

[Translation]

Quarterly Report

(The First Quarter of the 135th Business Term)
From January 1, 2024 to March 31, 2024

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

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Confirmation Letter

COVER

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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, 2024	Three months ended March 31, 2023	Year ended December 31, 2023
Revenue	¥ 775,232	¥ 781,563	¥ 3,020,711
Profit before income taxes	106,119	105,495	342,289
Profit attributable to owners of the parent	72,922	69,100	238,455
Comprehensive income attributable to owners of the parent	173,613	94,712	367,470
Equity attributable to owners of the parent	2,321,530	1,943,414	2,175,773
Total assets	5,752,993	4,916,820	5,359,247
Earnings per share attributable to owners of the parent:			
Basic	62.06	58.11	201.74
Diluted	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	40.4	39.5	40.6
Net cash provided by (used in) operating activities	19,720	(105,047)	(17,273)
Net cash used in investing activities	(57,532)	(47,171)	(173,441)
Net cash provided by financing activities	58,859	105,777	178,404
Cash and cash equivalents, at the end of the period	249,155	181,097	222,118

(Notes)

1. The condensed consolidated financial statements and the consolidated financial statements are prepared in accordance with IFRS Accounting Standards.
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.

2. Description of Business

In the three months ended March 31, 2024, 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, 2024, 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, 2023.

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

(1) Analysis of Results of Operations

For the three months ended March 31, 2024, revenue of the Company decreased by ¥6.3 billion (0.8%) from the same period in the prior year to ¥775.2 billion.

Domestic revenue decreased by ¥9.5 billion (5.8%) from the same period in the prior year to ¥154.1 billion because of decreased revenue from Farm & Industrial Machinery although revenue increased in Water & Environment.

Overseas revenue increased by ¥3.1 billion (0.5%) from the same period in the prior year to ¥621.1 billion because of increased revenue from Farm & Industrial Machinery although revenue decreased in Water & Environment.

Operating profit decreased by ¥0.3 billion (0.3%) from the same period in the prior year to ¥103.0 billion mainly due to decreased sales in mostly Europe and North America of Farm & Industrial Machinery although there were some positive factors such as favorable effects from fluctuation of foreign exchange rates and price increase. Profit before income taxes increased by ¥0.6 billion (0.6%) from the same period in the prior year to ¥106.1 billion. Profit for the period increased by ¥3.9 billion (5.1%) to ¥79.2 billion, reflecting income tax expenses of ¥27.0 billion and share of profits of investments accounted for using the equity method of ¥0.1 billion. Profit attributable to owners of the parent increased by ¥3.8 billion (5.5%) from the same period in the prior year to ¥72.9 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 decreased by 0.7% from the same period in the prior year to ¥680.2 billion, which accounted for 87.7% of consolidated revenue.

Domestic revenue decreased by 11.7% from the same period in the prior year to ¥70.3 billion mainly due to decreased sales of farm equipment and agricultural-related products.

Overseas revenue increased by 0.7% from the same period in the prior year to ¥610.0 billion along with positive effect from fluctuation of foreign exchange rates. In North America, the Company struggled with tractor business due to continuous stagnation of residential market and crop prices decline although sales of construction machinery were solid thanks to the demand of housing construction and infrastructure development. In Europe, sales of construction machinery and engines slowed down due to investment decrease by the public budget curtailment and interest rate hike. Tractor business was also sluggish due to continuous weak investment by farmers. In Thailand, purchasing refrain caused by drought has continued while it is getting ease gradually. In India, sales became slow due to shrinking of the rice market and the dryland market caused by water shortage.

Operating profit in this segment decreased by 2.2% from the same period in the prior year to ¥105.4 billion mainly due to some negative factors such as the loss caused by sales decrease, a rise in material prices and incentive rate hike although there were some positive factors such as favorable effects from fluctuation of foreign exchange rates and price increase.

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 decreased by 0.7% from the same period in the prior year to ¥90.3 billion, which accounted for 11.7% of consolidated revenue.

Domestic revenue increased by 0.8% from the same period in the prior year to ¥79.1 billion due to increased sales of environment business and industrial products business generated by steady sales progress of air-conditioning equipment.

Overseas revenue decreased by 10.5% from the same period in the prior year to ¥11.2 billion. Although sales of environment business increased, sales of reformer and cracking tubes decreased due to shipment delay despite steady demand.

Operating profit in this segment increased by 12.5% from the same period in the prior year to ¥10.1 billion mainly due to material price decline.

3) Other

Other is mainly composed of a variety of other services.

Revenue in this segment decreased by 15.6% from the same period in the prior year to ¥4.7 billion and accounted for 0.6% of consolidated revenue.

Operating profit in this segment increased by 26.2% from the same period in the prior year to ¥0.9 billion.

(2) Analysis of Financial Position

Total assets as of March 31, 2024, were ¥5,753.0 billion, an increase of ¥393.7 billion from the prior fiscal year-end. With respect to assets, trade receivables increased mainly in North America business.

Total liabilities also increased from the prior fiscal year-end due to an increase in bonds and borrowings as a result of increase in borrowings belonging to North America business. 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 40.4%, 0.2 percentage points lower than the prior fiscal year-end.

(3) Analysis of Cash Flows

Net cash provided by operating activities during the three months ended March 31, 2024 was ¥19.7 billion, an increase of ¥124.8 billion in net cash inflow compared with the same period in the prior year. This increase resulted from improvement of working capital such as trade payables and decrease in finance receivables.

Net cash used in investing activities was ¥57.5 billion, an increase of ¥10.4 billion in net cash outflow compared with the same period in the prior year. This increase resulted mainly from the acquisition of property, plant, and equipment due to capital expenditure.

Net cash provided by financing activities was ¥58.9 billion, a decrease of ¥46.9 billion in net cash inflow compared with the same period in the prior year due to a decrease in funding.

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, 2024, were ¥249.2 billion, an increase of ¥27.0 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, 2024, 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, 2024, were ¥23.8 billion.

There were no material changes in the Company's research and development activities during the three months ended March 31, 2024.

3. Material Contracts

There were no material contracts which were decided or entered into during the three months ended March 31, 2024.

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, 2024)	Number of shares issued as of filing date (shares) (May 15, 2024)	Stock exchange on which Kubota Corporation is listed	Description
Common shares	1,176,666,846	1,176,666,846	Tokyo Stock Exchange, Inc. (the Prime Market)	The number of shares per one unit of shares is 100 shares.
Total	1,176,666,846	1,176,666,846	—	—

(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, 2024	—	1,176,666	¥ —	¥ 84,130	¥ —	¥ 73,117
To : March 31, 2024	—	1,176,666	¥ —	¥ 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, 2023, is stated in this subsection since Kubota Corporation could not identify the number of voting rights as of March 31, 2024.

1) Issued Shares

(As of December 31, 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:	23,600	—	—
	(Crossholding shares) Common shares:	718,400	—	—
Shares with full voting rights (others)	Common shares:	1,175,359,700	11,753,597	—
Shares less than one unit	Common shares:	565,146	—	Shares less than one unit (100 shares)
Number of issued shares		1,176,666,846	—	—
Total number of voting rights		—	11,753,597	—

(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 1,324,314 shares (13,243 voting rights) held by the trust in connection with the stock compensation plan.

2) Treasury Shares

(As of December 31, 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 share) Kubota Corporation	2-47, Shikitsu Higashi 1-chome, Naniwa-ku, Osaka, JAPAN	23,600	—	23,600	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	—	742,000	—	742,000	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, 2023, to March 31, 2024.

(Reference Information)

Kubota Corporation has adopted the Senior Executive Officer and Executive Officer System. There were no changes in Senior Executive Officers and 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, 2023, to March 31, 2024.

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, 2024	December 31, 2023
ASSETS			
Current assets:			
Cash and cash equivalents		¥ 249,155	¥ 222,118
Trade receivables		1,105,408	945,490
Finance receivables		578,546	552,419
Other financial assets	6	92,330	83,018
Contract assets		29,727	47,669
Inventories		707,208	668,048
Income taxes receivable		2,296	5,763
Other current assets		77,485	55,846
Total current assets		2,842,155	2,580,371
Noncurrent assets:			
Investments accounted for using the equity method		46,666	46,523
Finance receivables		1,399,026	1,349,047
Other financial assets	6	207,402	188,654
Property, plant, and equipment		767,825	727,061
Goodwill		154,438	145,715
Intangible assets		193,297	187,000
Deferred tax assets		102,029	96,091
Other noncurrent assets		40,155	38,785
Total noncurrent assets		2,910,838	2,778,876
Total assets		¥ 5,752,993	¥ 5,359,247

(Unit: millions of yen)

	Notes	March 31, 2024	December 31, 2023
LIABILITIES AND EQUITY			
Current liabilities:			
Bonds and borrowings		¥ 779,640	¥ 663,294
Trade payables		315,589	300,902
Other financial liabilities	7	97,725	93,270
Insurance contract liabilities		53,718	51,333
Income taxes payable		35,693	29,706
Provisions		78,451	77,191
Contract liabilities		35,665	33,043
Other current liabilities	8	272,966	244,323
Total current liabilities		1,669,447	1,493,062
Noncurrent liabilities:			
Bonds and borrowings		1,383,989	1,326,913
Other financial liabilities	7	42,275	44,701
Retirement benefit liabilities		16,024	15,907
Deferred tax liabilities		58,816	55,653
Other noncurrent liabilities	8	7,021	6,944
Total noncurrent liabilities		1,508,125	1,450,118
Total liabilities		3,177,572	2,943,180
Equity:			
Equity attributable to owners of the parent:			
Share capital		84,130	84,130
Share premium		97,730	97,377
Retained earnings		1,738,396	1,693,681
Other components of equity		404,484	303,794
Treasury shares		(3,210)	(3,209)
Total equity attributable to owners of the parent		2,321,530	2,175,773
Noncontrolling interests		253,891	240,294
Total equity		2,575,421	2,416,067
Total liabilities and equity		¥ 5,752,993	¥ 5,359,247

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, 2024 and 2023

Condensed Consolidated Statement of Profit or Loss

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

	Notes	2024	%	2023	%
Revenue	9	¥ 775,232	100.0	¥ 781,563	100.0
Cost of sales		(537,884)		(551,394)	
Selling, general, and administrative expenses		(136,733)		(126,798)	
Other income		4,113		1,060	
Other expenses		(1,778)		(1,183)	
Operating profit		102,950	13.3	103,248	13.2
Finance income		4,687		3,293	
Finance costs		(1,518)		(1,046)	
Profit before income taxes		106,119	13.7	105,495	13.5
Income tax expenses		(27,048)		(30,290)	
Share of profits of investments accounted for using the equity method		112		113	
Profit for the period		¥ 79,183	10.2	¥ 75,318	9.6
Profit attributable to:					
Owners of the parent		¥ 72,922	9.4	¥ 69,100	8.8
Noncontrolling interests		¥ 6,261	0.8	¥ 6,218	0.8
Earnings per share attributable to owners of the parent:					
Basic	10	¥ 62.06		¥ 58.11	
Diluted		¥ —		¥ —	

Condensed Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Notes	2024	2023
Profit for the period		¥ 79,183	¥ 75,318
Other comprehensive income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension plans		(149)	(4)
Net change in fair value of financial assets measured at fair value through other comprehensive income		11,046	3,290
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations		97,078	27,245
Total other comprehensive income, net of income tax		107,975	30,531
Comprehensive income for the period		¥ 187,158	¥ 105,849
Comprehensive income attributable to:			
Owners of the parent		¥ 173,613	¥ 94,712
Noncontrolling interests		¥ 13,545	¥ 11,137

See notes to condensed consolidated financial statements.

(3) Condensed Consolidated Statement of Changes in Equity

(Unit: millions of yen)

	Notes	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Noncontrolling interests	Total equity
		Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares			
Balance as of January 1, 2024		¥ 84,130	¥ 97,377	¥ 1,693,681	¥ 303,794	¥ (3,209)	¥ 2,175,773	¥ 240,294	¥ 2,416,067
Profit for the period				72,922			72,922	6,261	79,183
Total other comprehensive income, net of income tax					100,691		100,691	7,284	107,975
Comprehensive income for the period				72,922	100,691		173,613	13,545	187,158
Dividends paid	11			(28,207)			(28,207)	(49)	(28,256)
Purchases and sales of treasury shares						(1)	(1)		(1)
Share-based payment transactions			394				394		394
Changes in ownership interests in subsidiaries			(41)		(1)		(42)	101	59
Balance as of March 31, 2024		¥ 84,130	¥ 97,730	¥ 1,738,396	¥ 404,484	¥ (3,210)	¥ 2,321,530	¥ 253,891	¥ 2,575,421
Balance as of January 1, 2023		¥ 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
Comprehensive income for the period				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		382
Changes in ownership interests in subsidiaries							—	134	134
Balance as of March 31, 2023		¥ 84,130	¥ 79,629	¥ 1,572,177	¥ 211,036	¥ (3,558)	¥ 1,943,414	¥ 239,211	¥ 2,182,625

See notes to condensed consolidated financial statements.

(4) Condensed Consolidated Statement of Cash Flows

(Unit: millions of yen)

Three months ended March 31:	Notes	2024	2023
Cash flows from operating activities:			
Profit for the period		¥ 79,183	¥ 75,318
Depreciation and amortization		28,272	25,359
Loss from disposal of property, plant, and equipment and intangible assets, net		529	536
Finance income and costs		(2,717)	(1,247)
Income tax expenses		27,048	30,290
Share of profits of investments accounted for using the equity method		(112)	(113)
Increase in trade receivables		(131,849)	(147,865)
Decrease in finance receivables		19,783	2,184
(Increase) decrease in inventories		(9,913)	6,142
(Increase) decrease in other assets		(1,039)	342
Increase (decrease) in trade payables		6,309	(110,609)
Increase in other liabilities		24,113	24,196
Net changes in retirement benefit assets and liabilities		307	114
Other, net		557	471
Interest received		3,630	2,503
Dividends received		177	27
Interest paid		(928)	(524)
Income taxes paid, net		(23,630)	(12,171)
Net cash provided by (used in) operating activities		19,720	(105,047)
Cash flows from investing activities:			
Payments for acquisition of property, plant, and equipment		(46,445)	(38,075)
Payments for acquisition of intangible assets		(5,537)	(5,231)
Proceeds from sales of property, plant, and equipment		1,423	751
Purchase of investments accounted for using the equity method		(34)	(339)
Payments for loans receivable from associates		(11,150)	(6,650)
Collection of loans receivable from associates		9,745	5,098
Payments for time deposits		(6,241)	(2,114)
Proceeds from withdrawal of time deposits		3,976	1,555
Net decrease in restricted cash		93	67
Payments for acquisition of short-term investments		(1,475)	(1,796)
Proceeds from sales and redemptions of short-term investments		—	1,190
Other, net		(1,887)	(1,627)
Net cash used in investing activities		(57,532)	(47,171)
Cash flows from financing activities:			
Funding from bonds and long-term borrowings		187,468	178,021
Redemptions of bonds and repayments of long-term borrowings		(127,986)	(145,209)
Net increase in short-term borrowings		31,841	104,090
Repayments for lease liabilities		(3,322)	(4,066)
Net decrease in deposits from Group financing (within three months)		(1,182)	(1,255)
Deposits from Group financing received (over three months)		9,653	9,668
Repayments of deposits from Group financing (over three months)		(9,356)	(9,244)
Dividends paid	11	(28,207)	(26,169)
Other, net		(50)	(59)
Net cash provided by financing activities		58,859	105,777
Effect of exchange rate changes on cash and cash equivalents		5,990	1,739
Net increase (decrease) in cash and cash equivalents		27,037	(44,702)
Cash and cash equivalents, at the beginning of the period		222,118	225,799
Cash and cash equivalents, at the end of the period		¥ 249,155	¥ 181,097

See notes to condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

Kubota Corporation and Its Subsidiaries

1. REPORTING ENTITY

Kubota Corporation (the “Parent Company”) is an entity located in Japan. The Parent Company and its subsidiaries (the “Company”) are manufacturing and sales companies, with a comprehensive range of products related to farm equipment, engines, construction machinery, pipe system, industrial products, environment and other.

The Company’s products are manufactured not only in Japan, but also in overseas countries, including the United States, France, Germany, China, Thailand and India, and sold in Japan, North America, Europe, Asia, and other areas.

2. BASIS OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Compliance with IFRS Accounting Standards

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, 2023.

Functional Currency and Presentation Currency

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

Significant Accounting Judgments, Estimates, and Assumptions

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

Significant accounting judgments, estimates, and assumptions used in the condensed consolidated financial statements are consistent with those used in the consolidated financial statements for the previous fiscal year.

Changes in Presentation

Condensed Consolidated Statement of Cash Flows

“Net decrease in deposits from Group financing (within three months),” “Deposits from Group financing received (over three months),” and “Repayments of deposits from Group financing (over three months)” previously included in “Other, net” in cash flows from financing activities are presented separately from the year ended December 31, 2023, and for the interim reporting purposes, three months ended March 31, 2024, to improve clarity. To reflect this change in presentation, the comparative information has been retrospectively adjusted. As a result, net cash outflow of ¥890 million presented as “Other, net” in cash flows from financing activities in the three months ended March 31, 2023, is separately presented as net cash outflow of ¥1,255 million for “Net decrease in deposits from Group financing (within three months),” net cash inflow of ¥9,668 million for “Deposits from Group financing received (over three months),” net cash outflow of ¥9,244 million for “Repayments of deposits from Group financing (over three months),” and net cash outflow of 59 million for “Other, net.”

3. MATERIAL ACCOUNTING POLICIES

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, 2023.

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

4. SEGMENT INFORMATION

The Company engages in various fields of business and industries by providing products and services that are categorized into the following three segments: Farm & Industrial Machinery, Water & Environment, and Other. The Farm & Industrial Machinery segment manufactures and distributes farm equipment, agricultural-related products, engines, and construction machinery. The Water & Environment segment manufactures and distributes 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
2024:					
Revenue:					
External customers	¥ 680,201	¥ 90,301	¥ 4,730	¥ —	¥ 775,232
Intersegment	75	4	6,867	(6,946)	—
Total	680,276	90,305	11,597	(6,946)	775,232
Operating profit	¥ 105,426	¥ 10,141	¥ 906	¥ (13,523)	¥ 102,950
2023:					
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

(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, 2024

Not applicable.

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; hereinafter, "EKL"), 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.

6. OTHER FINANCIAL ASSETS

Other financial assets are composed of the following:

(Unit: millions of yen)

	March 31, 2024	December 31, 2023
Financial assets measured at amortized cost:		
Long-term trade accounts receivable	¥ 36,820	¥ 36,507
Time deposits	27,368	23,532
Restricted cash (Note)	5,479	5,381
Debt financial assets	56,296	52,201
Others	26,648	23,727
Financial assets measured at fair value through other comprehensive income:		
Equity financial assets	99,000	84,099
Financial assets measured at fair value through profit or loss:		
Debt financial assets	45,437	40,023
Derivatives	2,684	6,202
Total	¥ 299,732	¥ 271,672
Current assets	92,330	83,018
Noncurrent assets	207,402	188,654

(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, 2024	December 31, 2023
Financial liabilities measured at amortized cost:		
Lease liabilities	¥ 54,646	¥ 58,009
Notes and accounts payable for capital expenditures	25,344	22,967
Deposits from Group financing	28,500	29,385
Others	24,094	21,712
Financial liabilities measured at fair value through profit or loss:		
Derivatives	7,416	5,898
Total	¥ 140,000	¥ 137,971
Current liabilities	97,725	93,270
Noncurrent liabilities	42,275	44,701

8. OTHER LIABILITIES

Other liabilities are composed of the following:

(Unit: millions of yen)

	March 31, 2024	December 31, 2023
Employment benefit obligation	¥ 70,917	¥ 62,011
Accrued expenses	55,595	52,352
Refund liabilities	119,078	97,728
Others	34,397	39,176
Total	¥ 279,987	¥ 251,267
Current liabilities	272,966	244,323
Noncurrent liabilities	7,021	6,944

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:

(Unit: millions of yen)

Three months ended March 31, 2024	Japan		North America		Europe		Asia outside Japan		Other area		Total
	¥		¥		¥		¥		¥		
Farm equipment and engines	¥ 61,210		¥ 193,148		¥ 63,967		¥ 136,132		¥ 15,943		¥ 470,400
Construction machinery	8,386		112,004		26,784		14,337		5,403		166,914
Farm & Industrial Machinery	69,596		305,152		90,751		150,469		21,346		637,314
Pipe system	29,921		6		—		784		—		30,711
Industrial products	9,592		1,802		711		2,239		1,776		16,120
Environment	39,622		352		135		2,100		1,261		43,470
Water & Environment	79,135		2,160		846		5,123		3,037		90,301
Other	4,729		—		—		1		—		4,730
Revenue recognized from:											
Contracts with customers	153,460		307,312		91,597		155,593		24,383		732,345
Other sources of revenue	654		32,070		—		9,492		671		42,887
Total	¥ 154,114		¥ 339,382		¥ 91,597		¥ 165,085		¥ 25,054		¥ 775,232

(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
Farm & Industrial Machinery	78,853	295,642	108,622	146,402	23,142	652,661
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
Water & Environment	78,481	3,418	423	4,519	4,116	90,957
Other	5,581	5	7	14	—	5,607
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
Total	¥ 163,593	¥ 321,936	¥ 109,052	¥ 159,243	¥ 27,739	¥ 781,563

Interest revenue calculated using effective interest rate method and insurance revenue, which are included in *revenue recognized from other sources of revenue*, amounted to ¥33,023 million and ¥8,082 million, respectively, in the three months ended March 31, 2024, and ¥23,293 million and ¥7,373 million, respectively, in the three months ended March 31, 2023.

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.

Shares of Kubota Corporation 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:	2024	2023
		(Unit: millions of yen)
Profit attributable to common shareholders	¥ 72,922	¥ 69,100
		(Unit: thousands of shares)
Weighted-average number of common shares outstanding	1,174,981	1,189,169

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.

11. DIVIDENDS

Dividends paid are as follows:

Three months ended March 31, 2024

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, 2024	Common shares	¥ 28,239	¥ 24.00	December 31, 2023	March 25, 2024

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.

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 Kubota Corporation held by the trust in connection with the stock compensation plan.

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, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through other comprehensive income:				
Equity financial assets	¥ 89,667	¥ —	¥ 9,333	¥ 99,000
Financial assets measured at fair value through profit or loss:				
Debt financial assets	35,487	—	9,950	45,437
Derivatives:				
Foreign exchange contracts	—	42	—	42
Interest swap contracts	—	73	—	73
Cross-currency interest rate swap contracts	—	2,569	—	2,569
Total	¥ 125,154	¥ 2,684	¥ 19,283	¥ 147,121
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 3,864	¥ —	¥ 3,864
Cross-currency interest rate swap contracts	—	3,552	—	3,552
Total	¥ —	¥ 7,416	¥ —	¥ 7,416

(Unit: millions of yen)

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through other comprehensive income:				
Equity financial assets	¥ 75,618	¥ —	¥ 8,481	¥ 84,099
Financial assets measured at fair value through profit or loss:				
Debt financial assets	31,469	—	8,554	40,023
Derivatives:				
Foreign exchange contracts	—	4,518	—	4,518
Interest swap contracts	—	130	—	130
Cross-currency interest rate swap contracts	—	1,554	—	1,554
Total	¥ 107,087	¥ 6,202	¥ 17,035	¥ 130,324
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 2,603	¥ —	¥ 2,603
Cross-currency interest rate swap contracts	—	3,295	—	3,295
Total	¥ —	¥ 5,898	¥ —	¥ 5,898

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 26.1) 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)

Three months ended March 31:	2024		2023	
Balance at the beginning of the period	¥	17,035	¥	10,662
Gains or losses				
Profit or loss (Note 1)		(5)		43
Other comprehensive income (Note 2)		847		471
Purchases		1,446		442
Sales		(40)		—
Balance at the end of the period	¥	19,283	¥	11,618

(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, 2024 and 2023, were ¥(5) million and ¥43 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)

	March 31, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Finance receivables:				
Retail finance receivables	¥ 1,531,688	¥ 1,413,664	¥ 1,454,982	¥ 1,368,433
Finance lease receivables	445,884	506,132	446,484	504,583
Long-term trade accounts receivable	61,015	64,458	63,572	67,369
Debt financial assets	56,296	56,337	52,201	52,053
Written put option liabilities over noncontrolling interests	3,781	3,781	3,642	3,642
Bonds and borrowings	2,163,629	2,121,439	1,990,207	1,956,861

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

Commitments

Commitments for acquisition of property, plant, and equipment were ¥79,581 million and ¥93,280 million at March 31, 2024, and December 31, 2023, respectively.

Legal Proceedings

Since May 2007, the Company has been subject to 66 asbestos-related lawsuits in Japan, which were filed against the Company, the Japanese government, and other asbestos-related companies.

With regard to the seven lawsuits consolidating 23 cases, the Supreme Court has ruled that the government and a part of asbestos-related companies were liable for compensation. However, all claims against the Company were rejected.

Other 43 lawsuits related to 297 construction workers who suffered from asbestos-related diseases are still ongoing, and the total claim for all the remaining lawsuits aggregated to ¥9,474 million. Of these ongoing lawsuits, four first instance judgments have been rendered in 12 lawsuits, and the Company was ordered to pay compensation damages of ¥2 million in one lawsuit and the other three lawsuits were decided in favor of the Company. All four lawsuits are being heard on the second instance.

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 the 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 ¥265 million and ¥211 million at March 31, 2024, and December 31, 2023, respectively. The asbestos-related expenses recognized for the three months ended March 31, 2024 and 2023, were ¥324 million and ¥257 million, respectively.

14. SUBSEQUENT EVENTS

Acquisition of Treasury Shares

Pursuant to the provisions of Articles of Incorporation under Article 165, paragraph 2 of the Companies Act of Japan, the Company has resolved at the Meeting of the Board of Directors held on April 17, 2024, to acquire up to 17.0 million outstanding common shares of the Parent Company from the market during the period from April 18, 2024, to December 16, 2024, at an acquisition cost not exceeding ¥30,000 million.

15. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved on May 15, 2024, 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, 2024, the Board of Directors of the Parent Company resolved the year-end 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
December 31, 2023	¥ 24.00	¥ 28,239	March 25, 2024

(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]	May 15, 2024
[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 135th business term (from January 1, 2024 to March 31, 2024) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

Not applicable.