

[Translation]

# Quarterly Report

(The Third Quarter of the 134<sup>th</sup> Business Term)  
From July 1, 2023 to September 30, 2023

2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN  
Kubota Corporation

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**Confirmation Letter**

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[Document Filed]	Quarterly Report (“Shihanki Hokokusho”)
[Applicable Law]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	November 10, 2023
[Fiscal Year]	The Third Quarter of the 134 <sup>th</sup> Business Term (from July 1, 2023 to September 30, 2023)
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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)

	Nine months ended September 30, 2023		Nine months ended September 30, 2022		Year ended December 31, 2022	
Revenue	¥	2,258,231 [738,191]	¥	1,952,571 [693,225]	¥	2,676,980
Profit before income taxes		268,372		194,238		231,150
Profit attributable to owners of the parent		182,366 [53,543]		133,689 [42,156]		156,472
Comprehensive income attributable to owners of the parent		370,988		368,980		283,262
Equity attributable to owners of the parent		2,184,685		1,963,289		1,874,490
Total assets		5,438,177		4,820,161		4,765,053
Earnings per share attributable to owners of the parent:						
Basic		154.02 [45.42]		111.83 [35.45]		131.06
Diluted		—		—		—
Ratio of equity attributable to owners of the parent to total assets (%)		40.2		40.7		39.3
Net cash used in operating activities		(59,867)		(70,632)		(7,680)
Net cash used in investing activities		(135,813)		(268,121)		(318,499)
Net cash provided by financing activities		178,347		233,150		282,557
Cash and cash equivalents, at the end of the period		220,514		170,793		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. In addition, 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 three months and nine months ended September 30, 2022, and the year ended December 31, 2022, have been retrospectively adjusted for these effects.

## 2. Description of Business

There were no material changes in the Company's business nor were there any material changes in associates during the nine months ended September 30, 2023.

## 2. Business Overview

### 1. Risk Factors

For the nine months ended September 30, 2023, there were no major risks that the management recognizes as having the potential to materially affect the consolidated financial position, results of operations, and cash flows (hereinafter, “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.

### 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 nine months ended September 30, 2023, are compared with the figures for the nine months ended September 30, 2022, and the year ended December 31, 2022, that are retrospectively adjusted for these effects.

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

For the nine months ended September 30, 2023, revenue of the Company increased by ¥305.7 billion [15.7%] from the same period in the prior year to ¥2,258.2 billion.

Domestic revenue increased by ¥30.9 billion [7.0%] from the same period in the prior year to ¥472.5 billion because of increased revenue in Farm & Industrial Machinery and Water & Environment.

Overseas revenue also increased by ¥274.8 billion [18.2%] from the same period in the prior year to ¥1,785.7 billion because of increased revenue in Farm & Industrial Machinery and Water & Environment.

Operating profit increased by ¥78.9 billion [43.8%] from the same period in the prior year to ¥258.9 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 cost caused by an interest rate hike, a rise in material prices, and an increase in various expenses mainly due to inflation. Profit before income taxes increased by ¥74.1 billion [38.2%] from the same period in the prior year to ¥268.4 billion due to increased operating profit. Income tax expenses were ¥70.4 billion. Share of profits of investments accounted for using the equity method was ¥1.6 billion. Profit for the period increased by ¥51.7 billion [35.0%] from the same period in the prior year to ¥199.5 billion. Profit attributable to owners of the parent increased by ¥48.7 billion [36.4%] from the same period in the prior year to ¥182.4 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 16.7% from the same period in the prior year to ¥1,991.4 billion and accounted for 88.2% of consolidated revenue.

Domestic revenue increased by 5.4% from the same period in the prior year to ¥242.1 billion mainly due to increased sales of farm equipment and construction machinery.

Overseas revenue increased by 18.4% from the same period in the prior year to ¥1,749.3 billion. In North America, sales of construction machinery increased thanks to firm demand for housing construction and infrastructure development by the government, and sales of mowers (in tractors) increased due to improvement of inventory shortage in the Company. In Europe, sales of construction machinery was solid, supported by public construction demand. Sales of tractors also increased thanks to improvement of inventory shortage in the Company. With respect to Asia except Japan, in Thailand, purchase postponement caused by unfavorable weather such as drought continued. Sales in India increased due to consolidation of EKL since the second quarter of the prior year and firm sales for dryland farming.

Operating profit in this segment increased by 53.1% from the same period in the prior year to ¥280.0 billion mainly

due to some favorable impacts of sales price increase, and foreign exchange rates, although there were some negative effects from an increase in sales incentive cost caused by an interest rate hike, 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, and other products).

Revenue in this segment increased by 9.9% from the same period in the prior year to ¥251.5 billion and accounted for 11.1% of consolidated revenue.

Domestic revenue increased by 10.5% from the same period in the prior year to ¥215.2 billion due to sales of pipe system business were firm and sales of environment business increased.

Overseas revenue increased by 6.7% from the same period in the prior year to ¥36.4 billion mainly due to firm sales of industrial products business, such as cracking tubes, supported by demand for overseas plant constructions.

Operating profit in this segment increased by 51.7% from the same period in the prior year to ¥16.2 billion due to the compensation of negative effect from a rise in material prices by sales price increase.

## 3) Other

Other is mainly composed of a variety of other services.

Revenue in this segment decreased by 11.9% from the same period in the prior year to ¥15.3 billion and accounted for 0.7% of consolidated revenue.

Operating profit in this segment decreased by 55.3% from the same period in the prior year to ¥1.3 billion.

## (2) Analysis of Financial Position

Total assets as of September 30, 2023, were ¥5,438.2 billion, an increase of ¥673.1 billion from the prior fiscal year-end. With respect to assets, trade receivables and finance receivables increased mainly due to increased revenue in North America.

With respect to liabilities, bonds and borrowings increased due to an increase in working capital mainly along with the change in payment terms with business partners in Japan. 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 40.2%, 0.9 percentage points higher than the prior fiscal year-end.

## (3) Analysis of Cash Flows

Net cash used in operating activities during the nine months ended September 30, 2023, was ¥59.9 billion, a decrease of ¥10.8 billion in net cash outflow compared with the same period in the prior year. This decrease of expenditure was due to a shrink of inventory increase and an increase profit for the period, although decrease in trade payables mainly resulting from the change in payment terms with business partners in Japan.

Net cash used in investing activities was ¥135.8 billion, a decrease of ¥132.3 billion in net cash outflow compared with the same period in the prior year. This decrease resulted from the acquisition of shares of a subsidiary in the same period of the prior year mainly.

Net cash provided by financing activities was ¥178.3 billion, a decrease of ¥54.8 billion in net cash inflow compared with the same period in the prior year, due to an increase in repayments of short-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 September 30, 2023, were ¥220.5 billion, a decrease of ¥5.3 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 nine months ended September 30, 2023, and no additional issues arose during the period.

#### (5) Research and Development

The Company's research and development expenses for the nine months ended September 30, 2023, were ¥71.0 billion.

There were no material changes in the Company's research and development activities during the nine months ended September 30, 2023.

### 3. Material Contracts

There were no material contracts which were decided or entered into during the nine months ended September 30, 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) (September 30, 2023)	Number of shares issued as of filing date (shares) (November 10, 2023)	Stock exchange on which Kubota Corporation is listed	Description
Common shares	1,181,076,846	1,181,076,846	Tokyo Stock Exchange, Inc. (the Prime Market)	The number of shares per one unit of shares is 100 shares.
Total	1,181,076,846	1,181,076,846	—	—

##### (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)
July 31, 2023	(9,930)	1,181,076	¥ —	¥ 84,130	¥ —	¥ 73,117

(Note)

The decrease in the total number of issued shares is due to the retirement of treasury shares.

##### (5) Major Shareholders

Not applicable.



## (6) Information on Voting Rights

Information on voting rights on the shareholders' list as of June 30, 2023, is stated in this subsection since Kubota Corporation could not identify the number of voting rights as of September 30, 2023.

### 1) Issued Shares

(As of June 30, 2023)

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:	9,940,600	—	—
	(Crossholding shares) Common shares:	718,400	—	—
Shares with full voting rights (others)	Common shares:	1,179,839,000	11,798,390	—
Shares less than one unit	Common shares:	508,846	—	Shares less than one unit (100 shares)
Number of issued shares		1,191,006,846	—	—
Total number of voting rights		—	11,798,390	—

(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 1,324,300 shares (13,243 voting rights) held by the trust in connection with the stock compensation plan.

### 2) Treasury Shares

(As of June 30, 2023)

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 shares) Kubota Corporation	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN	9,940,600	—	9,940,600	0.83
(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	—	10,659,000	—	10,659,000	0.89

(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 September 30, 2023.

(Reference Information)

Kubota Corporation has adopted the Executive Officer System. 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 September 30, 2023, are as follows:

New company and position and responsibility		Former company and position and responsibility		Name	Date of change
Senior Executive Officer of Kubota Corporation	General Manager of Environmental Solutions Division, General Manager of Water Circulation Business Unit	Senior Executive Officer of Kubota Corporation	General Manager of Environmental Solutions Division, General Manager of Environmental Engineering Business Unit	Shinichi Fukuhara	April 1, 2023
Executive Officer of Kubota Corporation	General Manager of Production Control Headquarters, Deputy General Manager of Global ICT Headquarters	Executive Officer of Kubota Corporation	General Manager of Production Control Headquarters	Hiroyuki Tanihara	June 1, 2023
Senior Executive Officer of Kubota Corporation	General Manager of Quality Assurance Headquarters, General Manager of Quality Assurance Promotion Department	Senior Executive Officer of Kubota Corporation	General Manager of Quality Assurance Headquarters	Koichiro Kan	September 1, 2023
Executive Officer of Kubota Corporation	Deputy General Manager of Farm Machinery Japan Operation Headquarters, General Manager of Farm Machinery Japan Planning and Control Department	Executive Officer of Kubota Corporation	Deputy General Manager of Farm Machinery Japan Operation Headquarters, General Manager of Farm Machinery Japan Operation, Sales Promotion and Marketing Department, General Manager of Farm Machinery Japan Planning and Control Department	Shinya Tsuruda	September 1, 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	September 30, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents		¥ 220,514	¥ 225,799
Trade receivables		976,792	779,385
Finance receivables		569,793	480,658
Other financial assets	6	79,160	71,516
Contract assets		29,845	28,018
Inventories		701,857	644,471
Income taxes receivable		15,604	2,710
Other current assets		61,252	55,223
Total current assets		2,654,817	2,287,780
<b>Noncurrent assets:</b>			
Investments accounted for using the equity method		46,523	46,492
Finance receivables		1,383,520	1,203,856
Other financial assets	6	200,144	165,438
Property, plant, and equipment	7	699,037	644,245
Goodwill		152,382	134,597
Intangible assets		194,265	184,291
Deferred tax assets		82,983	75,827
Other noncurrent assets		24,506	22,527
Total noncurrent assets		2,783,360	2,477,273
<b>Total assets</b>		¥ 5,438,177	¥ 4,765,053

(Unit: millions of yen)

	Notes	September 30, 2023	December 31, 2022
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Bonds and borrowings		¥ 627,929	¥ 640,889
Trade payables		326,732	454,780
Other financial liabilities	8	86,964	106,096
Insurance contract liabilities		54,186	50,792
Income taxes payable		23,813	24,646
Provisions		72,742	65,823
Contract liabilities		38,546	33,509
Other current liabilities	9	246,508	207,040
<b>Total current liabilities</b>		<b>1,477,420</b>	<b>1,583,575</b>
<b>Noncurrent liabilities:</b>			
Bonds and borrowings	10	1,422,528	970,216
Other financial liabilities	8	34,710	41,135
Retirement benefit liabilities		15,701	14,293
Deferred tax liabilities		55,846	46,673
Other noncurrent liabilities	9	7,490	6,673
<b>Total noncurrent liabilities</b>		<b>1,536,275</b>	<b>1,078,990</b>
<b>Total liabilities</b>		<b>3,013,695</b>	<b>2,662,565</b>
<b>Equity:</b>			
Equity attributable to owners of the parent:			
Share capital		84,130	84,130
Share premium		97,574	79,247
Retained earnings		1,637,234	1,529,248
Other components of equity		373,727	185,422
Treasury shares		(7,980)	(3,557)
<b>Total equity attributable to owners of the parent</b>		<b>2,184,685</b>	<b>1,874,490</b>
Noncontrolling interests		239,797	227,998
<b>Total equity</b>		<b>2,424,482</b>	<b>2,102,488</b>
<b>Total liabilities and equity</b>		<b>¥ 5,438,177</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

Nine months ended September 30, 2023 and 2022

Condensed Consolidated Statement of Profit or Loss

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

	Notes	2023	%	2022	%
Revenue	11	¥ 2,258,231	100.0	¥ 1,952,571	100.0
Cost of sales		(1,608,363)		(1,456,179)	
Selling, general, and administrative expenses		(397,380)		(336,255)	
Other income		17,213		23,687	
Other expenses		(10,844)		(3,817)	
<b>Operating profit</b>		<b>258,857</b>	<b>11.5</b>	<b>180,007</b>	<b>9.2</b>
Finance income		13,341		15,708	
Finance costs		(3,826)		(1,477)	
<b>Profit before income taxes</b>		<b>268,372</b>	<b>11.9</b>	<b>194,238</b>	<b>9.9</b>
Income tax expenses		(70,444)		(47,955)	
Share of profits of investments accounted for using the equity method		1,568		1,530	
<b>Profit for the period</b>		<b>¥ 199,496</b>	<b>8.8</b>	<b>¥ 147,813</b>	<b>7.6</b>
<b>Profit attributable to:</b>					
Owners of the parent		¥ 182,366	8.1	¥ 133,689	6.8
Noncontrolling interests		¥ 17,130	0.7	¥ 14,124	0.8
<b>Earnings per share attributable to owners of the parent:</b>					
Basic	12	¥ 154.02		¥ 111.83	
Diluted		¥ —		¥ —	

Condensed Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Notes	2023	2022
<b>Profit for the period</b>		<b>¥ 199,496</b>	<b>¥ 147,813</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		115	529
Net change in fair value of financial assets measured at fair value through other comprehensive income		12,687	3,695
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations		197,808	250,318
<b>Total other comprehensive income, net of income tax</b>		<b>210,610</b>	<b>254,542</b>
<b>Comprehensive income for the period</b>		<b>¥ 410,106</b>	<b>¥ 402,355</b>
<b>Comprehensive income attributable to:</b>			
Owners of the parent		¥ 370,988	¥ 368,980
Noncontrolling interests		¥ 39,118	¥ 33,375

See notes to condensed consolidated financial statements.

**Three months ended September 30, 2023 and 2022**  
Condensed Consolidated Statement of Profit or Loss

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

	Notes	2023		2022	
			%		%
Revenue		¥ 738,191	100.0	¥ 693,225	100.0
Cost of sales		(527,018)		(515,511)	
Selling, general, and administrative expenses		(136,855)		(116,974)	
Other income		5,527		2,883	
Other expenses		(5,562)		(2,376)	
<b>Operating profit</b>		<b>74,283</b>	<b>10.1</b>	<b>61,247</b>	<b>8.8</b>
Finance income		4,550		3,227	
Finance costs		(2,302)		(705)	
<b>Profit before income taxes</b>		<b>76,531</b>	<b>10.4</b>	<b>63,769</b>	<b>9.2</b>
Income tax expenses		(17,737)		(17,522)	
Share of profits of investments accounted for using the equity method		632		295	
<b>Profit for the period</b>		<b>¥ 59,426</b>	<b>8.1</b>	<b>¥ 46,542</b>	<b>6.7</b>
<b>Profit attributable to:</b>					
Owners of the parent		¥ 53,543	7.3	¥ 42,156	6.1
Noncontrolling interests		¥ 5,883	0.8	¥ 4,386	0.6
<b>Earnings per share attributable to owners of the parent:</b>					
Basic	12	¥ 45.42		¥ 35.45	
Diluted		¥ —		¥ —	

Condensed Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Notes	2023		2022	
<b>Profit for the period</b>		¥ 59,426		¥ 46,542	
<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		(19)		(25)	
Net change in fair value of financial assets measured at fair value through other comprehensive income		2,541		(1,707)	
Items that may be reclassified subsequently to profit or loss:					
Exchange rate differences on translating foreign operations		40,068		50,978	
<b>Total other comprehensive income, net of income tax</b>		<b>42,590</b>		<b>49,246</b>	
<b>Comprehensive income for the period</b>		<b>¥ 102,016</b>		<b>¥ 95,788</b>	
<b>Comprehensive income attributable to:</b>					
Owners of the parent		¥ 90,620		¥ 89,143	
Noncontrolling interests		¥ 11,396		¥ 6,645	

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				182,366			182,366	17,130	199,496
Total other comprehensive income, net of income tax					188,622		188,622	21,988	210,610
<b>Comprehensive income for the period</b>				182,366	188,622		370,988	39,118	410,106
Transfer to retained earnings				102	(102)		—		—
Dividends paid	13			(54,483)			(54,483)	(9,475)	(63,958)
Purchases and sales of treasury shares						(24,422)	(24,422)		(24,422)
Retirement of treasury shares				(19,999)		19,999	—		—
Share-based payment transactions							(131)		(131)
Changes in ownership interests in subsidiaries				18,458	(215)		18,243	(17,844)	399
<b>Balance as of September 30, 2023</b>		¥ 84,130	¥ 97,574	¥ 1,637,234	¥ 373,727	¥ (7,980)	¥ 2,184,685	¥ 239,797	¥ 2,424,482
<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				133,689			133,689	14,124	147,813
Total other comprehensive income, net of income tax					235,291		235,291	19,251	254,542
<b>Comprehensive income for the period</b>				133,689	235,291		368,980	33,375	402,355
Transfer to retained earnings				18,571	(18,571)		—		—
Dividends paid	13			(51,466)			(51,466)	(6,586)	(58,052)
Purchases and sales of treasury shares						(23,417)	(23,417)		(23,417)
Retirement of treasury shares				(19,989)		19,989	—		—
Share-based payment transactions				499			499		499
Changes associated with business combinations							—	105,180	105,180
Changes in ownership interests in subsidiaries				(3,052)	146		(2,906)	(2,789)	(5,695)
<b>Balance as of September 30, 2022</b>		¥ 84,130	¥ 82,333	¥ 1,514,279	¥ 286,109	¥ (3,562)	¥ 1,963,289	¥ 236,254	¥ 2,199,543

See notes to condensed consolidated financial statements.

## (4) Condensed Consolidated Statement of Cash Flows

(Unit: millions of yen)

Nine months ended September 30:	Notes	2023	2022
<b>Cash flows from operating activities:</b>			
Profit for the period		¥ 199,496	¥ 147,813
Depreciation and amortization		78,262	65,017
Loss from disposal of property, plant, and equipment and intangible assets, net		3,272	1,699
Finance income and costs		(6,527)	(10,104)
Income tax expenses		70,444	47,955
Share of profits of investments accounted for using the equity method		(1,568)	(1,530)
Increase in trade receivables		(150,846)	(142,510)
Increase in finance receivables		(68,207)	(60,227)
Decrease (increase) in inventories		6,430	(51,155)
(Increase) decrease in other assets		(1,467)	5,182
Decrease in trade payables		(148,166)	(47,077)
Increase in other liabilities		38,199	51,615
Net changes in retirement benefit assets and liabilities		1,145	3,085
Other, net		658	(10,903)
Interest received		8,662	3,310
Dividends received		1,331	1,341
Interest paid		(3,012)	(1,747)
Income taxes paid, net		(87,973)	(72,396)
Net cash used in operating activities		(59,867)	(70,632)
<b>Cash flows from investing activities:</b>			
Payments for acquisition of property, plant, and equipment		(110,868)	(106,833)
Payments for acquisition of intangible assets		(14,106)	(22,059)
Proceeds from sales of property, plant, and equipment		1,286	3,225
Payments for acquisition of subsidiaries		(1,626)	(135,039)
Purchase of investments accounted for using the equity method		(339)	(28,856)
Payments for acquisition of securities		(3,877)	(3,992)
Proceeds from sales and redemption of securities		70	690
Payments for loans receivable from associates		(14,800)	(13,450)
Collection of loans receivable from associates		13,481	12,800
Payments for time deposits		(9,852)	(9,027)
Proceeds from withdrawal of time deposits		10,086	13,844
Net decrease in restricted cash		195	618
Payments for acquisition of short-term investments		(10,207)	(36,645)
Proceeds from sales and redemptions of short-term investments		5,507	47,145
Other, net		(763)	9,458
Net cash used in investing activities		(135,813)	(268,121)
<b>Cash flows from financing activities:</b>			
Funding from bonds and long-term borrowings	10	711,441	560,144
Redemptions of bonds and repayments of long-term borrowings		(353,838)	(284,685)
Net (decrease) increase in short-term borrowings		(75,240)	53,009
Repayments for lease liabilities		(13,143)	(14,238)
Dividends paid	13	(54,483)	(51,466)
Purchase of treasury shares		(24,805)	(23,417)
Other, net		(11,585)	(6,197)
Net cash provided by financing activities		178,347	233,150
<b>Effect of exchange rate changes on cash and cash equivalents</b>		12,048	17,757
<b>Net decrease in cash and cash equivalents</b>		(5,285)	(87,846)
<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>		¥ 220,514	¥ 170,793

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.

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

The condensed consolidated financial statements of the Company are presented in Japanese yen, which is the functional currency of the Parent Company, 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 using judgements, estimates, and assumptions that affect the application of accounting policies and reporting amounts of assets, liabilities, revenue, and expenses. Actual results of operations could differ from those accounting estimates and assumptions.

Estimates and assumptions are continually reviewed and the effect of such reviews, if any, is recognized as a change in accounting estimate in the reporting period in which the estimate is changed and in future reporting 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.

## 3. MATERIAL ACCOUNTING POLICIES

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The accounting policies applied in the condensed consolidated financial statements are consistent with those applied in 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. In addition, the Company has applied an exception to the requirements of IAS 12 *Income Taxes* under the Pillar Two Model Rules issued by the Organisation for Economic Co-operation and Development (“OECD”), which allows the Company not to recognize deferred tax assets and deferred tax liabilities for income taxes.

## 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 of 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 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 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.

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, in the condensed consolidated statement of profit or loss.

In addition, the Company applies the premium allocation approach to simplify the measurement of the liability for remaining coverage for certain group of insurance contracts since the coverage period of each contract in such group at the inception is one year or less. The carrying amount of the liability for remaining coverage at the end of reporting period is measured based on the premiums received, insurance acquisition cash flows and the amortization relating to such cash flows, and the insurance revenue recognized for services provided. For this group of insurance contracts, the carrying amount of the liability for remaining coverage is not adjusted to reflect the time value of money and the effect of financial risk since the Company expects, at initial recognition, that the time between providing each part of the services and the related premium due date is no more than a year.

Since this group does not cover customers of the Company, insurance revenue and insurance service expenses are included in "Other income" and "Other expenses," respectively, in the condensed consolidated statement of profit or loss.

#### 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 (reformer and cracking tubes, 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. These 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)

Nine months ended September 30:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
<b>2023:</b>					
Revenue:					
External customers	¥ 1,991,414	¥ 251,549	¥ 15,268	¥ —	¥ 2,258,231
Intersegment	141	31	23,482	(23,654)	—
Total	1,991,555	251,580	38,750	(23,654)	2,258,231
Operating profit	¥ 279,965	¥ 16,190	¥ 1,278	¥ (38,576)	¥ 258,857
<b>2022:</b>					
Revenue:					
External customers	¥ 1,706,435	¥ 228,808	¥ 17,328	¥ —	¥ 1,952,571
Intersegment	140	63	25,277	(25,480)	—
Total	1,706,575	228,871	42,605	(25,480)	1,952,571
Operating profit	¥ 182,829	¥ 10,674	¥ 2,861	¥ (16,357)	¥ 180,007

(Unit: millions of yen)

Three months ended September 30:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
<b>2023:</b>					
Revenue:					
External customers	¥ 647,236	¥ 85,903	¥ 5,052	¥ —	¥ 738,191
Intersegment	33	6	7,350	(7,389)	—
Total	647,269	85,909	12,402	(7,389)	738,191
Operating profit	¥ 81,596	¥ 6,298	¥ 196	¥ (13,807)	¥ 74,283
<b>2022:</b>					
Revenue:					
External customers	¥ 611,385	¥ 76,095	¥ 5,745	¥ —	¥ 693,225
Intersegment	56	15	8,937	(9,008)	—
Total	611,441	76,110	14,682	(9,008)	693,225
Operating profit	¥ 67,769	¥ 986	¥ 1,122	¥ (8,630)	¥ 61,247

(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

### Nine months ended September 30, 2023

#### Finalization of the provisional accounting for the 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, the provisional accounting for the 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 have 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 were no material impacts on the condensed consolidated statement of profit or loss and the condensed consolidated statement of comprehensive income for the three months and nine months ended September 30, 2022.

### Nine months ended September 30, 2022

#### Acquisition of Escorts Limited

##### (1) Outline of the Business Combination

###### 1) Name and nature of business of the acquiree

Name: Escorts Limited (Corporate name has been changed to Escorts Kubota Limited on June 9, 2022.)

Business: Manufacture and sales of agricultural machinery, construction machinery, etc.

###### 2) Primary reason for business combination

The market of tractors that are designed to be highly durable with limited functions and at affordable prices (hereinafter, "basic tractors") are expected to expand primarily in the emerging countries. The Parent Company aims to provide basic tractors of good quality at an affordable price in this market by combining expertise of EKL in the development and manufacturing of basic tractors with accumulated product development knowledge and capabilities to improve quality and productivity of the Parent Company.

###### 3) Acquisition date

April 11, 2022

###### 4) Shareholding ratio acquired

44.8%

5) Method by which control of the acquiree was obtained

The Company acquired additional shares of EKL in cash, and the shareholding ratio of the Parent Company in EKL has increased to 44.8%. EKL is considered substantially controlled by the Parent Company as officers from the Parent Company were appointed as members of EKL's Board of Directors, and became a subsidiary of the Parent Company during the three months ended June 30, 2022.

(2) Acquisition Cost

		(Unit: millions of yen)	
<b>Fair value of acquisition cost</b>		Amount	
Cash	¥		123,722
Equity interests held immediately prior to the acquisition date			71,351
<b>Total</b>	<b>¥</b>		<b>195,073</b>

(3) Assets Acquired, Liabilities Assumed, Noncontrolling Interests, and Goodwill as of the Acquisition Date

		(Unit: millions of yen)	
<b>Fair value of assets acquired and liabilities assumed</b>		Amount	
Current assets:			
Trade receivables	¥		13,078
Other financial assets			42,533
Inventories			13,969
Others			6,237
Noncurrent assets:			
Other financial assets			37,868
Property, plant, and equipment			29,699
Others			6,710
Current liabilities:			
Trade payables			14,748
Others			7,606
Noncurrent liabilities:			
			2,576
<b>Fair value of assets acquired and liabilities assumed, net</b>	<b>¥</b>		<b>125,164</b>
<b>Noncontrolling interests</b>			<b>69,091</b>
<b>Goodwill</b>			<b>139,000</b>
<b>Total</b>	<b>¥</b>		<b>195,073</b>

(Notes)

1. The above amounts are provisional estimates since the allocation of acquisition cost has not been completed as of September 30, 2022.
2. Noncontrolling interests are recognized at the proportion of the fair value of the identifiable assets and liabilities of the acquiree.

(4) Composition of Goodwill Recognized

Goodwill reflects the future excess earning power expected from the business development and synergies between the Company and EKL.

(5) Impact of the Business Combination on Earnings

Revenue and profit for the period of EKL from the acquisition date to September 30, 2022, were ¥64,921 million and ¥3,956 million, respectively.

Assuming that such business combination occurred as of January 1, 2022, revenue and profit for the period of the Company for the nine months ended September 30, 2022, were ¥1,986,409 million and ¥152,089 million, respectively. Since the allocation of the acquisition cost was not completed as of September 30, 2022, adjustments resulting from the finalization of the provisional accounting are not reflected to these amounts. This pro forma information is not subject to quarterly review by the independent auditor.

### Other business combinations

Business combinations other than the acquisition of Escorts Limited that are individually immaterial but are material collectively are disclosed in aggregate.

Business combinations during the nine months ended September 30, 2022, occurred in the Farm & Industrial Machinery segment, and the aggregate information of these business combinations is as follows.

#### (1) Acquisition Cost

		(Unit: millions of yen)	
<b>Fair value of acquisition cost</b>		Amount	
Cash	¥		30,386
<b>Total</b>	<b>¥</b>		<b>30,386</b>

(Note)

Although the post-acquisition adjustments of the acquisition cost had not been completed as of September 30, 2022, adjustments were completed by December 31, 2022, and the acquisition cost was finalized at the amount shown above.

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

		(Unit: millions of yen)	
<b>Fair value of assets acquired and liabilities assumed</b>		Amount	
Current assets	¥		11,910
Noncurrent assets			10,530
Current liabilities			5,889
Noncurrent liabilities			3,445
<b>Fair value of assets acquired and liabilities assumed, net</b>	<b>¥</b>		<b>13,106</b>
<b>Noncontrolling interests</b>			<b>943</b>
<b>Goodwill</b>			<b>18,223</b>
<b>Total</b>	<b>¥</b>		<b>30,386</b>

(Notes)

1. The provisional accounting based on the available information was applied as of September 30, 2022, however, since the allocation of the acquisition cost was completed and finalized by December 31, 2022, adjustments resulting from the finalization of the provisional accounting are reflected to the above amounts. The impact of the finalization of the provisional accounting is immaterial.
2. Noncontrolling interests are recognized at the proportion of the fair value of the identifiable assets and liabilities of the acquiree.

#### (3) Composition of Goodwill Recognized

Goodwill resulting from these business combinations is recorded in the Farm & Industrial Machinery segment. Goodwill reflects the future excess earning power from synergies with existing operations expected to arise from acquisitions that do not qualify for separate recognition.

#### (4) Impact of the Business Combination on Earnings

Revenue and profit for the period of acquirees from the acquisition date to September 30, 2022, as well as revenue and profit for the period of the Company assuming that such business combinations occurred as of January 1, 2022, are not disclosed since the impact on condensed consolidated financial statements is immaterial.

## 6. OTHER FINANCIAL ASSETS

Other financial assets are composed of the following:

	(Unit: millions of yen)	
	September 30, 2023	December 31, 2022
Financial assets measured at amortized cost:		
Long-term trade accounts receivable	¥ 42,781	¥ 36,555
Time deposits	18,473	16,745
Restricted cash (Note)	5,704	5,878
Debt financial assets	52,161	44,132
Others	21,106	18,582
Financial assets measured at fair value through other comprehensive income:		
Equity financial assets	88,038	68,595
Financial assets measured at fair value through profit or loss:		
Debt financial assets	47,077	35,515
Derivatives	3,964	10,952
Total	¥ 279,304	¥ 236,954
Current assets	79,160	71,516
Noncurrent assets	200,144	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. PROPERTY, PLANT, AND EQUIPMENT

The acquisition of property, plant, and equipment, excluding those acquired through business combinations amounted to ¥90,294 million and ¥111,523 million for the nine months ended September 30, 2023 and 2022, respectively.

## 8. OTHER FINANCIAL LIABILITIES

Other financial liabilities are composed of the following:

	(Unit: millions of yen)	
	September 30, 2023	December 31, 2022
Financial liabilities measured at amortized cost:		
Lease liabilities	¥ 46,696	¥ 52,376
Notes and accounts payable for capital expenditures	13,084	43,054
Deposits received	28,044	27,617
Others	23,167	21,194
Financial liabilities measured at fair value through profit or loss:		
Derivatives	10,683	2,990
Total	¥ 121,674	¥ 147,231
Current liabilities	86,964	106,096
Noncurrent liabilities	34,710	41,135



## 9. OTHER LIABILITIES

Other liabilities are composed of the following:

(Unit: millions of yen)

	September 30, 2023		December 31, 2022	
Employment benefit obligation	¥	70,353	¥	55,925
Accrued expenses		52,373		53,012
Refund liabilities		97,909		67,975
Others		33,363		36,801
<b>Total</b>	¥	<b>253,998</b>	¥	<b>213,713</b>
Current liabilities		246,508		207,040
Noncurrent liabilities		7,490		6,673

## 10. BONDS

The details of outstanding bonds are as follows:

### Nine months ended September 30, 2023

Issues	Issue Date	Face value (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
USD Unsecured Bonds	May 31, 2023	(millions of USD) 500	4.958	May 31, 2026

### Nine months ended September 30, 2022

Issues	Issue Date	Face value (millions of yen)	Coupon rate (%)	Maturity date
14 <sup>th</sup> Unsecured Bonds	June 2, 2022	¥ 100,000	0.300	June 2, 2027
15 <sup>th</sup> Unsecured Bonds	June 2, 2022	¥ 50,000	0.514	June 2, 2032

## 11. 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)

Nine months ended September 30, 2023	Location						Total
	Japan	North America	Europe	Asia outside Japan	Other area		
Farm equipment and engines	¥ 209,852	¥ 577,142	¥ 206,178	¥ 369,051	¥ 54,919	¥ 1,417,142	
Construction machinery	30,196	273,458	110,829	35,678	16,492	466,653	
<b>Farm &amp; Industrial Machinery</b>	<b>240,048</b>	<b>850,600</b>	<b>317,007</b>	<b>404,729</b>	<b>71,411</b>	<b>1,883,795</b>	
Pipe system	98,582	417	—	2,359	37	101,395	
Industrial products	28,127	8,212	1,051	7,955	6,895	52,240	
Environment	88,447	1,366	590	4,945	2,566	97,914	
<b>Water &amp; Environment</b>	<b>215,156</b>	<b>9,995</b>	<b>1,641</b>	<b>15,259</b>	<b>9,498</b>	<b>251,549</b>	
<b>Other</b>	<b>15,238</b>	<b>5</b>	<b>7</b>	<b>18</b>	<b>—</b>	<b>15,268</b>	
Revenue recognized from:							
Contracts with customers	470,442	860,600	318,655	420,006	80,909	2,150,612	
Other sources of revenue	2,090	77,890	—	26,032	1,607	107,619	
<b>Total</b>	<b>¥ 472,532</b>	<b>¥ 938,490</b>	<b>¥ 318,655</b>	<b>¥ 446,038</b>	<b>¥ 82,516</b>	<b>¥ 2,258,231</b>	

(Unit: millions of yen)

<b>Nine months ended September 30, 2022</b>	Japan	North America	Europe	Asia outside Japan	Other area	Total
Farm equipment and engines	¥ 201,143	¥ 514,169	¥ 155,848	¥ 339,167	¥ 48,062	¥ 1,258,389
Construction machinery	26,402	217,519	85,234	23,839	14,655	367,649
<b>Farm &amp; Industrial Machinery</b>	<b>227,545</b>	<b>731,688</b>	<b>241,082</b>	<b>363,006</b>	<b>62,717</b>	<b>1,626,038</b>
Pipe system	87,938	144	—	2,125	16	90,223
Industrial products	28,248	6,723	1,230	5,502	7,592	49,295
Environment	78,503	1,463	343	5,265	3,716	89,290
<b>Water &amp; Environment</b>	<b>194,689</b>	<b>8,330</b>	<b>1,573</b>	<b>12,892</b>	<b>11,324</b>	<b>228,808</b>
<b>Other</b>	<b>17,307</b>	<b>9</b>	<b>2</b>	<b>10</b>	<b>—</b>	<b>17,328</b>
Revenue recognized from:						
Contracts with customers	439,541	740,027	242,657	375,908	74,041	1,872,174
Other sources of revenue	2,081	54,485	—	22,746	1,085	80,397
<b>Total</b>	<b>¥ 441,622</b>	<b>¥ 794,512</b>	<b>¥ 242,657</b>	<b>¥ 398,654</b>	<b>¥ 75,126</b>	<b>¥ 1,952,571</b>

Interest and insurance income calculated using the effective interest rate method, which are included in revenue recognized from other sources of revenue, were ¥78,537 million and ¥23,175 million, respectively, for the nine months ended September 30, 2023, and ¥57,549 million and ¥17,641 million, respectively, for the nine months ended September 30, 2022.

## 12. 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*.

<b>Nine months ended September 30:</b>	<b>2023</b>	<b>2022</b>
	(Unit: millions of yen)	
Profit attributable to owners of the parent	¥ 182,366	¥ 133,689
Profit attributable to participating equity instruments	—	—
Profit attributable to common shareholders	¥ 182,366	¥ 133,689
	(Unit: thousands of shares)	
Weighted-average number of common shares issued	1,184,037	1,195,418
Weighted-average number of participating equity instruments	—	1
Weighted-average number of common shares outstanding	1,184,037	1,195,417
	(Unit: millions of yen)	
<b>Three months ended September 30:</b>	<b>2023</b>	<b>2022</b>
	(Unit: millions of yen)	
Profit attributable to owners of the parent	¥ 53,543	¥ 42,156
Profit attributable to participating equity instruments	—	—
Profit attributable to common shareholders	¥ 53,543	¥ 42,156
	(thousands of shares)	
Weighted-average number of common shares issued	1,178,739	1,189,169
Weighted-average number of participating equity instruments	—	—
Weighted-average number of common shares outstanding	1,178,739	1,189,169

*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.

### 13. DIVIDENDS

Dividends paid are as follows:

#### Nine months ended September 30, 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 Meeting of the Board of Directors on August 4, 2023	Common shares	¥ 28,346	¥ 24.00	June 30, 2023	September 1, 2023

(Note)

The total amount of dividends based on the resolution of the Meeting of the Board of Directors on February 14, 2023 and August 4, 2023, includes dividends of ¥33 million and ¥32 million, respectively, for shares of Kubota Corporation held by the trust in connection with the stock compensation plan.

#### Nine months ended September 30, 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
The Meeting of the Board of Directors on August 3, 2022	Common shares	¥ 26,294	¥ 22.00	June 30, 2022	September 1, 2022

(Note)

The total amount of dividends based on the resolution of the Meeting of the Board of Directors on August 3, 2022, includes dividends of ¥33 million for shares of Kubota Corporation held by the trust in connection with the stock compensation plan.

#### 14. 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)

	September 30, 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	¥ 82,817	¥ —	¥ 5,221	¥ 88,038
Financial assets measured at fair value through profit or loss:				
Debt financial assets	38,061	—	9,016	47,077
Derivatives:				
Foreign exchange contracts	—	350	—	350
Interest swap contracts	—	146	—	146
Cross-currency interest rate swap contracts	—	3,468	—	3,468
Total	¥ 120,878	¥ 3,964	¥ 14,237	¥ 139,079
<b>Financial liabilities:</b>				
Financial liabilities measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 7,643	¥ —	¥ 7,643
Cross-currency interest rate swap contracts	—	3,040	—	3,040
Total	¥ —	¥ 10,683	¥ —	¥ 10,683
(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 interest rate swap contracts	—	1,838	—	1,838
Total	¥ 93,448	¥ 10,952	¥ 10,662	¥ 115,062
<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
Total	¥ —	¥ 2,990	¥ —	¥ 2,990

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 19.8) 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 between levels for financial instruments held at the end of each reporting period.

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

(Unit: millions of yen)

<b>Nine months ended September 30:</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)		674		1,020	
Other comprehensive income (Note 2)		787		(1,545)	
Purchases		1,027		647	
Sales		(3)		(20)	
Others		1,090		—	
Balance at the end of the period	¥	14,237	¥	10,120	

(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 September 30, 2023 and 2022, were ¥674 million and ¥1,020 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>September 30, 2023</b>		<b>December 31, 2022</b>	
	Carrying amount	Fair value	Carrying amount	Fair value
Finance receivables:				
Retail finance receivables	¥ 1,516,154	¥ 1,393,607	¥ 1,290,077	¥ 1,198,251
Finance lease receivables	437,159	464,342	394,437	449,136
Long-term trade accounts receivable	73,575	77,100	65,608	69,441
Debt financial assets	52,161	53,832	44,132	42,892
Written put option liabilities over noncontrolling interests	3,629	3,629	3,238	3,238
Bonds and borrowings	2,050,457	1,989,943	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.

## 15. COMMITMENTS AND CONTINGENT LIABILITIES

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### Commitments

Commitments for acquisition of property, plant, and equipment were ¥105,602 million and ¥74,003 million at September 30, 2023, and December 31, 2022, respectively.

### Legal Proceedings

Since May 2007, the Company has been subject to 65 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 47 asbestos-related lawsuits are still ongoing, and the total claims for compensation related to 685 construction workers who suffered from asbestos-related diseases aggregate to ¥23,728 million. Of these ongoing lawsuits, five first instance judgments were rendered for 17 lawsuits. The first instance ordered the Company to pay compensation damages of ¥2 million under the judgment for one lawsuit, and the other four lawsuits were decided in favor of the Company. Of these five lawsuits, four 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 three 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 ¥269 million and ¥138 million at September 30, 2023, and December 31, 2022, respectively. The asbestos-related expenses recognized for the nine months ended September 30, 2023 and 2022, were ¥570 million and ¥262 million, respectively.

#### 16. SUBSEQUENT EVENTS

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Not applicable.

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

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The condensed consolidated financial statements were approved on November 10, 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 August 4, 2023, the Board of Directors of the Parent Company resolved the interim dividend and paid as follows:

Record date	Dividends per common share (yen)	Dividends (millions of yen)	Effective date of claim of payment and commencement of payment
June 30, 2023	¥ 24.00	¥ 28,346	September 1, 2023

(Note)

The total amount of dividends includes dividends of ¥32 million for shares of Kubota Corporation held by the trust in connection with the stock compensation plan.



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]	November 10, 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 of Kubota Corporation for the third quarter of the 134<sup>th</sup> business term (from July 1, 2023 to September 30, 2023) were adequate under the Financial Instruments and Exchange Act of Japan.

## 2. Special Notes

Not applicable.