

FOR IMMEDIATE RELEASE

February 22, 2021

KUBOTA Corporation

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**Notice of Launch of the Long-term Vision “GMB2030”
and the Mid-term Business Plan 2025**

Kubota Corporation (hereinafter “the Company”) hereby announces its formulation of a long-term vision “GMB2030”, and a mid-term business plan 2025 covering a period from the fiscal year ending December 2021 to the fiscal year ending December 2025.

Please see the attachment for details.

< 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.

End of document



ON YOUR SIDE

Long-term Vision and Mid-term Business Plan

Kubota Corporation

February 22, 2021



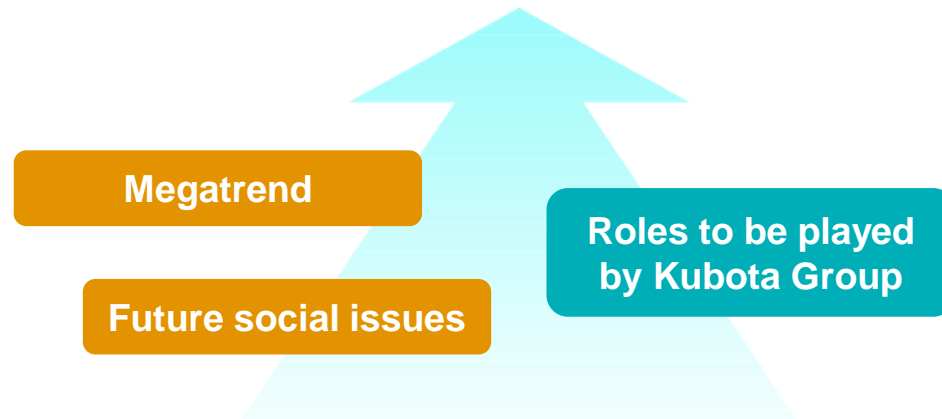
1 Long-term Vision "GMB2030"

2 Mid-term Business Plan 2025

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Long-term Vision "GMB2030"



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.

Future social issues

Individuals	Consumption/ labor	Diversification of sense of values Shift in consumption propensity (from consumption to use)
	Economic development	Maximization of added value of goods and services Dilution and depopulation in local community Rapid urbanization and industrialization (mainly in emerging countries)
Region / State	Politics/ power	Multi-polarization in global economic block
	Population/ resource	Population growth mainly in emerging countries Increase in food demand Shortage of water resources
Global	Environmental problem	Curb of global warming Biodiversity conservation

Megatrend

Achieving both economic growth and resource recycling (Circular economy)

- Shift to a society where input volume of resources becomes KPI
- Aggressive ESG investment
- Resource recycling business as a means of strengthening competitiveness



Net zero greenhouse gas emissions (Carbon neutral)

- Grasp, net reduction, and active market transactions of greenhouse gas emissions
- Maximum use of renewable energy
- Progress toward smart cities



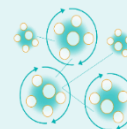
A society where the marginal cost of products is close to zero through recycling and sharing

- Rise of platform business and sharing business
- Manpower saving by utilization of robotics and IoT
- Expansion of service businesses



Formation of new small- and medium-sized community that is not obsessed only with global capitalism

- Autonomous and decentralized social infrastructure
- Value allocation mechanisms in which public and private are mixed
- Governance mechanism in which individuals are autonomous and collaborate each other



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

Business development (What)

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 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

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

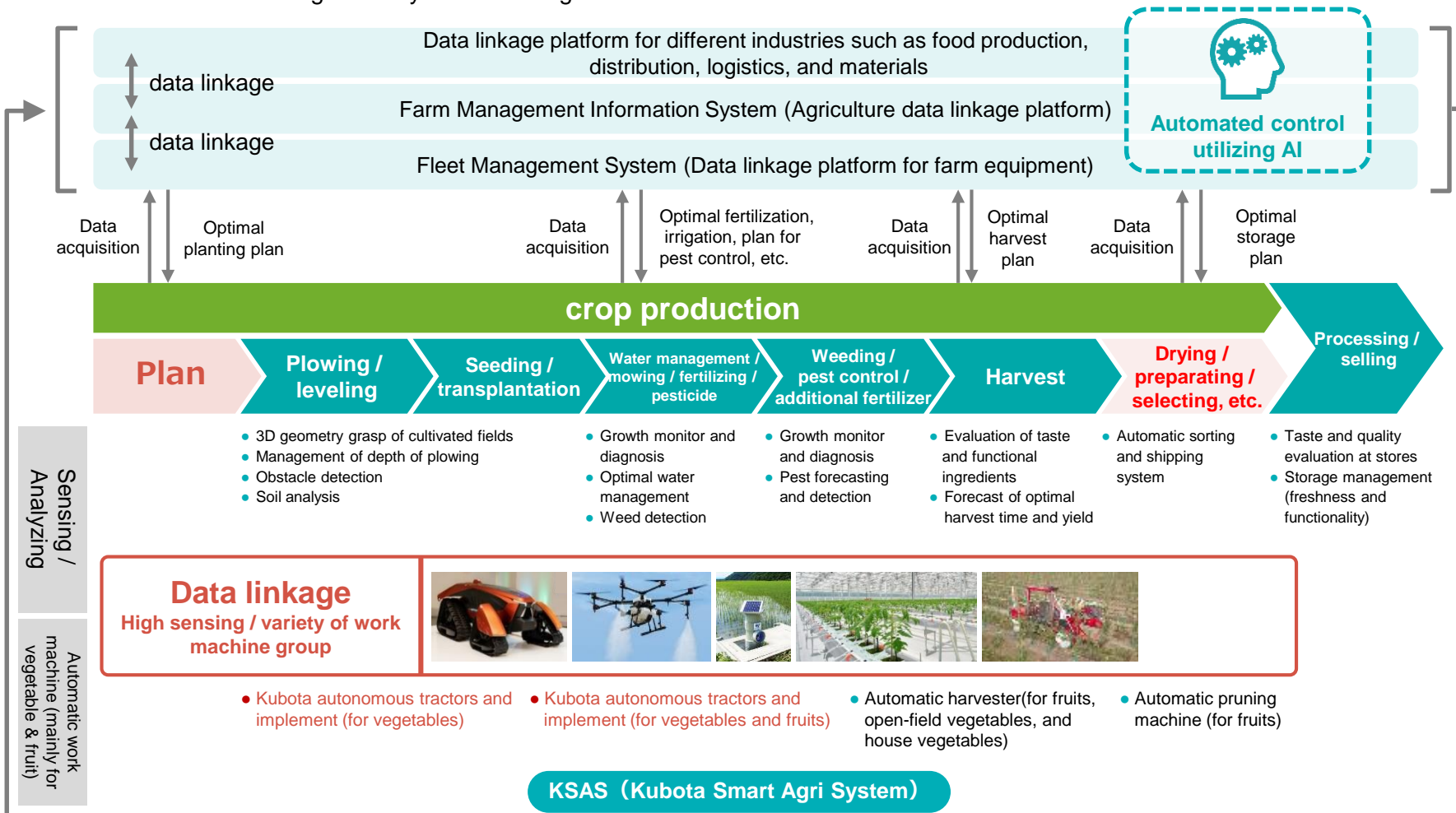
Business development	Direction of Development (Current Image)
<p>① Solutions to enhance the productivity and safety of food</p> <p>Food Water Environment</p>	<ul style="list-style-type: none"> Expanding yield, improving crop quality, and enhancing productivity (ex. Sophistication of smart farming) Solving issues in the entire food value chain Producing next-generation crop
<p>② Solutions to promote the circulation of water resources and waste</p> <p>Food Water Environment</p>	<ul style="list-style-type: none"> 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
<p>③ Solutions to improve urban and living environments</p> <p>Water Environment</p>	<ul style="list-style-type: none"> 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



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



Acquisition and utilization of market data

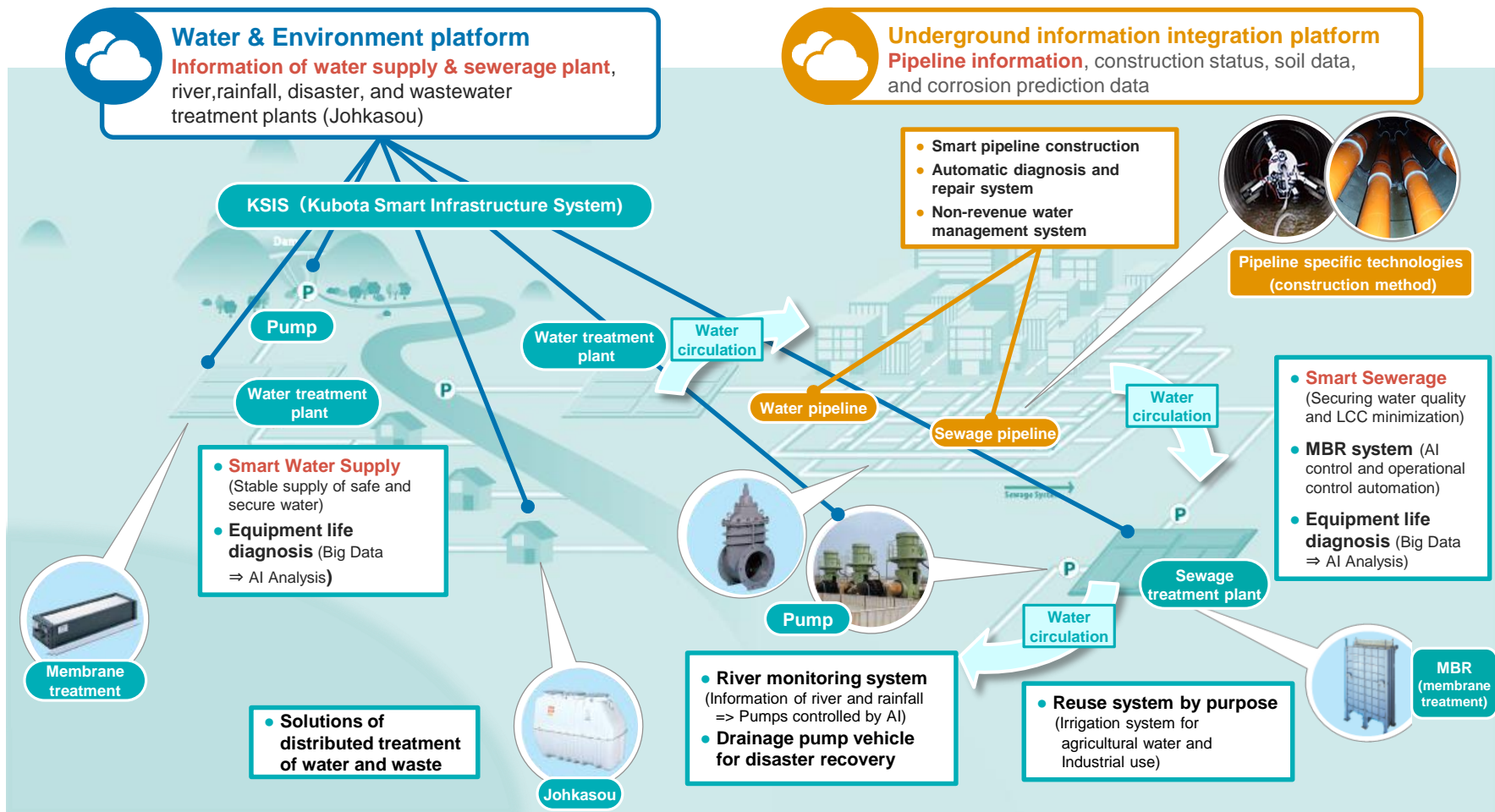
Producing only the suitable amount of crops (from the perspective of taste and functionality) demanded in the market at the suitable time and contributing to reduction of food loss

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

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



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

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

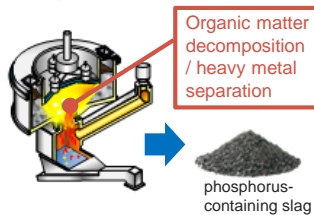
- Sewage sludge
- Night soil sludge
- Agricultural and livestock waste
- Waste plastic
- Residue from recycled material
- Burned ash
- Other waste

Incinerators, melting furnaces, methane fermentation system, etc.

- 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

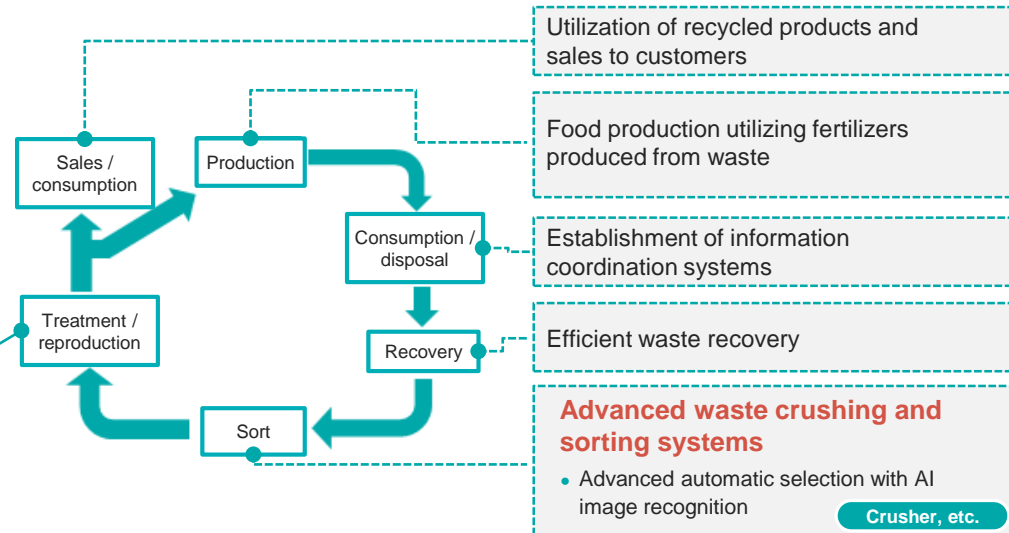
Melting furnace (1300 °C)



Valuable metal



Methane fermentation facility



Utilization of recycled products and sales to customers

Food production utilizing fertilizers produced from waste

Establishment of information coordination systems

Efficient waste recovery

Advanced waste crushing and sorting systems

- Advanced automatic selection with AI image recognition

Crusher, etc.



Vertical crusher

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

Please see the movie at the following URL.

<https://youtu.be/zpgivzPWCis>

1 Long-term Vision "GMB2030"

2 Mid-term Business Plan 2025

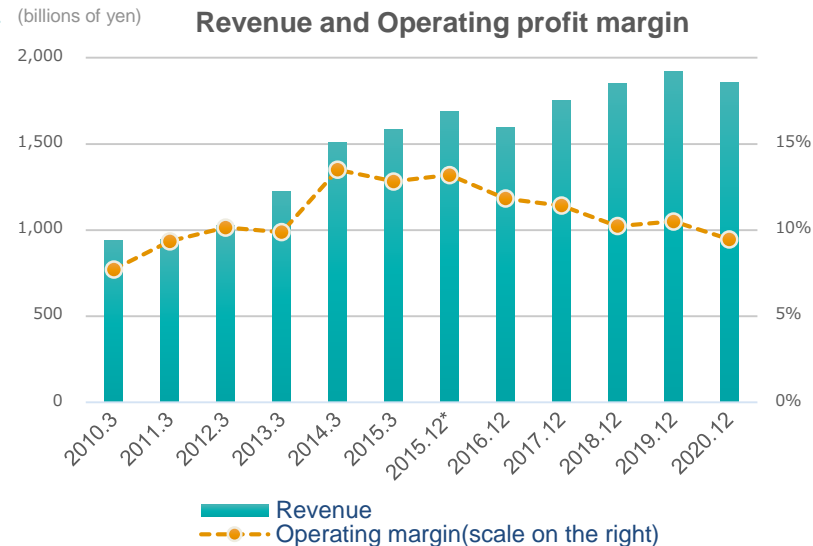
Changes in circumstances surrounding Kubota Group and Business Challenges

- 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



* 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.

Investing management resources aggressively, organizationally, and in a planned manner

Achieving both investment and improvement of profitability

- ▶ 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

Kubota

Kubota

← 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.

What should be

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

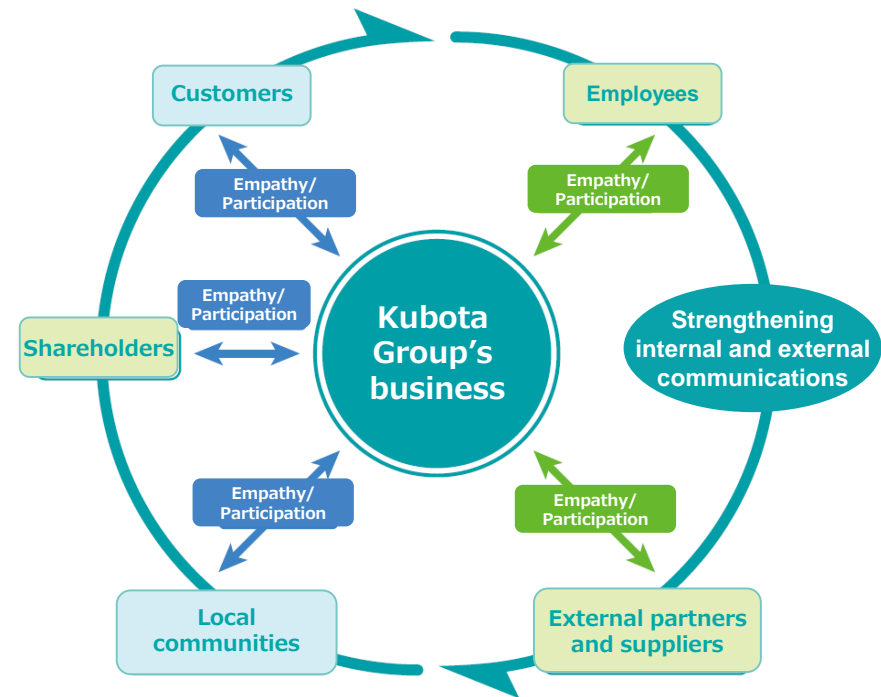
Promotion of DX as a common theme

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.**

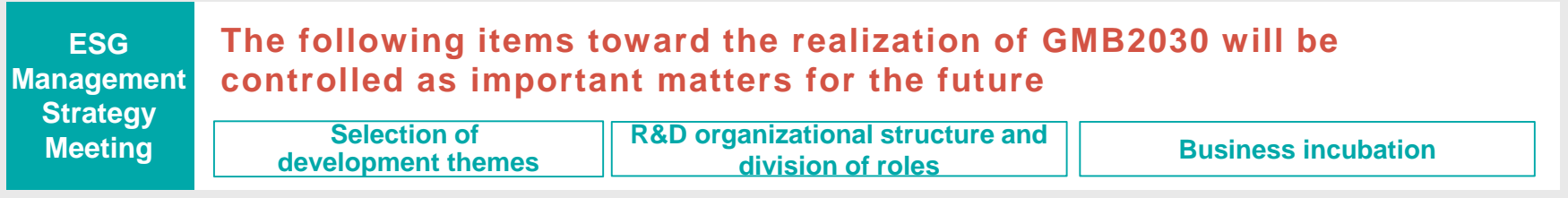
	K-ESG (Examples)
E : Environment	<ul style="list-style-type: none"> • Initiatives aiming at carbon neutral by 2050 • Promoting resource recycling as a business (environmental impact reduction + CO2 reduction) • Commercialization of reducing environmental impact in manufacturing
S : Society + Stakeholders *	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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"



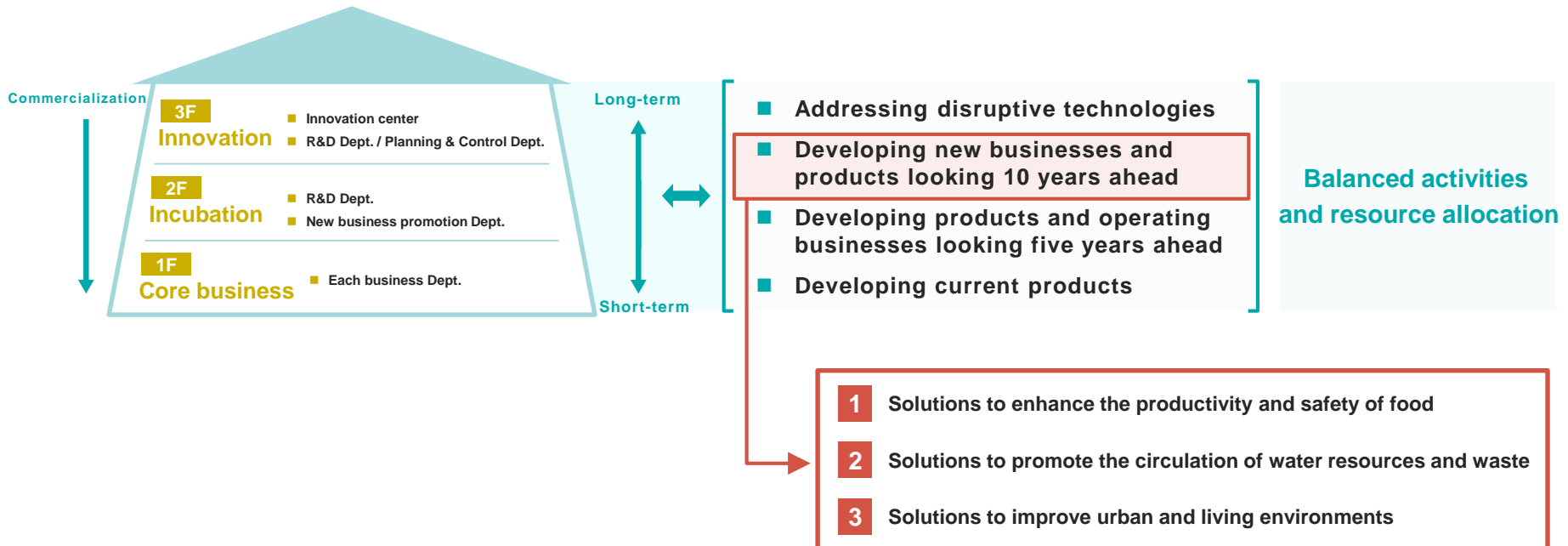
Initiatives to secure candidates of growth drivers for the next generation

Establishment of a structure from selection of themes to commercialization



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

Strengths

- Strong sales networks (North America, Thailand and Japan)
- Wide range of products
- Technology (miniaturization technology, material technology such as casting, environmental technologies, etc.)

Weaknesses

- Insufficient sales networks (Except for North America, Thailand and Japan)
- Lack of internal resources regarding cutting-edge digital technologies
- Delay in preparation for disruptive technologies
- Tightness of human resources
- Delay in IT infrastructure development

Address through the other themes in Mid-term Business Plan

Opportunities

- Increase in demand for food and water
- Development of urbanization in emerging countries
- Aging urban infrastructure in developed countries
- Room to expand product lineup (CTL, etc.)
- Room to utilize abundant operating machineries

Threats

- Tightening measures against global climate change
- Entry from different industries by technological innovation
- Possibility of sudden changes in business environment in North America

Deepening existing businesses

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

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

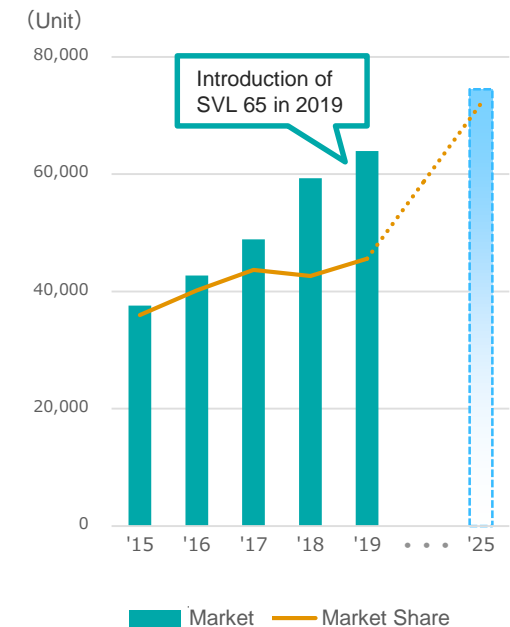
[Comparison of product lineup with a competitor]

CTL	Kubota	Competitor	Market units in the U.S. in 2019
0 < 2000lbs		2 models	6,400
2000 < 2300	SVL65	3 models	20,200
2300 < 2600	SVL75	1 model	13,300
2600 & Over	SVL95	4 models	24,300
Total	3 models	10 models	63,900



CTL (SVL95)

CTL Market and Market Share in the U.S.



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

Promotion of business strategies that take advantage of growth opportunities – Growth drivers

Farm & Industrial Machinery business in ASEAN

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

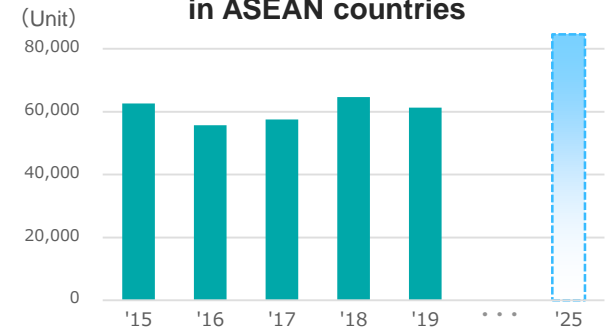
- Promotion of product development that meets local needs, such as implements for upland farming, by strengthening cooperation between KRDA* and sales subsidiaries

* Kubota Research & Development Asia (R&D center in Thailand)

3 Enhancement of retail finance in ASEAN countries

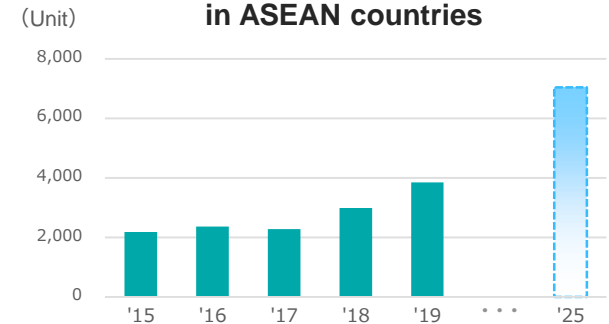
- Accelerating mechanization in ASEAN by enhancing retail finance in addition to introducing low-cost tractors

Estimated tractor market in ASEAN countries



*The figures are the total number of ASEAN market targeted, and estimated by Kubota.

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.

Promotion of business strategies that take advantage of growth opportunities – Growth drivers

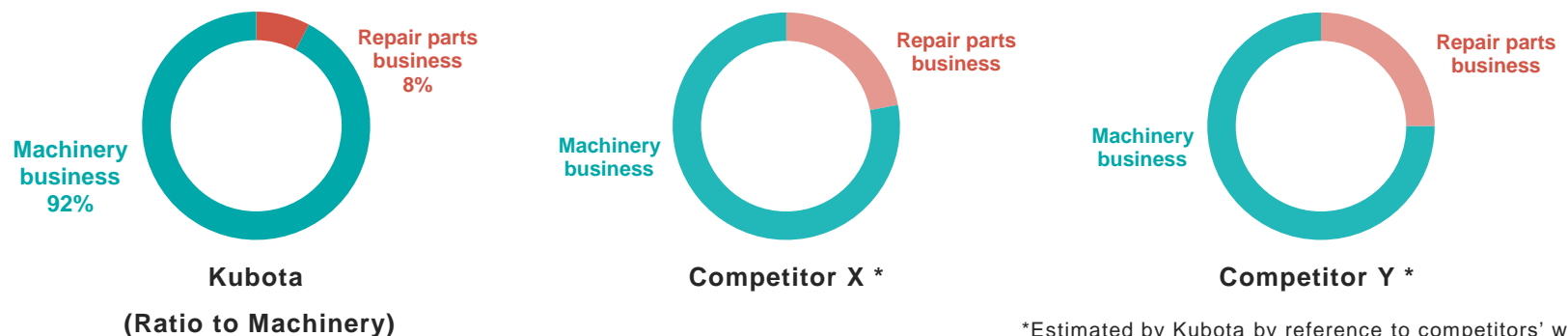
After-market business of Farm & Industrial Machinery

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



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

Promotion of business strategies that take advantage of growth opportunities – Growth drivers

Water & Environmental Solutions Business

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

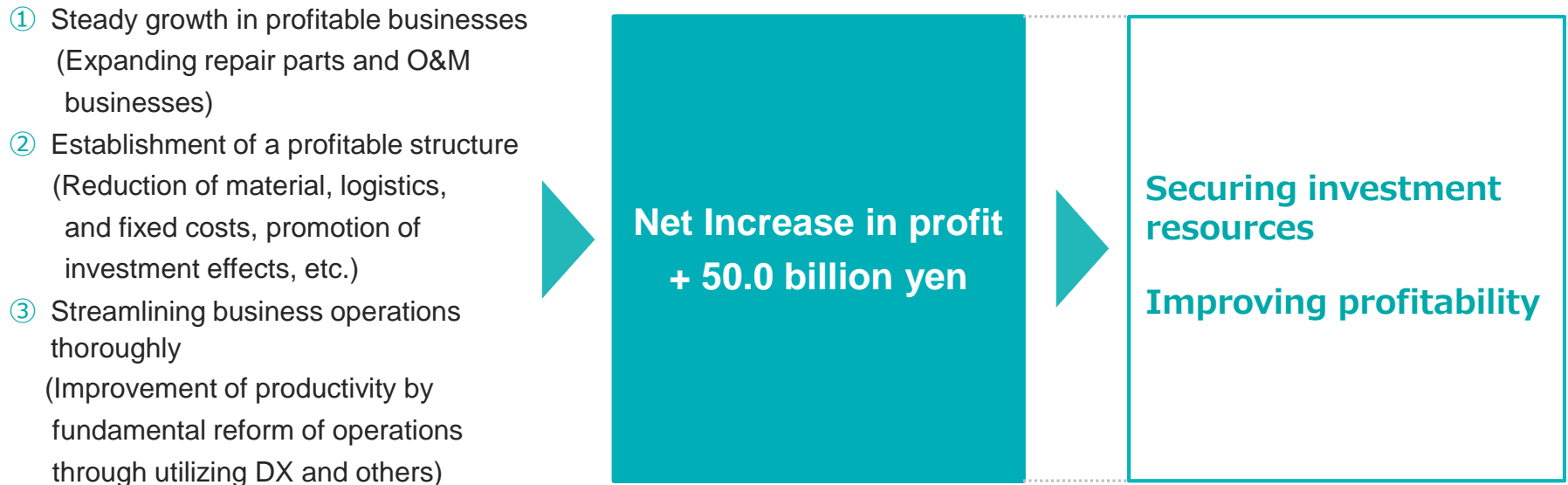
Promotion of business strategies that take advantage of growth opportunities – Target of revenue

- ▶ 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.

(billions of yen)		FY2019 Actual	FY2025 Target	Changes		FY2020 Actual
	Japan	306.3	323.0	+16.7	+5%	292.9
	North America	668.0	855.0	+187.0	+28%	635.3
	Europe	236.7	260.0	+23.3	+10%	215.5
	ASEAN	197.1	252.0	+54.9	+28%	192.6
	Others	150.2	180.0	+29.8	+20%	172.5
	Machinery	1,558.3	1,870.0	+311.7	+20%	1,508.8
	Water	330.1	400.0	+69.9	+21%	315.8
	Other	31.6	30.0	-1.6	-5%	28.7
Total revenue		1,920.0	2,300.0	+380.0	+20%	1,853.2

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.



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

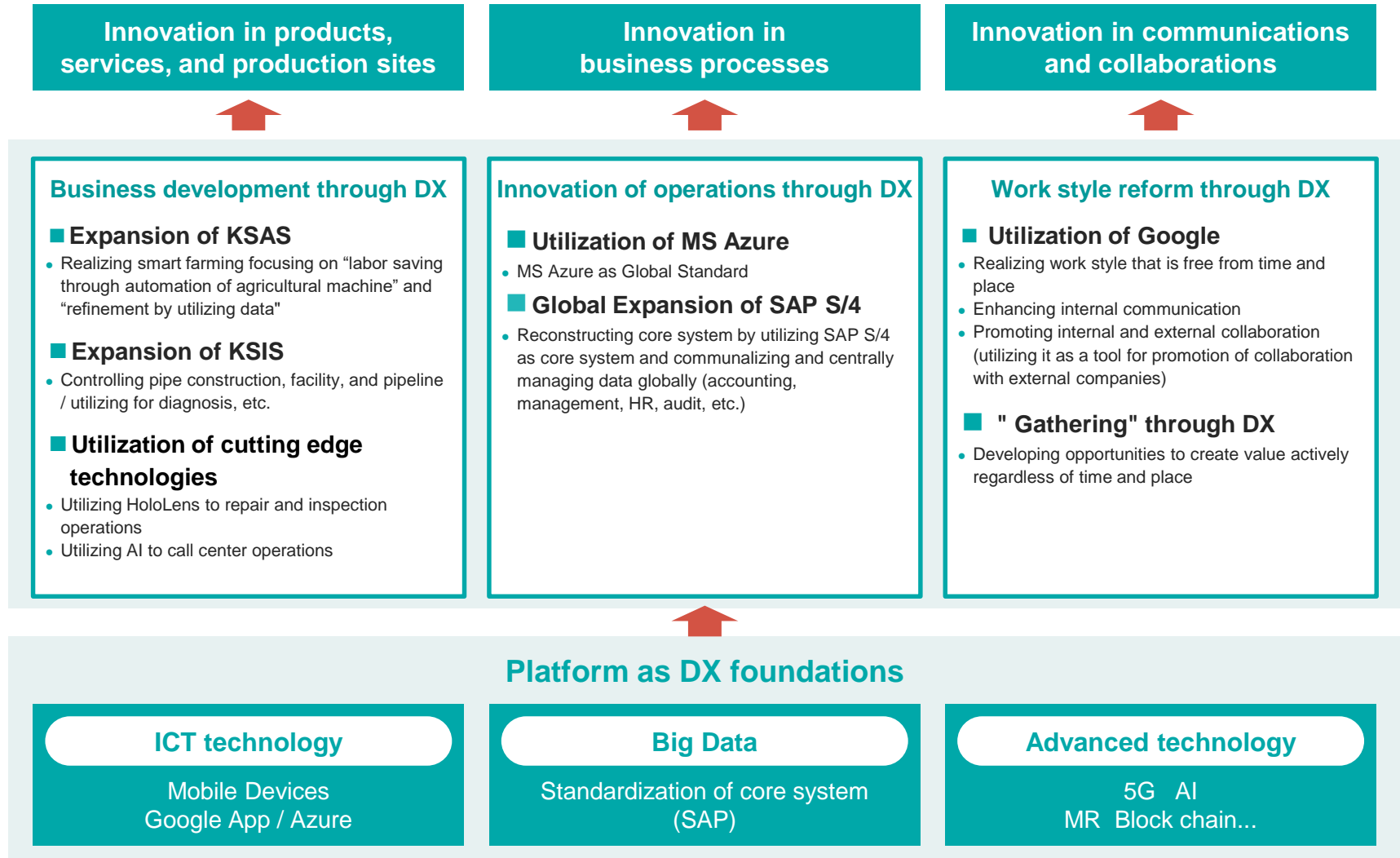
- ① Expansion of human resources (utilization of recruitment and external resources)
- ② Supporting for human resources to play active roles in creative work by improving operational productivity
- ③ Improving capabilities and skills of human resources

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

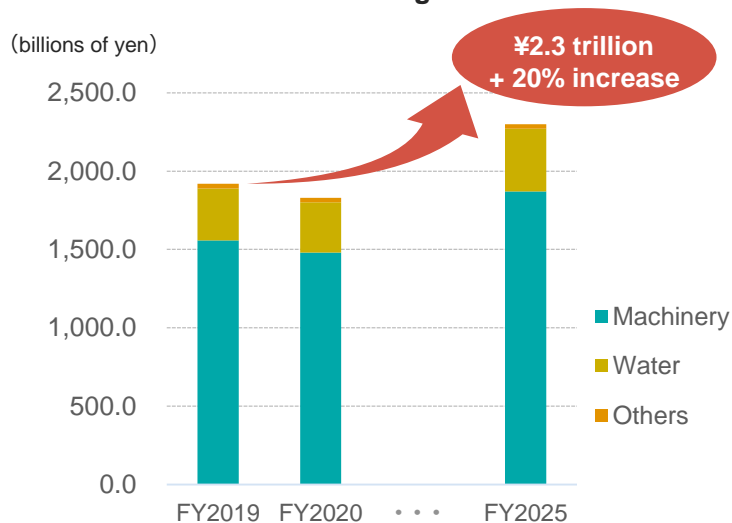
- ▶ Bringing about **innovation in “products, services, and production sites”, “business processes”, and “communications and collaborations”** by developing and utilizing a platform that is the foundation for DX, and ensuring the promotion of the five main themes



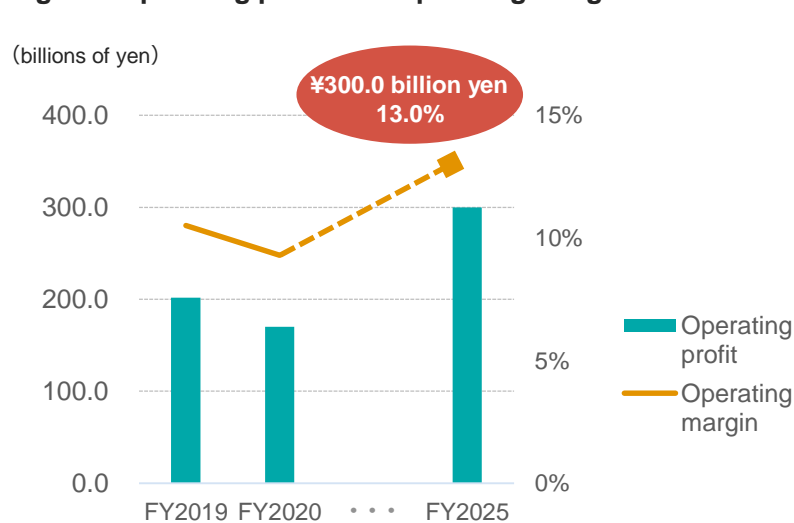
Mid-term Business Plan 2025 Financial Targets (PL)

(billions of yen)	FY2019 (Actual)	FY2025 (Target)	Changes		FY2020 (Actual)
			Amount	%	
Revenue	1,920.0	2,300.0	+380.0	+19.8	1,853.2
Machinery	1,558.3	1,870.0	+311.7	+20.0	1,508.8
Water	330.1	400.0	+69.9	+21.2	315.8
Other	31.6	30.0	-1.6	-5.1	28.7
Operating profit	10.5% 201.7	13.0% 300.0	+98.3	+48.7	9.5% 175.3

Revenue Target



Target of Operating profit and Operating margin



- ▶ 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

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

(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.>

(billions of yen)	FY2019 (Actual)	FY2020 (Actual)	Cumulative total of 5 years (FY2021~FY2025 Plan)
Capital expenditures	86.7	87.2	600.0
R&D expenses	53.1	55.3	400.0

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