

[Translation]

# Quarterly Report

(The First Quarter of the 134<sup>th</sup> Business Term)  
From January 1, 2023 to March 31, 2023

2-47, Shikitsuhigashi 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)

	Three months ended March 31, 2023	Three months ended March 31, 2022	Year ended December 31, 2022
Revenue	¥ 781,563	¥ 592,792	¥ 2,676,980
Profit before income taxes	105,495	74,837	231,150
Profit attributable to owners of the parent	69,100	50,571	156,472
Comprehensive income attributable to owners of the parent	94,712	123,749	283,262
Equity attributable to owners of the parent	1,943,414	1,770,143	1,874,490
Total assets	4,916,820	4,153,423	4,765,053
Earnings per share attributable to owners of the parent:			
Basic	58.11	42.15	131.06
Diluted	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	39.5	42.6	39.3
Net cash used in operating activities	(105,047)	(84,260)	(7,680)
Net cash used in investing activities	(47,171)	(73,899)	(318,499)
Net cash provided by financing activities	105,777	196,781	282,557
Cash and cash equivalents, at the end of the period	181,097	305,924	225,799

### (Notes)

1. The condensed consolidated financial statements and the consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).
2. As the Company prepares the condensed consolidated financial statements, its nonconsolidated financial data is not presented.
3. Amounts less than presentation units are rounded to the nearest unit.
4. *Earnings per share attributable to owners of the parent—Diluted* is not stated since Kubota Corporation did not have potentially dilutive common shares that were outstanding during the period.
5. Effective from the beginning of current consolidated fiscal year, the Company has adopted IFRS 17 *Insurance Contracts*, and effective from the year ended December 31, 2022, the Company has changed the measurement method of allowance for doubtful accounts for lease receivables. The key financial data for the three months ended March 31, 2022, and the year ended December 31, 2022, have been retrospectively adjusted to reflect these changes in accounting policy.  
In addition, since the provisional accounting for the business combination of Escorts Limited (currently, Escorts Kubota Limited; hereinafter, “EKL”), which the Company acquired on April 11, 2022, has been finalized during the three months ended March 31, 2023, the key financial data for the year ended December 31, 2022, has been retrospectively adjusted.

## 2. Description of Business

In the three months ended March 31, 2023, there were no material changes in the Company’s business nor were there any material changes in associates.

## 2. Business Overview

### 1. Risk Factors

For the three months ended March 31, 2023, there were no major risks for which managements recognize that they may have a significant impact on the consolidated financial position, results of operations, and cash flows (hereafter, “results of operations”) presented 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, 2022.

At the end of the reporting period, the Company estimates that the impact of COVID-19 on the Company’s results of operations is not material. However, the future impact of COVID-19 remains uncertain, and if the situation worsens in the future, the Company’s results of operations may be adversely affected.

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

Effective from the beginning of current consolidated fiscal year, the Company has adopted IFRS 17 *Insurance Contracts*, and effective from the year ended December 31, 2022, the Company has changed the measurement method of allowance for doubtful accounts for lease receivables. In addition, the provisional accounting for the business combination of EKL, which the Company acquired on April 11, 2022, has been finalized during the three months ended March 31, 2023. In the following analysis, consolidated financial position, results of operations, and cash flows for the three months ended March 31, 2023, are compared with the figures for the three months ended March 31, 2022, and the year ended December 31, 2022, that are retrospectively adjusted for these effects.

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

For the three months ended March 31, 2023, revenue of the Company increased by ¥188.8 billion [31.8%] from the same period in the prior year to ¥781.6 billion.

Domestic revenue increased by ¥6.7 billion [4.3%] from the same period in the prior year to ¥163.6 billion because of increased revenue in Farm & Industrial Machinery and Water & Environment.

Overseas revenue also increased by ¥182.1 billion [41.8%] from the same period in the prior year to ¥618.0 billion because of increased revenue in Farm & Industrial Machinery and Water & Environment.

Operating profit increased by ¥36.5 billion [54.6%] from the same period in the prior year to ¥103.2 billion mainly due to sales price increase and favorable impact from foreign exchange rates although there were some negative effects, such as an increase in sales incentive costs caused by a rise in interest rate, a rise in material prices, and an increase in various expenses mainly due to inflation. Profit before income taxes increased by ¥30.7 billion [41.0%] from the same period in the prior year to ¥105.5 billion due to increased operating profit. Income tax expenses were ¥30.3 billion. Share of profits of investments accounted for using the equity method was ¥0.1 billion. Profit for the period increased by ¥19.8 billion [35.7%] from the same period in the prior year to ¥75.3 billion. Profit attributable to owners of the parent increased by ¥18.5 billion [36.6%] from the same period in the prior year to ¥69.1 billion.

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

#### 1) Farm & Industrial Machinery

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

Revenue in this segment increased by 37.2% from the same period in the prior year to ¥685.0 billion and accounted for 87.7% of consolidated revenue.

Domestic revenue increased by 9.3% from the same period in the prior year to ¥79.5 billion mainly due to increased sales of farm equipment and agricultural-related products.

Overseas revenue increased by 41.9% from the same period in the prior year to ¥605.5 billion. In North America, sales increased due to significant progress of replenishment of dealer inventory due to relief of logistics congestion. In addition, sales of construction machinery increased thanks to backorders of home construction and demand for infrastructure construction by the government. In Europe, sales of construction machinery and engines were solid,

supported by construction demand. Sales of tractors also increased thanks to improvement of inventory shortage. With respect to Asia outside Japan, in Thailand, sales of farm equipment for dryland farming were firm. On the other hand, the Company struggled with sales for rice farming due to delay of market recovery. Sales in India increased due to consolidation of EKL since the second quarter of the prior year.

Operating profit in this segment increased by 80.8% from the same period in the prior year to ¥107.8 billion mainly due to some favorable impacts of foreign exchange rates, sales price increase, and sales increase although there were some negative effects from an increase in sales incentive cost caused by a rise in interest rate, a rise in material prices, and an increase in various expenses caused by inflation mainly.

## 2) Water & Environment

Water & Environment is composed of pipe system business (ductile iron pipes, plastic pipes, and other products), industrial products business (reformer and cracking tubes, spiral-welded steel pipes, air-conditioning equipment and other products), and environment business (environmental control plants, pumps, other products and engineering).

Revenue in this segment increased by 3.9% from the same period in the prior year to ¥91.0 billion and accounted for 11.6% of consolidated revenue.

Domestic revenue increased by 0.4% from the same period in the prior year to ¥78.5 billion. Sales of pipe system business increased due to firm sales of plastic pipes for apartment building and non-residential market. Sales of environment business decreased mainly due to decreased sales of pumps while sales of operation & maintenance increased steadily.

Overseas revenue increased by 33.8% from the same period in the prior year to ¥12.5 billion mainly due to firm sales of industrial products business, such as cracking tubes, supported by demand for overseas factory construction.

Operating profit in this segment decreased by 5.5% from the same period in the prior year to ¥9.0 billion due to a rise in various expenses caused by inflation, although sales price increase could compensate negative effects from a rise in material prices.

## 3) Other

Other is mainly composed of a variety of other services.

Revenue in this segment decreased by 6.3% from the same period in the prior year to ¥5.6 billion and accounted for 0.7% of consolidated revenue.

Operating profit in this segment decreased by 39.7% from the same period in the prior year to ¥0.7 billion.

## (2) Analysis of Financial Position

Total assets as of March 31, 2023, were ¥4,916.8 billion, an increase of ¥151.8 billion from the prior fiscal year-end. With respect to assets, trade receivables mainly increased due to increased revenue in North America and Europe.

With respect to liabilities, bonds and borrowings increased due to an increase in working capital mainly along with a change of payment terms with business partners. 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 39.5%, 0.2 percentage points higher than the prior fiscal year-end.

## (3) Analysis of Cash Flows

Net cash used in operating activities during the three months ended March 31, 2023, was ¥105.0 billion, an increase of ¥20.8 billion in net cash outflow compared with the same period in the prior year. This increase was due to an increase in trade receivables and a decrease in trade payables mainly resulting from the change in payment terms with suppliers.

Net cash used in investing activities was ¥47.2 billion, a decrease of ¥26.7 billion in net cash outflow compared with the same period in the prior year. This decrease was mainly due to a decrease in cash outflow related to purchase of investments accounted for using the equity method although payments for acquisition of property, plant, and equipment in cash outflow increased.

Net cash provided by financing activities was ¥105.8 billion, a decrease of ¥91.0 billion in net cash inflow compared with the same period in the prior year, due to a decrease in funding through short-term borrowings and an increase in redemptions of bonds and repayments of long-term borrowings.

As a result of the above and after taking into account the effects of exchange rate changes, cash and cash equivalents as of March 31, 2023, were ¥181.1 billion, a decrease of ¥44.7 billion from the beginning of the current period.

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

There were no material changes with respect to issues to be addressed in the three months ended March 31, 2023, and no additional issues arose during the period.

#### (5) Research and Development

The Company's research and development expenses for the three months ended March 31, 2023, were ¥22.8 billion.

There were no material changes in the Company's research and development activities during the three months ended March 31, 2023.

### 3. Material Contracts

There were no material contracts which were decided or entered into during the three months ended March 31, 2023.

### 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) (March 31, 2023)	Number of shares issued as of filing date (shares) (May 15, 2023)	Stock exchange on which Kubota Corporation is listed	Description
Common shares	1,191,006,846	1,191,006,846	Tokyo Stock Exchange, Inc. (the Prime Market)	The number of shares per one unit of shares is 100 shares.
Total	1,191,006,846	1,191,006,846	—	—

##### (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 : January 1, 2023 To : March 31, 2023	—	1,191,006	¥ —	¥ 84,130	¥ —	¥ 73,117

##### (5) Major Shareholders

Not applicable.



## (6) Information on Voting Rights

Information on voting rights on the shareholders' list as of December 31, 2022, is stated in this subsection since Kubota Corporation could not identify the number of voting rights as of March 31, 2023.

### 1) Issued Shares

(As of December 31, 2022)

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:	8,500	—	—
	(Crossholding shares) Common shares:	718,400	—	—
Shares with full voting rights (others)	Common shares:	1,189,837,800	11,898,378	—
Shares less than one unit	Common shares:	442,146	—	Shares less than one unit (100 shares)
Number of issued shares		1,191,006,846	—	—
Total number of voting rights		—	11,898,378	—

(Note)

The *Shares with full voting rights (others)* includes 1,000 shares (10 voting rights) registered in the name of Japan Securities Depository Center, Incorporated, and 1,492,300 shares (14,923 voting rights) held by the trust in connection with the stock compensation plan.

### 2) Treasury Shares

(As of December 31, 2022)

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	8,500	—	8,500	0.00
(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	—	726,900	—	726,900	0.06

(Note)

Treasury shares do not include shares of Kubota Corporation held by the trust in connection with the stock compensation plan.

## 2. Changes in Directors and Senior Management

There were no changes in Directors and senior management during the period from the filing date of the Annual Securities Report for the year ended December 31, 2022, to March 31, 2023.

(Reference Information)

Kubota Corporation has adopted the Executive Officer System. There were no changes in Executive Officers who do not hold the post of the Director during the period from the filing date of the Annual Securities Report for the year ended December 31, 2022, to March 31, 2023.

## 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	March 31, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents		¥ 181,097	¥ 225,799
Trade receivables		935,204	779,385
Finance receivables		476,440	480,658
Other financial assets	6	72,047	71,516
Contract assets		17,419	28,018
Inventories		647,250	644,471
Income taxes receivable		2,301	2,710
Other current assets		69,363	55,223
Total current assets		2,401,121	2,287,780
<b>Noncurrent assets:</b>			
Investments accounted for using the equity method		46,961	46,492
Finance receivables		1,223,299	1,203,856
Other financial assets	6	172,987	165,438
Property, plant, and equipment		656,405	644,245
Goodwill		138,652	134,597
Intangible assets		185,631	184,291
Deferred tax assets		69,584	75,827
Other noncurrent assets		22,180	22,527
Total noncurrent assets		2,515,699	2,477,273
<b>Total assets</b>		¥ 4,916,820	¥ 4,765,053

(Unit: millions of yen)

	Notes	March 31, 2023	December 31, 2022
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Bonds and borrowings		¥ 733,192	¥ 640,889
Trade payables		348,160	454,780
Other financial liabilities	7	95,986	106,096
Insurance contract liabilities		50,716	50,792
Income taxes payable		37,496	24,646
Provisions		68,078	65,823
Contract liabilities		37,659	33,509
Other current liabilities	8	225,978	207,040
<b>Total current liabilities</b>		<b>1,597,265</b>	<b>1,583,575</b>
<b>Noncurrent liabilities:</b>			
Bonds and borrowings		1,027,491	970,216
Other financial liabilities	7	40,036	41,135
Retirement benefit liabilities		14,531	14,293
Deferred tax liabilities		47,737	46,673
Other noncurrent liabilities	8	7,135	6,673
<b>Total noncurrent liabilities</b>		<b>1,136,930</b>	<b>1,078,990</b>
<b>Total liabilities</b>		<b>2,734,195</b>	<b>2,662,565</b>
<b>Equity:</b>			
Equity attributable to owners of the parent:			
Share capital		84,130	84,130
Share premium		79,629	79,247
Retained earnings		1,572,177	1,529,248
Other components of equity		211,036	185,422
Treasury shares		(3,558)	(3,557)
<b>Total equity attributable to owners of the parent</b>		<b>1,943,414</b>	<b>1,874,490</b>
Noncontrolling interests		239,211	227,998
<b>Total equity</b>		<b>2,182,625</b>	<b>2,102,488</b>
<b>Total liabilities and equity</b>		<b>¥ 4,916,820</b>	<b>¥ 4,765,053</b>

See notes to condensed consolidated financial statements.

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

Three months ended March 31, 2023 and 2022

Condensed Consolidated Statement of Profit or Loss

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

	Notes	2023	%	2022	%
Revenue	9	¥ 781,563	100.0	¥ 592,792	100.0
Cost of sales		(551,394)		(433,333)	
Selling, general, and administrative expenses		(126,798)		(100,634)	
Other income		1,060		8,679	
Other expenses		(1,183)		(725)	
<b>Operating profit</b>		<b>103,248</b>	<b>13.2</b>	<b>66,779</b>	<b>11.3</b>
Finance income		3,293		8,184	
Finance costs		(1,046)		(126)	
<b>Profit before income taxes</b>		<b>105,495</b>	<b>13.5</b>	<b>74,837</b>	<b>12.6</b>
Income tax expenses		(30,290)		(19,870)	
Share of profits of investments accounted for using the equity method		113		521	
<b>Profit for the period</b>		<b>¥ 75,318</b>	<b>9.6</b>	<b>¥ 55,488</b>	<b>9.4</b>
<b>Profit attributable to:</b>					
Owners of the parent		¥ 69,100	8.8	¥ 50,571	8.5
Noncontrolling interests		¥ 6,218	0.8	¥ 4,917	0.9
<b>Earnings per share attributable to owners of the parent:</b>					
Basic	10	¥ 58.11		¥ 42.15	
Diluted		¥ —		¥ —	

Condensed Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Notes	2023	2022
<b>Profit for the period</b>		<b>¥ 75,318</b>	<b>¥ 55,488</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		(4)	430
Net change in fair value of financial assets measured at fair value through other comprehensive income		3,290	6,529
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations		27,245	73,271
Total other comprehensive income, net of income tax		30,531	80,230
<b>Comprehensive income for the period</b>		<b>¥ 105,849</b>	<b>¥ 135,718</b>
<b>Comprehensive income attributable to:</b>			
Owners of the parent		¥ 94,712	¥ 123,749
Noncontrolling interests		¥ 11,137	¥ 11,969

See notes to condensed consolidated financial statements.

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

(Unit: millions of yen)

	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Noncontrolling interests	Total equity	
	Notes	Share capital	Share premium	Retained earnings	Other components of equity				Treasury shares
<b>Balance as of January 1, 2023</b>		¥ 84,130	¥ 79,247	¥ 1,529,248	¥ 185,422	¥ (3,557)	¥ 1,874,490	¥ 227,998	¥ 2,102,488
Profit for the period				69,100			69,100	6,218	75,318
Total other comprehensive income, net of income tax					25,612		25,612	4,919	30,531
<b>Comprehensive income for the period</b>				69,100	25,612		94,712	11,137	105,849
Transfer to retained earnings				(2)	2		—		—
Dividends paid	11			(26,169)			(26,169)	(58)	(26,227)
Purchases and sales of treasury shares						(1)	(1)		(1)
Share-based payment transactions							382		382
Changes in ownership interests in subsidiaries							—	134	134
<b>Balance as of March 31, 2023</b>		¥ 84,130	¥ 79,629	¥ 1,572,177	¥ 211,036	¥ (3,558)	¥ 1,943,414	¥ 239,211	¥ 2,182,625
<b>Balance as of January 1, 2022</b>		¥ 84,130	¥ 84,886	¥ 1,439,631	¥ 69,522	¥ (134)	¥ 1,678,035	¥ 107,074	¥ 1,785,109
Cumulative effect of change in accounting policies				(6,157)	(279)		(6,436)		(6,436)
Profit for the period				50,571			50,571	4,917	55,488
Total other comprehensive income, net of income tax					73,178		73,178	7,052	80,230
<b>Comprehensive income for the period</b>				50,571	73,178		123,749	11,969	135,718
Transfer to retained earnings				18,496	(18,496)		—		—
Dividends paid	11			(25,205)			(25,205)	(50)	(25,255)
Share-based payments with transfer restrictions							25		25
Changes in ownership interests in subsidiaries					(25)		(25)	402	377
<b>Balance as of March 31, 2022</b>		¥ 84,130	¥ 84,886	¥ 1,477,336	¥ 123,925	¥ (134)	¥ 1,770,143	¥ 119,395	¥ 1,889,538

See notes to condensed consolidated financial statements.

## (4) Condensed Consolidated Statement of Cash Flows

(Unit: millions of yen)

Three months ended March 31:	Notes	2023	2022
<b>Cash flows from operating activities:</b>			
Profit for the period		¥ 75,318	¥ 55,488
Depreciation and amortization		25,359	18,620
Loss from disposal of property, plant, and equipment and intangible assets, net		536	458
Finance income and costs		(1,247)	(7,238)
Income tax expenses		30,290	19,870
Share of profits of investments accounted for using the equity method		(113)	(521)
Increase in trade receivables		(147,865)	(90,181)
Decrease (increase) in finance receivables		2,184	(264)
Decrease (increase) in inventories		6,142	(39,212)
Decrease in other assets		342	3,871
Decrease in trade payables		(110,609)	(23,699)
Increase in other liabilities		24,196	7,010
Net changes in retirement benefit assets and liabilities		114	203
Other, net		471	(899)
Interest received		2,503	87
Dividends received		27	48
Interest paid		(524)	(509)
Income taxes paid, net		(12,171)	(27,392)
Net cash used in operating activities		(105,047)	(84,260)
<b>Cash flows from investing activities:</b>			
Payments for acquisition of property, plant, and equipment		(38,075)	(29,110)
Payments for acquisition of intangible assets		(5,231)	(4,808)
Proceeds from sales of property, plant, and equipment		751	958
Purchase of investments accounted for using the equity method		(339)	(28,856)
Payments for loans receivable from associates		(6,650)	(7,300)
Collection of loans receivable from associates		5,098	5,850
Payments for time deposits		(2,114)	(2,289)
Proceeds from withdrawal of time deposits		1,555	5,298
Net decrease (increase) in restricted cash		67	(5,228)
Payments for acquisition of short-term investments		(1,796)	—
Proceeds from sales and redemptions of short-term investments		1,190	703
Other, net		(1,627)	(9,117)
Net cash used in investing activities		(47,171)	(73,899)
<b>Cash flows from financing activities:</b>			
Funding from bonds and long-term borrowings		178,021	164,640
Redemptions of bonds and repayments of long-term borrowings		(145,209)	(96,275)
Net increase in short-term borrowings		104,090	159,837
Repayments for lease liabilities		(4,066)	(4,692)
Dividends paid	11	(26,169)	(25,205)
Other, net		(890)	(1,524)
Net cash provided by financing activities		105,777	196,781
<b>Effect of exchange rate changes on cash and cash equivalents</b>		1,739	8,663
<b>Net (decrease) increase in cash and cash equivalents</b>		(44,702)	47,285
<b>Cash and cash equivalents, at the beginning of the period</b>		225,799	258,639
<b>Cash and cash equivalents, at the end of the period</b>		¥ 181,097	¥ 305,924

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 system-related products, industrial 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 India, and sells its products in Japan, North America, Europe, Asia outside Japan, and other area.

## 2. BASIS OF CONDENSED CONSOLIDATED 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 34 pursuant to the Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (the “Ordinance”), since the Company meets the requirements for a *Specified Company under Designated International Financial Reporting Standards* as prescribed in Article 1-2 of the Ordinance. The condensed consolidated financial statements do not contain all the information and disclosures required for a complete set of financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

### **Basis of Measurement**

The Company’s condensed consolidated financial statements are prepared on a historical cost basis, except for certain financial instruments, etc. that are measured at fair value.

### **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 that affect 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, 2022.

At the end of the reporting period, the Company estimates that the impact of COVID-19 on the Company’s results of operations is not material. However, the future impact of COVID-19 remains uncertain, and if the situation worsens in the future, accounting judgements, estimates, and assumptions of the Company may be affected significantly.

## 3. MATERIAL 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, 2022, except for those described in changes in accounting policy section below.

Income taxes for the condensed consolidated financial statements are calculated based on the estimated annual effective tax rate.



## Changes in Accounting Policy

Effective from the current consolidated fiscal year, the Company has adopted IFRS 17 *Insurance Contracts*.

The Company has retrospectively applied IFRS 17 with a transition date of January 1, 2022. The retrospective application of IFRS 17 is in accordance with the following transitional provisions stipulated in the standard.

- Identify, recognize and measure each group of insurance contracts as if IFRS 17 had always applied
- Identify, recognize and measure any assets for insurance acquisition cash flows as if IFRS 17 had always applied (recoverability assessment before the transition date is not required)
- Derecognize any existing balances that would not exist had IFRS 17 always applied
- Recognize any resulting net difference in equity

In accordance with the application IFRS 17, liabilities related to insurance contracts are presented separately as “Insurance contract liabilities” in the condensed consolidated statement of financial position.

Following is the accounting policy for insurance contracts after the adoption of IFRS 17.

### 1) Classification and Level of Aggregation

Contracts under which the Company assumes significant insurance risks are classified as insurance contracts.

The Company recognizes portfolios consisting of multiple insurance contracts that are exposed to similar risks and are managed together, and aggregates as the group of insurance contracts by dividing each annual cohort into groups based on the profitability of the contracts.

### 2) Recognition

Groups of insurance contracts issued by the Company are recognized from the earliest of the following:

- the beginning of the period for which insurance contract services are provided;
- the date when the first payment from a policyholder in the group becomes due, or if there is no contractual due date, the first payment from the policyholder is received; and
- for a group of onerous contracts, when the group becomes onerous.

### 3) Measurement

The Company, on initial recognition, measures a group of insurance contracts at the total of the fulfillment of cash flows and contractual service margin. The fulfillment cash flows is an explicit, unbiased and probability-weighted estimate of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the Company fulfills insurance contracts, including a risk adjustment for non-financial risk. Estimates of future cash flows include all the future cash flows within the boundary of each group of insurance contracts, and all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows are utilized. In calculating the present value of future cash flows, the discount rates that reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts are used. The contractual service margin is the excess of the consideration charged for a group of insurance contracts over the risk-adjusted expected present value of the cash outflows expected to fulfill the group and the insurance earned cash flows incurred prior to the recognition of the group.

The carrying amount of a group of insurance contracts at the end of the reporting period is measured at the total of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage is comprised of the fulfillment of cash flows for future services allocated to the group and the contractual service margin that are estimated to reflect conditions as of the end of the reporting period. Changes in such liability is recognized in profit or loss as follows: reduction in the liability resulting from the insurance services provided during the reporting period as insurance revenue; and changes in the liability resulting from the effect of the time value of money and the effect of financial risks as insurance finance income or expenses. The liability for incurred claims is comprised of the fulfillment cash flows related to past service allocated to the group at the end of the reporting period. Changes in such liability is recognized in profit or loss as follows: increase in the liability resulting from claims and expenses incurred during the reporting period, and any subsequent changes in fulfillment cash flows relating to incurred claims and expenses as insurance service expenses; changes in the liability resulting from the effect of the time value of money and the effect of financial risks as insurance finance income or expenses.

Cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs are included in the measurement of the group of contracts on initial recognition as insurance acquisition cash flows. Insurance acquisition cash flows are allocated to each reporting period in a systematic way on the basis of the passage of time and the same amount is recognized as insurance service expenses.

In the condensed consolidated statement of profit or loss, insurance revenue, insurance service expenses and insurance finance income or expenses are included in "Revenue," "Cost of sales," and "Finance income" or "Finance costs," respectively.

#### 4) Derecognition

Insurance contract is derecognized when a contract is extinguished or when a contract is modified in a way that would have significantly changed the accounting of a contract. When derecognized, the fulfillment cash flows are adjusted to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognized. The contractual service margin of the group is adjusted for the change in fulfillment cash flows, and the number of coverage units for expected remaining insurance contract services which is the basis of the amount recognized in profit or loss for the reporting period is also adjusted to reflect the derecognition.

#### 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 various products in pipe system business (ductile iron pipes, plastic pipes, and other products), industrial products business (mixing element radian tube, spiral-welded steel pipes, air-conditioning equipment and other products), and environment business (environmental control plants, pumps, 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 determination of resource allocation of the Company and performance evaluation. The segments also represent the Company's organizational structure, which is 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.

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Three months ended March 31:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
<b>2023:</b>					
Revenue:					
External customers	¥ 684,999	¥ 90,957	¥ 5,607	¥ —	¥ 781,563
Intersegment	100	2	8,863	(8,965)	—
Total	685,099	90,959	14,470	(8,965)	781,563
Operating profit	¥ 107,750	¥ 9,017	¥ 718	¥ (14,237)	¥ 103,248
<b>2022:</b>					
Revenue:					
External customers	¥ 499,303	¥ 87,508	¥ 5,981	¥ —	¥ 592,792
Intersegment	36	44	8,081	(8,161)	—
Total	499,339	87,552	14,062	(8,161)	592,792
Operating profit	¥ 59,587	¥ 9,537	¥ 1,190	¥ (3,535)	¥ 66,779

(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. 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.

## 5. BUSINESS COMBINATION

### Three months ended March 31, 2023

(Finalization of a provisional accounting for business combination)

The allocation of acquisition cost of Escorts Limited (currently, Escorts Kubota Limited), which the Company acquired on April 11, 2022, was not completed as of December 31, 2022, and therefore a provisional accounting for business combination was applied. However, the allocation of acquisition cost has been completed during the three months ended March 31, 2023, and the amount of goodwill has been adjusted as follows based on the determined allocation of acquisition cost.

#### Assets Acquired, Liabilities Assumed, Noncontrolling Interests, and Goodwill as of the Acquisition Date

(Unit: millions of yen)

Adjusted accounts	Amount of goodwill adjusted
Goodwill (before adjustments)	¥ 139,000
Inventories	(1,434)
Property, plant, and equipment	(10,037)
Intangible assets	(72,328)
Other noncurrent assets	(1,313)
Deferred tax liabilities	21,422
Noncontrolling interests	35,156
Goodwill (after adjustments)	¥ 110,466

(Notes)

1. Goodwill reflects the future excess earning power expected from the business development and synergies between the Company and EKL.
2. Noncontrolling interests are recognized at the proportion of the fair value of the identifiable assets and liabilities of the acquiree.

In accordance with the finalization of the provisional accounting, the corresponding figures as of December 31, 2022 of the condensed consolidated statement of financial position has been retrospectively adjusted. As a result, property, plant, and equipment, intangible assets, deferred tax liabilities, and noncontrolling interests increased by ¥8,545 million, ¥67,956 million, ¥19,577 million, and ¥33,989 million, respectively, while retained earnings and goodwill decreased by ¥1,843 million and ¥27,842 million, respectively, compared with those before retrospective adjustments.

There is no impact on the condensed consolidated statement of profit or loss and condensed consolidated statement of comprehensive income for the corresponding period.

### Three months ended March 31, 2022

No material matters.

## 6. OTHER FINANCIAL ASSETS

Other financial assets are composed of the following:

(Unit: millions of yen)

	March 31, 2023	December 31, 2022
Financial assets measured at amortized cost:		
Long-term trade accounts receivable	¥ 36,898	¥ 36,555
Time deposits	17,441	16,745
Restricted cash (Note)	6,550	5,878
Debt financial assets	45,656	44,132
Others	25,270	18,582
Financial assets measured at fair value through other comprehensive income:		
Equity financial assets	73,281	68,595
Financial assets measured at fair value through profit or loss:		
Debt financial assets	37,582	35,515
Derivatives	2,356	10,952
Total	¥ 245,034	¥ 236,954
Current assets	72,047	71,516
Noncurrent assets	172,987	165,438

(Note)

*Restricted cash* are deposits pledged as collateral, which are restricted from their withdrawal, and advances received for public work, which are restricted from their usage.

## 7. OTHER FINANCIAL LIABILITIES

Other financial liabilities are composed of the following:

(Unit: millions of yen)

	March 31, 2023	December 31, 2022
Financial liabilities measured at amortized cost:		
Lease liabilities	¥ 51,274	¥ 52,376
Notes and accounts payable for capital expenditures	30,206	43,054
Deposits received	26,786	27,617
Others	22,429	21,194
Financial liabilities measured at fair value through profit or loss:		
Derivatives	5,327	2,990
Total	¥ 136,022	¥ 147,231
Current liabilities	95,986	106,096
Noncurrent liabilities	40,036	41,135

## 8. OTHER LIABILITIES

Other liabilities are composed of the following:

(Unit: millions of yen)

	March 31, 2023	December 31, 2022
Employment benefit obligation	¥ 62,401	¥ 55,925
Accrued expenses	56,349	53,012
Refund liabilities	82,412	67,975
Others	31,951	36,801
Total	¥ 233,113	¥ 213,713
Current liabilities	225,978	207,040
Noncurrent liabilities	7,135	6,673

## 9. REVENUE

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

Effective from the current consolidated fiscal year, in conformity with the change in the business reporting structure of the Company, the former "Materials and urban infrastructure-related products" is renamed to "Industrial products."

(Unit: millions of yen)

Three months ended March 31, 2023	Japan	North America	Europe	Asia outside Japan	Other area	Total
Farm equipment and engines	¥ 69,562	¥ 202,901	¥ 72,062	¥ 134,405	¥ 18,080	¥ 497,010
Construction machinery	9,291	92,741	36,560	11,997	5,062	155,651
<b>Farm &amp; Industrial Machinery</b>	<b>78,853</b>	<b>295,642</b>	<b>108,622</b>	<b>146,402</b>	<b>23,142</b>	<b>652,661</b>
Pipe system	30,351	154	—	825	34	31,364
Industrial products	9,196	3,208	278	2,374	3,331	18,387
Environment	38,934	56	145	1,320	751	41,206
<b>Water &amp; Environment</b>	<b>78,481</b>	<b>3,418</b>	<b>423</b>	<b>4,519</b>	<b>4,116</b>	<b>90,957</b>
<b>Other</b>	<b>5,581</b>	<b>5</b>	<b>7</b>	<b>14</b>	<b>—</b>	<b>5,607</b>
Revenue recognized from:						
Contracts with customers	162,915	299,065	109,052	150,935	27,258	749,225
Other sources of revenue	678	22,871	—	8,308	481	32,338
<b>Total</b>	<b>¥ 163,593</b>	<b>¥ 321,936</b>	<b>¥ 109,052</b>	<b>¥ 159,243</b>	<b>¥ 27,739</b>	<b>¥ 781,563</b>

(Unit: millions of yen)

Three months ended March 31, 2022	Japan	North America	Europe	Asia outside Japan	Other area	Total
Farm equipment and engines	¥ 62,962	¥ 143,673	¥ 47,954	¥ 104,338	¥ 14,650	¥ 373,577
Construction machinery	9,110	55,528	28,519	5,271	3,936	102,364
<b>Farm &amp; Industrial Machinery</b>	<b>72,072</b>	<b>199,201</b>	<b>76,473</b>	<b>109,609</b>	<b>18,586</b>	<b>475,941</b>
Pipe system	28,435	77	—	630	8	29,150
Industrial products	8,896	1,707	384	1,484	1,825	14,296
Environment	40,850	206	316	1,262	1,428	44,062
<b>Water &amp; Environment</b>	<b>78,181</b>	<b>1,990</b>	<b>700</b>	<b>3,376</b>	<b>3,261</b>	<b>87,508</b>
<b>Other</b>	<b>5,968</b>	<b>4</b>	<b>2</b>	<b>7</b>	<b>—</b>	<b>5,981</b>
Revenue recognized from:						
Contracts with customers	156,221	201,195	77,175	112,992	21,847	569,430
Other sources of revenue	671	15,405	—	6,965	321	23,362
<b>Total</b>	<b>¥ 156,892</b>	<b>¥ 216,600</b>	<b>¥ 77,175</b>	<b>¥ 119,957</b>	<b>¥ 22,168</b>	<b>¥ 592,792</b>

Revenue recognized from other sources of revenue includes interest income from retail finance and finance lease calculated using effective interest rate method. The amounts of the above revenue are ¥23,293 million and ¥16,505 million for the three months ended March 31, 2023 and 2022, respectively.

## 10. EARNINGS PER SHARE 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.

Among the shares granted under the restricted stock compensation plan for the Company's Directors and Executive Officers, contingently returnable shares are distinguished as participating equity instruments from common shares. Common shares and participating equity instruments have the same right to profit attributable to owners of the parent.

Shares of the Parent Company held by the trust in connection with the stock compensation plan have been deducted, as treasury shares, from *weighted-average number of common shares issued*.

Three months ended March 31:	2023	2022
		(Unit: millions of yen)
Profit attributable to owners of the parent	¥ 69,100	¥ 50,571
Profit attributable to participating equity instruments	—	—
Profit attributable to common shareholders	¥ 69,100	¥ 50,571
		(Unit: thousands of shares)
Weighted-average number of common shares issued	1,189,169	1,199,907
Weighted-average number of participating equity instruments	—	3
Weighted-average number of common shares outstanding	1,189,169	1,199,904

*Earnings per share attributable to owners of the parent—Diluted* is not stated since the Parent Company did not have potentially dilutive common shares that were outstanding during the period.

## 11. DIVIDENDS

Dividends paid are as follows:

### Three months ended March 31, 2023

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, 2023	Common shares	¥ 26,202	¥ 22.00	December 31, 2022	March 27, 2023

The total amount of dividends includes dividends of ¥33 million for shares of the Parent Company held by the trust in connection with the stock compensation plan.

### Three months ended March 31, 2022

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, 2022	Common shares	¥ 25,205	¥ 21.00	December 31, 2021	March 22, 2022

## 12. 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)

	March 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets measured at fair value through other comprehensive income:				
Equity financial assets	¥ 69,808	¥ —	¥ 3,473	¥ 73,281
Financial assets measured at fair value through profit or loss:				
Debt financial assets	29,437	—	8,145	37,582
Derivatives:				
Foreign exchange contracts	—	510	—	510
Interest swap contracts	—	100	—	100
Cross-currency interest rate swap contracts	—	1,746	—	1,746
<b>Total</b>	<b>¥ 99,245</b>	<b>¥ 2,356</b>	<b>¥ 11,618</b>	<b>¥ 113,219</b>
<b>Financial liabilities:</b>				
Financial liabilities measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 2,814	¥ —	¥ 2,814
Interest swap contracts	—	72	—	72
Cross-currency interest rate swap contracts	—	2,441	—	2,441
<b>Total</b>	<b>¥ —</b>	<b>¥ 5,327</b>	<b>¥ —</b>	<b>¥ 5,327</b>

(Unit: millions of yen)

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets measured at fair value through other comprehensive income:				
Equity financial assets	¥ 65,593	¥ —	¥ 3,002	¥ 68,595
Financial assets measured at fair value through profit or loss:				
Debt financial assets	27,855	—	7,660	35,515
Derivatives:				
Foreign exchange contracts	—	9,022	—	9,022
Interest swap contracts	—	92	—	92
Cross-currency swap contracts	—	1,838	—	1,838
<b>Total</b>	<b>¥ 93,448</b>	<b>¥ 10,952</b>	<b>¥ 10,662</b>	<b>¥ 115,062</b>
<b>Financial liabilities:</b>				
Financial liabilities measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 736	¥ —	¥ 736
Interest swap contracts	—	108	—	108
Cross-currency interest rate swap contracts	—	2,146	—	2,146
<b>Total</b>	<b>¥ —</b>	<b>¥ 2,990</b>	<b>¥ —</b>	<b>¥ 2,990</b>



Debt financial assets and equity financial assets classified as Level 1 are measured at fair value using quoted prices for identical assets in active markets.

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

Equity financial assets and debt financial assets classified as Level 3 are unlisted equity securities, which are measured by the comparable company comparison method, using the earnings before interest and tax (EBIT) ratio (from 1.7 to 15.6) as a multiple, and by other method. 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 period. There were no significant transfers of financial instruments between the levels for the three months ended March 31, 2023 and the year ended December 31, 2022.

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

(Unit: millions of yen)

<b>Three months ended March 31:</b>	<b>2023</b>		<b>2022</b>	
Balance at the beginning of the period	¥	10,662	¥	10,018
Gains or losses				
Profit or loss (Note 1)		43		324
Other comprehensive income (Note 2)		471		(84)
Purchases		442		116
Sales		—		(19)
Balance at the end of the period	¥	11,618	¥	10,355

(Notes)

- Gains or losses are recognized as *finance income* or *finance costs* in the condensed consolidated statement of profit or loss. Of the gains or losses recognized in profit or loss, the amounts related to financial instruments held at March 31, 2023 and 2022, were ¥43 million and ¥324 million, respectively.
- Gains or losses are recognized as *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)

	<b>March 31, 2023</b>		<b>December 31, 2022</b>	
	Carrying amount	Fair value	Carrying amount	Fair value
Finance receivables:				
Retail finance receivables	¥ 1,302,402	¥ 1,218,156	¥ 1,290,077	¥ 1,198,251
Finance lease receivables	397,337	445,802	394,437	449,136
Long-term trade accounts receivable	62,867	66,787	65,608	69,441
Debt financial assets	45,656	44,533	44,132	42,892
Written put option liabilities over noncontrolling interests	3,353	3,353	3,238	3,238
Bonds and borrowings	1,760,683	1,722,847	1,611,105	1,556,033

The fair value of finance receivables, long-term trade accounts receivable, and bonds and borrowings are stated at the present value of future cash flows discounted by the current market interest rate and classified as Level 2. Long-term trade accounts receivables above include the current portion included in trade receivables in the condensed consolidated statement of financial position.

The fair value of debt financial assets is measured using quoted prices for identical assets in active markets and classified as Level 1.

The fair value of written put option liabilities over noncontrolling interests is the present value of estimated future cash flows discounted using a discount rate that takes into account inherent risks and classified as Level 3.

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, derivatives and written put option liabilities over noncontrolling interests) approximate their fair values due to their short-term maturity.

### 13. COMMITMENTS AND CONTINGENT LIABILITIES

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#### **Commitments**

Commitments for acquisition of property, plant, and equipment were ¥92,089 million and ¥74,003 million at March 31, 2023, and December 31, 2022, respectively.

#### **Legal Proceedings**

Since May 2007, the Company has been subject to 61 asbestos-related lawsuits in Japan, which were filed against the Company or defendant parties consisting of Japanese government and asbestos-related companies, including the Company.

Of these asbestos-related lawsuits, 18 were aggregated into six lawsuits and the Supreme Court has concluded proceedings and ruled that the government and a part of asbestos-related companies were liable for compensation while all claims against the Company were rejected.

Other 43 asbestos-related lawsuits are still ongoing, and the total claims for compensation related to 662 construction workers who suffered from asbestos-related diseases aggregate to ¥23,070 million. Of these ongoing lawsuits, four first instance judgments were rendered for eleven lawsuits. The first instance ordered the Company to pay compensation damages of ¥2 million under judgment for one lawsuit, and the other three lawsuits were decided in favor of the Company. Of these four lawsuits, three are being heard on the second instance. The court in the second instance rendered a judgment to support the opinion of the first instance for one of the two lawsuits that were decided in favor of the Company. This lawsuit has been appealed to a higher court.

The Company continues to review the status of lawsuits, including consultation with a third-party legal counsel regarding the progress of lawsuits and the likely final outcome. However, the Company believes that it is currently unable to predict the ultimate outcome of lawsuits.

The Company does not have any cost-sharing arrangements with other potentially responsible parties, including Japanese government.

#### **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 in June 2005 and established a relief payment program in April 2006 as a voluntary consolation payment to patients of asbestos-related diseases near the plant. 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 an effort to estimate future asbestos-related expenditures, the Company has considered all available data, including a time series data of historical claims and payments, the incidence rate of asbestos-related disease, and other public information related to asbestos-related disease. However, since the health hazards of asbestos tend to have a longer incubation period, reliable statistics to estimate the incidence rate of asbestos-related disease are not available to the Company. Furthermore, there are no cases where final conclusions are made to the cause and the incidence rate of asbestos-related health hazard at other asbestos-related companies. Hence, the Company believes there is no information to determine 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 in March 2006. The purpose of this law is to provide prompt relief to persons who sustain asbestos-related diseases but are not relieved by compensation for accidents under workmen's compensation insurance. Contributions under this law are made by the Japanese government, local authorities and business entities. Contributions by business entities commenced from the year ended March 31, 2008, and these include special contributions by business entities which operated a business closely to asbestos.

The Company accrues asbestos-related expenses when the Company receives claims on voluntary consolation payment, relief payment, compensation for current and former employees, and the special contribution in accordance with the New Asbestos Law. The accrued balances for asbestos-related expenses are ¥227 million and ¥138 million at March 31, 2023, and December 31, 2022, respectively. The asbestos-related expenses recognized for the three months ended March 31, 2023 and 2022, were ¥257 million and ¥179 million, respectively.

#### 14. SUBSEQUENT EVENTS

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##### **Issuance of Bonds**

Pursuant to the resolution of the Board of Directors of the Parent Company on February 14, 2023, the following bonds were issued in Japan.

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Name	Issue Date	Issue Amount (millions of yen)	Coupon rate (%)	Maturity date
16 <sup>th</sup> Unsecured Bonds	April 20, 2023	¥ 70,000	0.479	April 20, 2028
17 <sup>th</sup> Unsecured Bonds	April 20, 2023	¥ 50,000	0.950	April 20, 2033

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##### **Acquisition of Treasury Shares**

On April 19, 2023, the Board of Directors of the Parent Company resolved, in accordance with the provisions of Articles of Incorporation under Article 165, paragraph 2 of the Companies Act of Japan, to acquire up to 13.0 million outstanding common shares of the Parent Company from the market during the period from April 20, 2023, to December 18, 2023, at an acquisition cost not exceeding ¥20,000 million.

#### 15. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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The condensed consolidated financial statements were approved on May 15, 2023, by Yuichi Kitao, President and Representative Director of the Parent Company, and Masato Yoshikawa, Representative Director and Executive Vice President, General Manager of Planning and Control Headquarters of the Parent Company.

## 2. Other

On February 14, 2023, the Board of Directors of the Parent Company resolved the year-end dividend and paid as follows:

1) Dividend Record Date

December 31, 2022

2) Amount of Dividends

¥22.00 per common share, a total of ¥26,202 million

The total amount includes dividends of ¥33 million for shares of Kubota Corporation held by the trust in connection with the stock compensation plan.

3) Effective Date of Claim of Payment and Commencement of Payment

March 27, 2023

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]	May 15, 2023
[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, Representative Director and Executive Vice President, General Manager of Planning and 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, Representative Director and Executive Vice President, General Manager of Planning and Control Headquarters, confirmed that statements contained in the Quarterly Report for the first quarter of the 134<sup>th</sup> business term (from January 1, 2023 to March 31, 2023) were adequate under the Financial Instruments and Exchange Act of Japan.

## 2. Special Notes

Not applicable.