or career experience will result in improved competitiveness. What is important is not to make diversity an end in itself, but instead to create a situation where management and business benefit from diverse perspectives.

Nurturing next-generation leaders is also an important task. In an era of dramatic change in the business environment, carrying on with the same human resource profile as hitherto is not enough. We need to systematically and continuously cultivate human resources who have a positive attitude to change and can think and act on initiative and deliver results while also involving the rest of the team. We in management will work to create opportunities and environments that nurture human resources of this kind and to encourage a spirit of challenge.

I am also strongly aware of issues in our corporate culture. Among Kubota's strengths are the honest ethic and frontline ability that have been handed down since our founding days.

Nevertheless, the great changes in the social environment mean that there are many established practices in need of review and ongoing change. The important thing is to carefully distinguish between what to change and what not to change. Our founding spirit and our mission of social contribution must remain intact but their realization and organizational embodiment must evolve flexibly with the times.

As a foundation to support this human capital and corporate culture, corporate governance has an increasingly important role. I see governance not as a purely defensive structure, but also as a proactive platform for sustainable value creation. It is when there is a highly transparent decision-making process, clear assignment of responsibilities, and a system of oversight inspiring positive respect that management is able to proceed in the right direction. I believe that the Board of Directors should be a forum for constructive discussion to enhance management quality. Actively taking on board the perspectives and expertise of outside directors enables the executive team to reexamine its judgments in an objective light. Through this process, we can progressively raise the level of management transparency and effectiveness. Strengthening governance is not a way of achieving short-term results, but an important element in supporting long-term corporate value.

Building “One Kubota” through dialogue

Dialogue with stakeholders is also a vital management concern going forward. From investors and customers to business partners, local communities, and employees, Kubota is involved with many diverse stakeholder groups. I think that engaging in earnest with the expectations and concerns of each group and deepening mutual understanding through dialogue will lead to the formation of relationships of trust. I believe that it is important for companies to not simply send information out one-way, but also to listen to voices from the outside and use them as feedback to management.

Specifically, in our dialogue with investors, I place emphasis on giving clear and careful explanations of value creation from a medium- to long-term perspective. This means not just providing information on short-term business performance, but also discussing what kind of social issues Kubota engages with and what strategy it proposes for sustainable growth. By sharing our approach to these areas and the processes involved, I aim to build long-term relationships of trust.

The themes I have discussed so far, from Mid-Term Business Plan 2030 to human capital, governance, and dialogue with stakeholders, are not elements that function independently of each other. It is only by working in a way that is interconnected and mutually complementary that they will unleash the power of “One Kubota.” By thus transcending the barriers between departments and regions and between inside and outside the company, we will join forces in tackling our shared mission. It is,

I think, this sense of unity that will represent Kubota’s most important management asset going forward.

Finally, I would like to tell you about my own resolution. Kubota aspires to continue into the future as a company that makes an ongoing contribution to society in the areas of food, water, and the environment that are essential to human life. That purpose requires that we continue to accept challenges without fearing change. I am committed to taking the lead in management, connecting with the frontline, and engaging in ongoing dialogue in order to open the way to Kubota’s future.

United in the strength of One Kubota, we work to create sustainable value by offering solutions to social issues. Carrying that tradition on unbroken, we will move forward into the next era.