

[Translation]

# Quarterly Report

(The Second Quarter of the 132<sup>nd</sup> Business Term)  
From April 1, 2021 to June 30, 2021

2-47, Shikitsu Higashi 1-chome, Naniwa-ku, Osaka, JAPAN

**Kubota Corporation**

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Confirmation Letter

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This is an English translation of the Quarterly Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork pursuant to the Financial Instruments and Exchange Act of Japan.

The translation of the Confirmation Letter for the original Quarterly Report is included at the end of this document.

For the purposes of this Quarterly Report, the “Company” refers to Kubota Corporation and its subsidiaries, unless context indicates otherwise.

References in this document to the “Financial Instruments and Exchange Act of Japan” are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan.

# 1. Overview of the Company

## 1. Key Financial Data

(Unit: millions of yen, except earnings per share)

	Six months ended June 30, 2021	Six months ended June 30, 2020	Year ended December 31, 2020
Revenue	¥ 1,101,405 [563,719]	¥ 884,170 [444,627]	¥ 1,853,234
Profit before income taxes	149,409	84,421	185,899
Profit attributable to owners of the parent	102,950 [50,909]	59,570 [38,814]	128,524
Comprehensive income attributable to owners of the parent	157,131	28,401	96,656
Equity attributable to owners of the parent	1,610,291	1,441,503	1,476,039
Total assets	3,430,791	3,127,889	3,189,317
Earnings per share attributable to owners of the parent:			
Basic	85.22 [42.14]	48.87 [31.87]	105.85
Diluted	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	46.9	46.1	46.3
Net cash provided by operating activities	50,797	49,521	142,919
Net cash used in investing activities	(45,277)	(30,417)	(47,133)
Net cash provided by (used in) financing activities	2,263	36,193	(68,354)
Cash and cash equivalents, at the end of the period	237,539	250,659	222,919

(Notes)

1. The condensed consolidated financial statements and the consolidated financial statements are prepared in accordance with International Financial Reporting Standards.
2. As the Company prepares the condensed consolidated financial statements, its nonconsolidated financial data are not presented.
3. Revenue does not include consumption taxes.
4. Amounts less than presentation units are rounded to the nearest unit.
5. Earnings per share attributable to owners of the parent—Diluted is not stated because Kubota Corporation did not have potentially dilutive common shares that were outstanding during the period.

## 2. Description of Business

There were no material changes in the Company's business during the six months ended June 30, 2021 nor were there any material changes in its associates.

Beginning with the current consolidated fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to "Financial services businesses" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Other" segment.

## 2. Business Overview

### 1. Risk Factors

For the six months ended June 30, 2021, there are no major risks for which managements recognize that they may have a significant impact on the consolidated financial condition, business results, or cash flow information of the Company in “2. Business Overview” or “4. Financial Information”.

There were no material changes in the information described in the Risk Factors section of the Annual Securities Report for the year ended December 31, 2020.

At the end of the reporting period, the Company estimates the impact of COVID-19 infection on its business is not significant. However, the new variant of coronavirus is spreading all over the world. When it comes to the situation deteriorates, it might affect its results of operations.

### 2. Analysis of Consolidated Financial Position, Results of Operations, and Cash Flows by Management

#### (1) Analysis of Results of Operations

For the six months ended June 30, 2021, revenue of Kubota Corporation and its subsidiaries (hereinafter, the “Company”) increased by ¥217.2 billion [24.6%] from the same period in the prior year to ¥1,101.4 billion.

Domestic revenue increased by ¥12.4 billion [4.3%] from the same period in the prior year to ¥302.5 billion because of increased revenue in Farm & Industrial Machinery mainly due to increased sales of farm equipment, despite a decrease in revenue in Water & Environment and Other.

Overseas revenue increased by ¥204.9 billion [34.5%] from the same period in the prior year to ¥798.9 billion because of significantly increased sales of farm equipment and construction machinery, while revenue in Water & Environment decreased from the same period in the prior year.

Operating profit increased by ¥65.9 billion [80.7%] from the same period in the prior year to ¥147.5 billion mainly due to significantly increased revenue in the domestic and overseas markets and improved foreign exchange rates, while there were some negative effects from increased fixed costs and a rise in material prices. Profit before income taxes increased by ¥65.0 billion [77.0%] from the same period in the prior year to ¥149.4 billion due to increased operating profit. Income tax expenses were ¥37.8 billion. Share of profits of investments accounted for using the equity method was ¥1.5 billion. Profit for the period increased by ¥48.0 billion [73.6%] from the same period in the prior year to ¥113.1 billion. Profit attributable to owners of the parent increased by ¥43.4 billion [72.8%] from the same period in the prior year to ¥103.0 billion.

Revenue from external customers and operating profit by each reportable segment were as follows:

Beginning with the current consolidated fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to “Financial services businesses” are reported in the “Farm & Industrial Machinery” segment, whereas they were formerly reported in the “Other” segment. The information for the prior period has been retrospectively adjusted to conform to the current fiscal year’s presentation.

#### 1) Farm & Industrial Machinery

Farm & Industrial Machinery is comprised of farm equipment, agricultural-related products, engines, and construction machinery.

Revenue in this segment increased by 30.9% from the same period in the prior year to ¥941.3 billion and accounted for 85.5% of consolidated revenue.

Domestic revenue increased by 10.9% from the same period in the prior year to ¥160.4 billion. Sales of farm equipment and agricultural-related products increased due to a recovery from adverse reaction from rushed demand before the consumption tax hike and increased demand resulting from subsidies for business continuation of farmers.

Overseas revenue increased by 35.9% from the same period in the prior year to ¥780.9 billion. In North America, sales of tractors and construction machinery increased significantly mainly due to strong demand along with trend in move to suburbs despite delay in production and shipment caused by port congestion and labor shortages. In addition, sales of engines recovered. In Europe, sales of construction machinery, tractors, and engines increased due to a recovery

from sluggish sales along with the infection spread of COVID-19 in the prior year. In Asia outside Japan, sales of farm equipment in Thailand significantly increased mainly due to favorable weather conditions and stable crop prices at a high level. In addition, sales of farm equipment in China, India, and Philippines were strong as well. In Other areas, sales of tractors and construction machinery in Australia increased significantly due to more rainfall than usual and government stimulus policies.

Operating profit in this segment increased by 65.1% from the same period in the prior year to ¥143.9 billion mainly due to significantly increased revenue in the domestic and overseas markets and deteriorated profitability of products, which had been shipped in the same period in the prior year, in its manufacturing bases, while some negative effects from increased fixed costs and a rise in material prices.

## 2) Water & Environment

Water & Environment is comprised of pipe- and infrastructure-related products (ductile iron pipes, plastic pipes, valves for public sector, industrial castings, spiral-welded steel pipes, air-conditioning equipment, and other products) and environment-related products (environmental control plants, pumps, valves for private sector, and other products).

Revenue in this segment decreased by 2.5% from the same period in the prior year to ¥146.6 billion and accounted for 13.3% of consolidated revenue.

Domestic revenue decreased by 1.8% from the same period in the prior year to ¥128.6 billion. In pipe- and infrastructure-related products, sales of ductile iron pipes and construction business decreased mainly due to a negative effect from postponed construction period along with a state of emergency. In environment-related products, sales of pumps increased significantly due to increased sales of drainage pump vehicles.

Overseas revenue decreased by 7.4% from the same period in the prior year to ¥18.0 billion. Mainly sales of industrial castings decreased.

Operating profit in this segment increased by 33.2% from the same period in the prior year to ¥13.2 billion mainly due to an improvement in plant construction costs.

## 3) Other

Other is mainly comprised of a variety of services.

Revenue in this segment decreased by 7.6% from the same period in the prior year to ¥13.6 billion and accounted for 1.2% of consolidated revenue.

Operating profit in this segment increased by 9.6% from the same period in the prior year to ¥1.6 billion.

## (2) Analysis of Financial Position

Total assets as of June 30, 2021 were ¥3,430.8 billion, an increase of ¥241.5 billion from the prior fiscal year-end. With respect to assets, the yen value of finance receivables increased significantly due to the yen depreciation compared with the prior fiscal year-end in addition to an expansion in sales financing operations in North America, where retail sales were strong. In addition, inventories increased mainly due to increased inventories in transit along with port congestion.

With respect to liabilities, the yen value of bonds and borrowings denominated in foreign currencies increased mainly due to the yen depreciation compared with the prior fiscal year-end and an increase in finance receivables. Equity increased due to the accumulation of retained earnings and an improvement in other components of equity along with fluctuations mainly in foreign exchange rates. The ratio of equity attributable to owners of the parent to total assets stood at 46.9%, 0.6 percentage points higher than the prior fiscal year-end.

## (3) Analysis of Cash Flows

Net cash provided by operating activities during the six months ended June 30, 2021 was ¥50.8 billion, an increase of ¥1.3 billion in net cash inflow compared with the same period in the prior year. This increase was mainly due to an increase in profit for the period, despite an increase in cash outflow related to an increase in finance receivables.

Net cash used in investing activities was ¥45.3 billion, an increase of ¥14.9 billion in net cash outflow compared with the same period in the prior year. This increase was mainly due to a decrease in cash inflow related to sales of securities and an increase in cash outflow related to acquisition of property, plant, and equipment and intangible assets, despite a decrease in cash outflow related to net increase in time deposits.

Net cash provided by financing activities was ¥2.3 billion, a decrease of ¥33.9 billion in net cash inflow compared

with the same period in the prior year mainly due to a decrease in funding.

As a result of the above, and after taking into account the effects from exchange rate changes, cash and cash equivalents as of June 30, 2021 were ¥237.5 billion, an increase of ¥14.6 billion from the beginning of the current period.

#### (4) Issues to Address on Business and Finance

There were no material changes in the outstanding issues for the Company to address during the six months ended June 30, 2021, and no additional issues arose during the period.

#### (5) Research and Development

The Company's research and development expenses for the six months ended June 30, 2021 were ¥28.7 billion.

There were no material changes in the Company's research and development activities during the six months ended June 30, 2021.

### 3. Material Contracts

There were no material contracts which were approved for conclusion or concluded for the six months ended June 30, 2021.

### 3. Information on Kubota Corporation

#### 1. Information on the Shares of Kubota Corporation

##### (1) Total Number of Shares

###### 1) Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common shares	1,874,700,000
Total	1,874,700,000

###### 2) Issued Shares

Class	Number of shares issued as of end of period (shares) (June 30, 2021)	Number of shares issued as of filing date (shares) (August 10, 2021)	Stock exchange on which Kubota Corporation is listed	Description
Common shares	1,208,576,846	1,208,576,846	Tokyo Stock Exchange, Inc. (the first section)	The number of shares per one unit of shares is 100 shares.
Total	1,208,576,846	1,208,576,846	—	—

##### (2) Information on Share Acquisition Rights

###### 1) Details of Stock Option Plan

Not applicable.

###### 2) Details of Other Stock Acquisition Rights

Not applicable.

##### (3) Information on Moving Strike Convertible Bonds

Not applicable.

##### (4) Changes in the Total Number of Issued Shares, the Amount of Common Shares, and Other

Date	Changes in the total number of issued shares (thousands of shares)	Balance of the total number of issued shares (thousands of shares)	Changes in common shares (millions of yen)	Balance of common shares (millions of yen)	Changes in capital reserve (millions of yen)	Balance of capital reserve (millions of yen)
From: April 1, 2021	—	1,208,576	¥ —	¥ 84,130	¥ —	¥ 73,117
To: June 30, 2021	—	1,208,576	¥ —	¥ 84,130	¥ —	¥ 73,117

##### (5) Major Shareholders

Name	Address	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (excluding treasury shares) (%) (As of June 30, 2021)
The Master Trust Bank of Japan, Ltd. (Trust account)	11-3, Hamamatsu-cho 2-chome, Minato-ku Tokyo, JAPAN	133,359	11.04
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	62,542	5.18
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN	59,929	4.96
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	56,642	4.69
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	36,006	2.98
Mizuho Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo, JAPAN	31,506	2.61



Moxley & Co. LLC (Standing proxy: Sumitomo Mitsui Banking Corporation)	270 Park Avenue, New York, New York, 10017-2070, U.S.A. (1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN)	29,314	2.43
Custody Bank of Japan, Ltd. (Trust account 7)	8-12, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	23,326	1.93
MUFG Bank, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN	18,156	1.50
Custody Bank of Japan, Ltd. Sumitomo Mitsui Trust Bank Retirement benefit trust account	8-12, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	17,872	1.48
<b>Total</b>	<b>—</b>	<b>468,654</b>	<b>38.78</b>

(Notes)

- The shares held by The Master Trust Bank of Japan, Ltd. (Trust account), Custody Bank of Japan, Ltd. (Trust account), Custody Bank of Japan, Ltd. (Trust account 7), and Custody Bank of Japan, Ltd. Sumitomo Mitsui Trust Bank Retirement benefit trust account are invested as their fiduciary services.
- Change reports pertaining to large shareholding reports by Massachusetts Financial Services Company dated September 21, 2018 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2021. A summary of the reports as of September 14, 2018 is as follows:

Name	Number of share certificates, etc. held (thousands of shares)	Percentage of share certificates held (%)
Massachusetts Financial Services Company	57,071	4.62
MFS Investment Management K.K.	4,675	0.38
<b>Total</b>	<b>61,746</b>	<b>5.00</b>

- Change reports pertaining to large shareholding reports by Mitsubishi UFJ Financial Group, Inc. dated May 8, 2020 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2021, except that of MUFG Bank, Ltd. A summary of the reports as of April 27, 2020 is as follows:

Name	Number of share certificates, etc. held (thousands of shares)	Percentage of share certificates held (%)
MUFG Bank, Ltd.	18,156	1.49
Mitsubishi UFJ Trust and Banking Corporation	69,749	5.71
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	8,949	0.73
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1,267	0.10
<b>Total</b>	<b>98,122</b>	<b>8.04</b>

- Change reports pertaining to large shareholding reports by Sumitomo Mitsui DS Asset Management Company, Ltd. dated June 5, 2020 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2021, except that of Sumitomo Mitsui Banking Corporation. A summary of the reports as of May 29, 2020 is as follows:

Name	Number of share certificates, etc. held (thousands of shares)	Percentage of share certificates held (%)
Sumitomo Mitsui DS Asset Management Company, Ltd.	3,743	0.31
Sumitomo Mitsui Banking Corporation	36,006	2.95
SMBC Nikko Securities Inc.	33,620	2.75
<b>Total</b>	<b>73,370</b>	<b>6.01</b>

- Change reports pertaining to large shareholding reports by Mizuho Bank, Ltd. dated April 22, 2021 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2021, except that of Mizuho Bank, Ltd. A summary of the reports as of April 15, 2021 is as follows:

Name	Number of share certificates, etc. held (thousands of shares)	Percentage of share certificates held (%)
Mizuho Bank, Ltd.	31,506	2.61
Mizuho Securities Co., Ltd.	3,082	0.26
Asset Management One Co., Ltd.	37,947	3.14
<b>Total</b>	<b>72,535</b>	<b>6.00</b>

6. Change reports pertaining to large shareholding reports by Sumitomo Mitsui Trust Holdings Inc. dated July 6, 2021 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2021. A summary of the reports as of June 30, 2021 is as follows:

Name	Number of share certificates, etc. held (thousands of shares)	Percentage of share certificates held (%)
Sumitomo Mitsui Trust Bank, Limited	19,572	1.62
Sumitomo Mitsui Trust Asset Management Co., Ltd.	36,411	3.01
Nikko Asset Management Co., Ltd.	26,279	2.17
Total	82,263	6.81

## (6) Information on Voting Rights

### 1) Issued Shares

(As of June 30, 2021)

Classification		Number of shares (shares)	Number of voting rights	Description
Shares without voting rights		—	—	—
Shares with restricted voting rights (treasury shares, etc.)		—	—	—
Shares with restricted voting rights (others)		—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common shares:	196,300	—	—
	(Crossholding shares) Common shares:	718,400	—	—
Shares with full voting rights (others)	Common shares:	1,207,384,700	12,073,847	—
Shares less than one unit	Common shares:	277,446	—	Shares less than one unit (100 shares)
Number of issued shares		1,208,576,846	—	—
Total number of voting rights		—	12,073,847	—

(Note)

The *Shares with full voting rights (others)* row includes 1,000 shares (10 voting rights) registered in the name of Japan Securities Depository Center, Incorporated.

### 2) Treasury Shares

(As of June 30, 2021)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
(Treasury share) Kubota Corporation	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN	196,300	—	196,300	0.02
(Crossholding shares) Akita Kubota Corporation	295-38, Terauchikamiyashiki, Akita-shi, Akita, JAPAN	41,400	—	41,400	0.00
Minami Tohoku Kubota Corporation	16-1, Takakura Sugishita, Hiwadamachi, Koriyama-shi, Fukushima, JAPAN	102,000	—	102,000	0.01
Hokuriku Kinki Kubota Corporation	956-1, Shimokashiwanomachi, Hakusan-shi, Ishikawa, JAPAN	9,000	—	9,000	0.00
Fukuoka Kyushu Kubota Corporation	11-36, Noma 1-chome, Minami-ku, Fukuoka, JAPAN	566,000	—	566,000	0.05
Total crossholding shares	—	718,400	—	718,400	0.06
Total	—	914,700	—	914,700	0.08

## 2. Changes in Directors and Senior Management

There has been no change in Directors nor senior management since the filing date of the Annual Securities Report for the 131<sup>st</sup> business term to June 30, 2021.

(Reference Information)

Kubota Corporation adopted the Executive Officer System. Change in the Executive Officers who do not hold the post of Director since the filing date of the Annual Securities Report for the 131<sup>th</sup> business term to June 30, 2021 is as follows:

New company and position and responsibility		Former company and position and responsibility		Name	Date of change
Executive Officer of Kubota Corporation	Deputy General Manager of Research and Development Headquarters, General Manager of Water and Environment Research and Development Unit	Executive Officer of Kubota Corporation	Deputy General Manager of Research and Development Headquarters, General Manager of Water and Environment Research and Development	Kaoru Hamada	April 1, 2021
Executive Officer of Kubota Corporation	Deputy General Manager of Research and Development Headquarters, General Manager of Research and Development Promotion Unit, General Manager of DPI Promotion Dept.	Executive Officer of Kubota Corporation	Deputy General Manager of Research and Development Headquarters, General Manager of Farm and Industrial Machinery Engineering Headquarters	Muneji Okamoto	April 1, 2021

## 4. Financial Information

### 1. Condensed Consolidated Financial Statements

Kubota Corporation and Its Subsidiaries

#### (1) Condensed Consolidated Statement of Financial Position

(Unit: millions of yen)

	Notes	June 30, 2021	December 31, 2020
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents		¥ 237,539	¥ 222,919
Trade receivables		588,952	592,027
Finance receivables		349,583	317,626
Other financial assets	5	41,683	49,967
Inventories		428,731	373,998
Income taxes receivable		3,261	9,700
Other current assets		62,432	72,305
<b>Total current assets</b>		<b>1,712,181</b>	<b>1,638,542</b>
<b>Noncurrent assets:</b>			
Investments accounted for using the equity method		37,255	36,124
Finance receivables		941,820	807,342
Other financial assets	5	142,300	138,583
Property, plant, and equipment		440,501	424,672
Goodwill and intangible assets		80,324	72,539
Deferred tax assets		49,015	43,641
Other noncurrent assets		27,395	27,874
<b>Total noncurrent assets</b>		<b>1,718,610</b>	<b>1,550,775</b>
<b>Total assets</b>		<b>¥ 3,430,791</b>	<b>¥ 3,189,317</b>

(Unit: millions of yen)

	Notes	June 30, 2021	December 31, 2020
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Bonds and borrowings		¥ 437,570	¥ 366,038
Trade payables		328,615	323,607
Other financial liabilities	6	79,228	87,445
Income taxes payable		28,907	14,676
Provisions		42,059	39,736
Other current liabilities	7	204,727	194,924
<b>Total current liabilities</b>		<b>1,121,106</b>	<b>1,026,426</b>
<b>Noncurrent liabilities:</b>			
Bonds and borrowings		519,096	508,398
Other financial liabilities	6	28,977	31,537
Retirement benefit liabilities		16,303	16,144
Deferred tax liabilities		28,580	28,088
Other noncurrent liabilities	7	4,345	4,539
<b>Total noncurrent liabilities</b>		<b>597,301</b>	<b>588,706</b>
<b>Total liabilities</b>		<b>1,718,407</b>	<b>1,615,132</b>
<b>Equity:</b>			
Equity attributable to owners of the parent:			
Share capital		84,130	84,130
Share premium		84,840	84,943
Retained earnings		1,408,142	1,325,764
Other components of equity		33,632	(18,162)
Treasury shares		(453)	(636)
<b>Total equity attributable to owners of the parent</b>		<b>1,610,291</b>	<b>1,476,039</b>
Noncontrolling interests		102,093	98,146
<b>Total equity</b>		<b>1,712,384</b>	<b>1,574,185</b>
<b>Total liabilities and equity</b>		<b>¥ 3,430,791</b>	<b>¥ 3,189,317</b>

See notes to condensed consolidated financial statements.

(2) Condensed Consolidated Statement of Profit or Loss and  
Condensed Consolidated Statement of Comprehensive Income

Six months ended June 30, 2021 and 2020

Condensed Consolidated Statement of Profit or Loss

(Unit: millions of yen, except earnings per share)

	Notes	2021	%	2020	%
Revenue	8	¥ 1,101,405	100.0	¥ 884,170	100.0
Cost of sales		(777,257)		(634,113)	
Selling, general, and administrative expenses		(181,523)		(166,357)	
Other income		7,080		4,356	
Other expenses		(2,157)		(6,386)	
<b>Operating profit</b>		<b>147,548</b>	<b>13.4</b>	<b>81,670</b>	<b>9.2</b>
Finance income		2,611		3,914	
Finance costs		(750)		(1,163)	
<b>Profit before income taxes</b>		<b>149,409</b>	<b>13.6</b>	<b>84,421</b>	<b>9.5</b>
Income tax expenses		(37,808)		(20,598)	
Share of profits of investments accounted for using the equity method		1,539		1,338	
<b>Profit for the period</b>		<b>¥ 113,140</b>	<b>10.3</b>	<b>¥ 65,161</b>	<b>7.4</b>

**Profit attributable to:**

Owners of the parent		¥ 102,950	9.3	¥ 59,570	6.7
Noncontrolling interests		¥ 10,190	1.0	¥ 5,591	0.7

**Earnings per share attributable to owners of the parent:**

Basic	9	¥ 85.22		¥ 48.87	
Diluted		¥ —		¥ —	

Condensed Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Notes	2021	2020
<b>Profit for the period</b>		<b>¥ 113,140</b>	<b>¥ 65,161</b>
<b>Other comprehensive income, net of income tax:</b>			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension plans		(249)	113
Net change in fair value of financial assets measured at fair value through other comprehensive income		1,913	(7,887)
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations		52,984	(26,539)
<b>Total other comprehensive income, net of income tax</b>		<b>54,648</b>	<b>(34,313)</b>
<b>Comprehensive income for the period</b>		<b>¥ 167,788</b>	<b>¥ 30,848</b>

**Comprehensive income attributable to:**

Owners of the parent		¥ 157,131	¥ 28,401
Noncontrolling interests		¥ 10,657	¥ 2,447

See notes to condensed consolidated financial statements.

**Three months ended June 30, 2021 and 2020**  
Condensed Consolidated Statement of Profit or Loss

(Unit: millions of yen, except earnings per share)

	Notes	2021	%	2020	%
Revenue		¥ 563,719	100.0	¥ 444,627	100.0
Cost of sales		(398,995)		(312,295)	
Selling, general, and administrative expenses		(94,682)		(78,289)	
Other income		1,270		1,173	
Other expenses		(1,487)		(4,004)	
<b>Operating profit</b>		<b>69,825</b>	<b>12.4</b>	<b>51,212</b>	<b>11.5</b>
Finance income		1,703		2,719	
Finance costs		(437)		(540)	
<b>Profit before income taxes</b>		<b>71,091</b>	<b>12.6</b>	<b>53,391</b>	<b>12.0</b>
Income tax expenses		(16,427)		(12,509)	
Share of profits of investments accounted for using the equity method		1,009		1,051	
<b>Profit for the period</b>		<b>¥ 55,673</b>	<b>9.9</b>	<b>¥ 41,933</b>	<b>9.4</b>
<b>Profit attributable to:</b>					
Owners of the parent		¥ 50,909	9.0	¥ 38,814	8.7
Noncontrolling interests		¥ 4,764	0.9	¥ 3,119	0.7
<b>Earnings per share attributable to owners of the parent:</b>					
Basic	9	¥ 42.14		¥ 31.87	
Diluted		¥ —		¥ —	

Condensed Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Notes	2021	2020
<b>Profit for the period</b>		<b>¥ 55,673</b>	<b>¥ 41,993</b>
<b>Other comprehensive income, net of income tax:</b>			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension plans		(47)	(90)
Net change in fair value of financial assets measured at fair value through other comprehensive income		(4,512)	5,521
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations		(3,387)	7,596
<b>Total other comprehensive income, net of income tax</b>		<b>(7,946)</b>	<b>13,027</b>
<b>Comprehensive income for the period</b>		<b>¥ 47,727</b>	<b>¥ 54,960</b>
<b>Comprehensive income attributable to:</b>			
Owners of the parent		¥ 45,286	¥ 48,743
Noncontrolling interests		¥ 2,441	¥ 6,217

See notes to condensed consolidated financial statements.

### (3) Condensed Consolidated Statement of Changes in Equity

(Unit: millions of yen)

	Notes	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Noncontrolling interests	Total equity
		Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares			
<b>Balance as of January 1, 2021</b>		¥ 84,130	¥ 84,943	¥ 1,325,764	¥ (18,162)	¥ (636)	¥ 1,476,039	¥ 98,146	¥ 1,574,185
Profit for the period				102,950			102,950	10,190	113,140
Total other comprehensive income, net of income tax					54,181		54,181	467	54,648
Comprehensive income for the period				102,950	54,181		157,131	10,657	167,788
Transfer to retained earnings				2,385	(2,385)		—		—
Dividends paid	10			(22,957)			(22,957)	(6,774)	(29,731)
Purchases and sales of treasury shares						(1)	(1)		(1)
Share-based payments with transfer restrictions			(43)			184	141		141
Changes in ownership interests in subsidiaries			(60)		(2)		(62)	64	2
<b>Balance as of June 30, 2021</b>		¥ 84,130	¥ 84,840	¥ 1,408,142	¥ 33,632	¥ (453)	¥ 1,610,291	¥ 102,093	¥ 1,712,384
<b>Balance as of January 1, 2020</b>		¥ 84,130	¥ 84,671	¥ 1,238,824	¥ 35,849	¥ (637)	¥ 1,442,837	¥ 94,377	¥ 1,537,214
Profit for the period				59,570			59,570	5,591	65,161
Total other comprehensive income, net of income tax					(31,169)		(31,169)	(3,144)	(34,313)
Comprehensive income for the period				59,570	(31,169)		28,401	2,447	30,848
Transfer to retained earnings				17,873	(17,873)		—		—
Dividends paid	10			(23,185)			(23,185)	(2,721)	(25,906)
Purchases and sales of treasury shares						(7,000)	(7,000)		(7,000)
Share-based payments with transfer restrictions			(61)	(35)		148	52		52
Changes in ownership interests in subsidiaries			383		15		398	(423)	(25)
<b>Balance as of June 30, 2020</b>		¥ 84,130	¥ 84,993	¥ 1,293,047	¥ (13,178)	¥ (7,489)	¥ 1,441,503	¥ 93,680	¥ 1,535,183

See notes to condensed consolidated financial statements.



## (4) Condensed Consolidated Statement of Cash Flows

(Unit: millions of yen)

Six months ended June 30:	Notes	2021	2020
<b>Cash flows from operating activities:</b>			
Profit for the period		¥ 113,140	¥ 65,161
Depreciation and amortization		35,156	33,099
Profit or loss from disposal of property, plant, and equipment and intangible assets, net		687	(1,988)
Finance income and costs		(1,762)	(2,910)
Income tax expenses		37,808	20,598
Share of profits of investments accounted for using the equity method		(1,539)	(1,338)
Decrease in trade receivables		9,790	10,600
Increase in finance receivables		(99,287)	(63,460)
(Increase) Decrease in inventories		(37,529)	6,300
Decrease in other assets		12,198	37,786
Decrease in trade payables		(928)	(46,317)
Increase in other liabilities		4,287	11,320
Net changes in retirement benefit assets and liabilities		352	495
Other, net		(2,567)	1,297
Interest received		1,087	2,058
Dividends received		1,133	1,430
Interest paid		(1,242)	(419)
Income taxes paid, net		(19,987)	(24,191)
Net cash provided by operating activities		50,797	49,521
<b>Cash flows from investing activities:</b>			
Payments for acquisition of property, plant, and equipment		(44,316)	(28,510)
Payments for acquisition of intangible assets		(12,657)	(9,924)
Proceeds from sales of property, plant, and equipment		2,569	5,157
Payments for acquisition of securities		(724)	(822)
Proceeds from sales and redemptions of securities		3,941	26,916
Payments for loans receivable from associates		(12,970)	(24,450)
Collection of loans receivable from associates		14,401	24,700
Payments for time deposits		(21,364)	(43,762)
Proceeds from withdrawal of time deposits		15,985	18,389
Net decrease (increase) in restricted cash		9,900	(1,014)
Payments for acquisition of short-term investments		—	(2,741)
Proceeds from sales and redemptions of short-term investments		—	5,635
Other, net		(42)	9
Net cash used in investing activities		(45,277)	(30,417)
<b>Cash flows from financing activities:</b>			
Funding from bonds and long-term borrowings		150,882	204,676
Redemptions of bonds and repayments of long-term borrowings		(122,997)	(93,171)
Net increase (decrease) in short-term borrowings		8,763	(38,197)
Repayments for lease liabilities		(9,409)	(7,272)
Dividends paid	10	(22,957)	(23,185)
Purchases of treasury shares		(2)	(7,000)
Other, net		(2,017)	342
Net cash provided by financing activities		2,263	36,193
<b>Effect of exchange rate changes on cash and cash equivalents</b>		6,837	(4,303)
<b>Net increase in cash and cash equivalents</b>		14,620	50,994
<b>Cash and cash equivalents, at the beginning of the period</b>		222,919	199,665
<b>Cash and cash equivalents, at the end of the period</b>		¥ 237,539	¥ 250,659

See notes to condensed consolidated financial statements.

## Notes to Condensed Consolidated Financial Statements

Kubota Corporation and Its Subsidiaries

### 1. REPORTING ENTITY

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Kubota Corporation (the “Parent Company”) is an entity located in Japan. The Parent Company and its subsidiaries (the “Company”) manufacture and sell a comprehensive range of machinery and other industrial and consumer products, including farm equipment, engines, construction machinery, pipe-related products, and environment-related products.

The Company manufactures its products not only in Japan but also in overseas countries, including the United States, France, Germany, China, Thailand, and other countries, and sells its products in Japan, North America, Europe, Asia, and other countries.

### 2. BASIS OF FINANCIAL STATEMENTS

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#### **Compliance with International Financial Reporting Standards (“IFRS”)**

The condensed consolidated financial statements of the Company are prepared in accordance with International Accounting Standard (“IAS”) 34, as permitted by the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (the “Ordinance”) since the Company is fully qualified as a *Specified Company under Designated International Financial Reporting Standards* pursuant to the provision of Article 1-2 of the Ordinance. Since they do not include all the information and disclosures required for a complete set of financial statements, they should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

#### **Basis of Measurement**

Except for the items measured at fair value, such as financial instruments, the Company’s condensed consolidated financial statements are prepared on a historical cost basis.

#### **Functional Currency and Presentation Currency**

The condensed consolidated financial statements of the Company are presented in Japanese yen, which is the Parent Company’s functional currency, and figures are rounded to the nearest million yen.

#### **Significant Accounting Judgements, Estimates, and Assumptions**

The condensed consolidated financial statements of the Company are prepared by using judgements, estimates, and assumptions relating to the application of accounting policies and reporting of assets, liabilities, revenue, and expenses. Actual results of operations could differ from those accounting estimates and assumptions.

The estimates and assumptions are continually reviewed. The effects of a change in accounting estimates, if any, are recognized in the reporting period in which the change is made and in the future periods.

The significant accounting judgements, estimates, and assumptions made in preparing the condensed consolidated financial statements are consistent with those made in preparing the consolidated financial statements for the year ended December 31, 2020.

At the end of the reporting period, the company estimates the impact of COVID-19 infection on its business is not significant, and there are no impact on its accounting judgements, estimates and processes. On the other hand, the new variant of coronavirus is spreading all over the world. When it comes to the situation deteriorates, the Company might change its premise.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies applied on the condensed consolidated financial statements are consistent with those applied on the consolidated financial statements for the year ended December 31, 2020.

Income taxes on a quarterly basis are computed using the estimated annual effective tax rate.

#### 4. SEGMENT INFORMATION

The Company engages in various fields of business and industries by providing products and services that are categorized into the following three segments: Farm & Industrial Machinery, Water & Environment, and Other. The Farm & Industrial Machinery segment manufactures and distributes farm equipment, agricultural-related products, engines, and construction machinery. The Water & Environment segment manufactures and distributes pipe- and infrastructure-related products (ductile iron pipes, plastic pipes, valves for public sector, industrial castings, spiral welded steel pipes, air-conditioning equipment, and other products), and environment-related products (environmental control plants, pumps, valves for private sector, and other products). The Other segment offers a variety of services.

Financial information of these segments is utilized on a regular basis by the chief operating decision-maker in determining how to allocate the Company's resources and evaluate performance. The segments also represent the Company's organizational structure, principally based on the nature of products and services.

The accounting policies for the reportable segments are consistent with the accounting policies used in the Company's condensed consolidated financial statements.

Beginning with the current consolidated fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to "Financial services businesses" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Other" segment. The information for the prior period has been retrospectively adjusted to conform to the current fiscal year's presentation.

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Six months ended June 30:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
<b>2021:</b>					
Revenue:					
External customers	¥ 941,275	¥ 146,551	¥ 13,579	¥ —	¥ 1,101,405
Intersegment	92	724	14,569	(15,385)	—
Total	941,367	147,275	28,148	(15,385)	1,101,405
Operating profit	¥ 143,935	¥ 13,190	¥ 1,625	¥ (11,202)	¥ 147,548
<b>2020:</b>					
Revenue:					
External customers	¥ 719,147	¥ 150,326	¥ 14,697	¥ —	¥ 884,170
Intersegment	137	535	13,245	(13,917)	—
Total	719,284	150,861	27,942	(13,917)	884,170
Operating profit	¥ 87,197	¥ 9,904	¥ 1,482	¥ (16,913)	¥ 81,670

(Notes)

1. *Adjustments* include items such as the elimination of intersegment transfers and corporate expenses which are not allocated to any particular reportable segment. The corporate expenses included in *Adjustments* consist mainly of administration department expenses, basic research expenses, and foreign exchange gains or losses incurred by the Parent Company.
2. The aggregated amounts of operating profit are equal to those presented in the condensed consolidated statement of profit or loss. Please refer to the condensed consolidated statement of profit or loss for the reconciliation of operating profit to profit before income taxes.
3. Intersegment transfers are recorded at values that approximate market prices.

(Unit: millions of yen)

Three months ended June 30:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
<b>2021:</b>					
Revenue:					
External customers	¥ 496,822	¥ 60,850	¥ 6,047	¥ —	¥ 563,719
Intersegment	27	221	7,433	(7,681)	—
Total	496,849	61,071	13,480	(7,681)	563,719
Operating profit	¥ 75,850	¥ 693	¥ 615	¥ (7,333)	¥ 69,825
<b>2020:</b>					
Revenue:					
External customers	¥ 372,177	¥ 65,474	¥ 6,976	¥ —	¥ 444,627
Intersegment	94	264	6,223	(6,581)	—
Total	372,271	65,738	13,199	(6,581)	444,627
Operating profit	¥ 56,674	¥ 1,606	¥ 514	¥ (7,582)	¥ 51,212

(Notes)

- Adjustments* include items such as the elimination of intersegment transfers and corporate expenses which are not allocated to any particular reportable segment. The corporate expenses included in *Adjustments* consist mainly of administration department expenses, basic research expenses, and foreign exchange gains or losses incurred by the Parent Company.
- The aggregated amounts of operating profit are equal to those presented in the condensed consolidated statement of profit or loss. Please refer to the condensed consolidated statement of profit or loss for the reconciliation of operating profit to profit before income taxes.
- Intersegment transfers are recorded at values that approximate market prices.

## 5. OTHER FINANCIAL ASSETS

Other financial assets are composed of the following:

	(Unit: millions of yen)	
	June 30, 2021	December 31, 2020
Financial assets measured at amortized cost:		
Long-term trade accounts receivable	¥ 40,804	¥ 37,873
Time deposits	28,311	22,063
Restricted cash*	5,251	13,177
Others	11,751	16,599
Financial assets measured at fair value through other comprehensive income:		
Equity financial assets	96,969	97,906
Financial assets measured at fair value through profit or loss:		
Derivatives	897	932
Total	¥ 183,983	¥ 188,550
Current assets	41,683	49,967
Noncurrent assets	142,300	138,583

(Note)

\* Deposits pledged as collateral that are restricted from their withdrawal and advances received for public work that are restricted from their usage.

## 6. OTHER FINANCIAL LIABILITIES

Other financial liabilities are composed of the following:

	(Unit: millions of yen)	
	June 30, 2021	December 31, 2020
Financial liabilities measured at amortized cost:		
Lease liabilities	¥ 40,679	¥ 42,128
Notes and accounts payable for capital expenditures	23,720	35,184
Deposits received	27,197	22,627
Others	12,786	13,474
Financial liabilities measured at fair value through profit or loss:		
Derivatives	3,823	5,569
Total	¥ 108,205	¥ 118,982
Current liabilities	79,228	87,445
Noncurrent liabilities	28,977	31,537

## 7. OTHER LIABILITIES

Other liabilities are composed of the following:

	(Unit: millions of yen)	
	June 30, 2021	December 31, 2020
Employment benefit obligation	¥ 47,622	¥ 46,791
Accrued expenses	42,558	40,028
Refund liabilities	29,276	31,999
Contract liabilities	17,912	17,810
Others	71,704	62,835
Total	¥ 209,072	¥ 199,463
Current liabilities	204,727	194,924
Noncurrent liabilities	4,345	4,539

## 8. REVENUE

The following table presents the Company's revenue recognized from contracts with customers and other sources of revenue by product group and location:

(Unit: millions of yen)

Six months ended June 30, 2021	Japan	North America	Europe	Asia outside Japan	Other area	Total
Farm equipment and engines	¥ 142,534	¥ 260,586	¥ 93,921	¥ 183,118	¥ 25,889	¥ 706,048
Construction machinery	16,442	101,095	52,499	12,238	9,701	191,975
<b>Farm &amp; Industrial Machinery</b>	<b>158,976</b>	<b>361,681</b>	<b>146,420</b>	<b>195,356</b>	<b>35,590</b>	<b>898,023</b>
Pipe- and infrastructure-related products	69,152	3,923	802	5,928	2,584	82,389
Environment-related products	59,431	417	151	3,012	1,151	64,162
<b>Water &amp; Environment</b>	<b>128,583</b>	<b>4,340</b>	<b>953</b>	<b>8,940</b>	<b>3,735</b>	<b>146,551</b>
<b>Other</b>	<b>13,556</b>	<b>3</b>	<b>1</b>	<b>17</b>	<b>2</b>	<b>13,579</b>
Revenue recognized from:						
Contracts with customers	301,115	366,024	147,374	204,313	39,327	1,058,153
Other sources of revenue	1,430	28,630	—	12,514	678	43,252
<b>Total</b>	<b>¥ 302,545</b>	<b>¥ 394,654</b>	<b>¥ 147,374</b>	<b>¥ 216,827</b>	<b>¥ 40,005</b>	<b>¥ 1,101,405</b>

(Unit: millions of yen)

Six months ended June 30, 2020	Japan	North America	Europe	Asia outside Japan	Other area	Total
Farm equipment and engines	¥ 127,636	¥ 203,089	¥ 69,713	¥ 130,696	¥ 14,776	¥ 545,910
Construction machinery	15,501	66,807	37,931	10,369	4,583	135,191
<b>Farm &amp; Industrial Machinery</b>	<b>143,137</b>	<b>269,896</b>	<b>107,644</b>	<b>141,065</b>	<b>19,359</b>	<b>681,101</b>
Pipe- and infrastructure-related products	75,393	4,685	839	6,364	3,044	90,325
Environment-related products	55,519	503	304	3,085	590	60,001
<b>Water &amp; Environment</b>	<b>130,912</b>	<b>5,188</b>	<b>1,143</b>	<b>9,449</b>	<b>3,634</b>	<b>150,326</b>
<b>Other</b>	<b>14,681</b>	<b>2</b>	<b>1</b>	<b>10</b>	<b>3</b>	<b>14,697</b>
Revenue recognized from:						
Contracts with customers	288,730	275,086	108,788	150,524	22,996	846,124
Other sources of revenue	1,463	25,275	—	10,636	672	38,046
<b>Total</b>	<b>¥ 290,193</b>	<b>¥ 300,361</b>	<b>¥ 108,788</b>	<b>¥ 161,160</b>	<b>¥ 23,668</b>	<b>¥ 884,170</b>

Revenue recognized from other sources of revenue includes revenue from retail finance and revenue from finance lease using effective interest rate method. The amounts of the above revenue are ¥30,590 million and ¥28,044 million for the six months ended June 30, 2021 and 2020, respectively.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The Company adopted a restricted stock compensation plan (the "Plan") for the Company's Directors. Among the shares given under the Plan, contingently returnable shares are distinguished as participating equity instruments from common shares.

Each common share and participating equity instrument have the same right to profit attributable to owners of the parent.

The numerator and denominator used to calculate basic earnings per share attributable to owners of the parent are presented in the following table:

Six months ended June 30:	2021	2020
		(Unit: millions of yen)
Profit attributable to owners of the parent	¥ 102,950	¥ 59,570
Profit attributable to participating equity instruments	4	2
Profit attributable to common shareholders	¥ 102,946	¥ 59,568
		(thousands of shares)
Weighted-average number of common shares issued	1,207,988	1,218,881
Weighted-average number of participating equity instruments	41	40
Weighted-average number of common shares outstanding	1,207,947	1,218,840

Three months ended June 30:	2021	2020
		(Unit: millions of yen)
Profit attributable to owners of the parent	¥ 50,909	¥ 38,814
Profit attributable to participating equity instruments	3	2
Profit attributable to common shareholders	¥ 50,906	¥ 38,812
		(thousands of shares)
Weighted-average number of common shares issued	1,208,043	1,217,833
Weighted-average number of participating equity instruments	75	76
Weighted-average number of common shares outstanding	1,207,969	1,217,758

Earnings per share attributable to owners of the parent—Diluted is not stated because Kubota Corporation did not have potentially dilutive common shares that were outstanding during the period.

## 10. DIVIDENDS

Dividends paid are as follows:

### Six months ended June 30, 2021

Date of resolution	Class of shares	Dividends (millions of yen)	Dividends per common share (yen)	Record date	Effective date
The Meeting of the Board of Directors on February 15, 2021	Common shares	¥ 22,957	¥ 19.00	December 31, 2020	March 22, 2021

### Six months ended June 30, 2020

Date of resolution	Class of shares	Dividends (millions of yen)	Dividends per common share (yen)	Record date	Effective date
The Meeting of the Board of Directors on February 14, 2020	Common shares	¥ 23,185	¥ 19.00	December 31, 2019	March 23, 2020

## 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are classified into the following three levels by inputs used for measurements:

Level 1 – quoted prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3 – unobservable inputs for the assets or liabilities. These are measured using the entity's own assumptions and inputs that are reasonably available or inputs many market participants use with reasonable confidence

### Financial instruments measured at fair value

The following table presents fair values of financial instruments measured at fair value:

(Unit: millions of yen)

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets measured at fair value through other comprehensive income:				
Equity financial assets	¥ 89,427	¥ —	¥ 7,542	¥ 96,969
Financial assets measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	—	506	—	506
Cross-currency interest rate swap contracts	—	391	—	391
<b>Total</b>	<b>¥ 89,427</b>	<b>¥ 897</b>	<b>¥ 7,542</b>	<b>¥ 97,866</b>
<b>Financial liabilities:</b>				
Financial liabilities measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 1,657	¥ —	¥ 1,657
Interest swap contracts	—	1,246	—	1,246
Cross-currency interest rate swap contracts	—	920	—	920
<b>Total</b>	<b>¥ —</b>	<b>¥ 3,823</b>	<b>¥ —</b>	<b>¥ 3,823</b>

(Unit: millions of yen)

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets measured at fair value through other comprehensive income:				
Equity financial assets	¥ 92,124	¥ —	¥ 5,782	¥ 97,906
Financial assets measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	—	817	—	817
Cross-currency swap contracts	—	115	—	115
<b>Total</b>	<b>¥ 92,124</b>	<b>¥ 932</b>	<b>¥ 5,782</b>	<b>¥ 98,838</b>
<b>Financial liabilities:</b>				
Financial liabilities measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 873	¥ —	¥ 873
Interest swap contracts	—	1,803	—	1,803
Cross-currency interest rate swap contracts	—	2,893	—	2,893
<b>Total</b>	<b>¥ —</b>	<b>¥ 5,569</b>	<b>¥ —</b>	<b>¥ 5,569</b>



Equity financial assets classified in Level 1 are measured at fair value using quoted prices for identical assets in active markets.

Derivatives are classified in Level 2 since they are measured at fair value using observable market inputs obtained from major international financial institutions.

Equity financial assets classified in Level 3 are unlisted equity securities and measured at fair value using methods such as the comparable company comparison method with the earnings before interest and tax ("EBIT") ratio (from 3.7 to 15.7), etc. As the EBIT ratio increases (decreases), the fair values on those equity financial assets increase (decrease).

Transfers between levels are recognized at the end of the reporting periods when such transfers occur. There were no significant transfers of financial instruments between the levels for the six months ended June 30, 2021 and 2020.

The following table presents reconciliation of financial instruments classified in Level 3:

<b>Six months ended June 30:</b>		<b>2021</b>		<b>2020</b>
Balance at the beginning of the period	¥	5,782	¥	2,632
Gains or losses*		1,050		529
Purchases		722		432
Sales		(12)		(103)
Balance at the end of the period	¥	7,542	¥	3,490

(Note)

\* Gains or losses are those related to unlisted equity securities held as of June 30, 2021 and 2020, and included in net change in fair value of financial assets measured at fair value through other comprehensive income in the condensed consolidated statement of comprehensive income.

#### Financial instruments measured at amortized cost

The following table summarizes the carrying amount and fair value of financial instruments measured at amortized cost:

(Unit: millions of yen)

	June 30, 2021		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Finance receivables:				
Retail finance receivables	¥ 981,915	¥ 985,017	¥ 832,540	¥ 840,907
Finance lease receivables	309,488	367,614	292,428	345,581
Long-term trade accounts receivable	73,734	78,234	70,767	75,464
Bonds and borrowings	956,666	959,014	874,436	883,983

The fair value of finance receivables, long-term trade accounts receivable, and bonds and borrowings is stated at the present value of future cash flows discounted by the current market rate. Long-term trade accounts receivable in the above table includes the current portion, which is included in trade receivables in the condensed consolidated statement of financial position.

The carrying amounts of cash and cash equivalents, trade receivables (excluding the current portion of long-term trade accounts receivable), other financial assets (excluding debt financial assets measured at fair value, equity financial assets, and derivatives), trade payables, and other financial liabilities (excluding lease liabilities and derivatives) approximate their fair values due to their short-term maturity.

## 12. COMMITMENTS AND CONTINGENT LIABILITIES

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### Legal Proceedings

From May 2007, the Company has been subject to 48 asbestos-related lawsuits in Japan, which were filed against the Company or defendant parties consisting of the Japanese government and asbestos-related companies, including the Company. By May 2021, with regard to the four lawsuits consolidating 14 cases, the Supreme Court had heard all cases and ruled that the State and a part of asbestos using companies were liable for compensation. On the other hand, all claims against the Company were rejected and confirmed.

Other 34 cases are still ongoing, and the total claims for compensation of all lawsuits aggregate to ¥20,699 million, which relate to 544 construction workers who suffered from asbestos-related diseases. 10 among 34 lawsuits were compiled into four cases, the first instance ordered the Company to pay compensation damages of ¥2 million under judgement for one case, and others decided in favor of the Company. All cases were appealed to the appellate court. Two appellate courts ruled in favor of the Company, but the plaintiffs of all cases appealed to the supreme courts.

The Company reviews the status of each lawsuit on a regular basis by consulting with a third-party legal counsel. However, the Company believes that it is currently unable to predict the ultimate outcome of all lawsuits.

The Company does not have any cost-sharing arrangements with other potentially responsible parties, including the government, for these 48 lawsuits.

### Matters Related to the Health Hazards of Asbestos

The Company's plant in Amagasaki, Hyogo Prefecture, Japan, previously produced asbestos-related products. The Company decided to make voluntary consolation payments to certain residents in June 2005, and established a relief payment program in place as a voluntary consolation payment to the residents in April 2006. With regard to the current and former employees who suffered and are suffering from asbestos-related diseases, the Company provides compensation which is not required by law, but is made in accordance with the Company's internal policies.

In its effort to develop an estimate of future asbestos-related expenditures, the Company has considered all available data, including a time series of historical claims and payments, the rate of incidence of asbestos-related disease, and public information related to asbestos-related disease. However, the health hazards of asbestos tend to have a longer incubation period, and therefore, reliable statistics related to the rate of incidence in asbestos-related disease are not available to the Company. Furthermore, since there have not been any asbestos-related events impacting other companies in Japan for which all claims have been finalized, for estimation of the rate of incidence, the Company believes it is not possible to decide the range of the final possible outcome in the future. For these reasons, the Company believes it is not possible to reliably estimate the amount of its ultimate liability, and the Company does not accrue on this contingency.

The Law for the Relief of Patients Suffering from Asbestos-Related Diseases (the "New Asbestos Law") was established by the Japanese government, and the contributions made by business entities include a special contribution by the companies which operated a business closely related to asbestos, and commenced from the year ended March 31, 2008.

The Company accrues asbestos-related expenses when the Company receives the related claims, which include possible payments to certain residents who lived near the Company's plant and current and former employees, and the special contribution in accordance with the New Asbestos Law. The accrued balances for those expenses are ¥199 million and ¥222 million at June 30, 2021 and December 31, 2020, respectively. The asbestos-related expenses recognized for the three months ended June 30, 2021 and 2020 were ¥411 million and ¥341 million, respectively.

### 13. SUBSEQUENT EVENTS

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Not applicable.

### 14. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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The condensed consolidated financial statements were approved on August 10, 2021 by Yuichi Kitao, President and Representative Director of the Parent Company, and Masato Yoshikawa, Director, Senior Managing Executive Officer, and General Manager of Planning & Control Headquarters of the Parent Company.

## 2. Other

On August 3, 2021, the Board of Directors of the Parent Company resolved and paid dividends as follows:

### 1) Shareholders to Be Paid Dividends

Shareholders of record on June 30, 2021

### 2) Amount of Dividends

¥21.00 per common share, a total of ¥25,376 million

### 3) Effective Date of Claim of Payment and Start Date of Payment

September 1, 2021

COVER

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	August 10, 2021
[Company Name]	Kabushiki Kaisha Kubota
[Company Name in English]	Kubota Corporation
[Title and Name of Representative]	Yuichi Kitao, President and Representative Director
[Title and Name of CFO]	Masato Yoshikawa, Director, Senior Managing Executive Officer, and General Manager of Planning & Control Headquarters
[Address of Head Office]	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN
[Place Where Available for Public Inspection]	Kubota Corporation, Tokyo Head Office (1-3, Kyobashi 2-chome, Chuo-ku, Tokyo, JAPAN)  Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo, JAPAN)

## 1. Matters Related to Adequacy of Statements Contained in the Quarterly Report

Yuichi Kitao, President and Representative Director, and Masato Yoshikawa, Director, Senior Managing Executive Officer, and General Manager of Planning & Control Headquarters, confirmed that statements contained in the Quarterly Report for the second quarter of the 132<sup>nd</sup> business term (from April 1, 2021 to June 30, 2021) were adequate under the Financial Instruments and Exchange Act of Japan.

## 2. Special Notes

Not applicable.