

[Translation]

Quarterly Report

(The Third Quarter of the 133rd Business Term)
From July 1, 2022 to September 30, 2022

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

Kubota Corporation

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Confirmation Letter

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| [Filed to] | Director, Kanto Local Finance Bureau |
| [Filing Date] | November 11, 2022 |
| [Fiscal Year] | The Third Quarter of the 133 rd Business Term (from July 1, 2022 to September 30, 2022) |
| [Company Name] | Kabushiki Kaisha Kubota |
| [Company Name in English] | Kubota Corporation |
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| [Contact Person] | Jun Sano, General Manager of Tokyo Administration Dept. |
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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, 2022 | Nine months ended September 30, 2021 | Year ended December 31, 2021 |
|---|---|---|---------------------------------|
| Revenue | ¥ 1,954,180 [693,700] | ¥ 1,641,640 [540,235] | ¥ 2,196,766 |
| Profit before income taxes | 195,958 | 213,788 | 252,559 |
| Profit attributable to owners of the parent | 133,334 [42,088] | 146,628 [43,678] | 175,637 |
| Comprehensive income attributable to owners of the parent | 363,630 | 203,760 | 270,034 |
| Equity attributable to owners of the parent | 1,964,297 | 1,631,613 | 1,677,957 |
| Total assets | 4,779,922 | 3,492,082 | 3,773,510 |
| Earnings per share attributable to owners of the parent: | | | |
| Basic | 111.54 [35.39] | 121.38 [36.16] | 145.52 |
| Diluted | — | — | — |
| Ratio of equity attributable to owners of the parent to total assets (%) | 41.1 | 46.7 | 44.5 |
| Net cash (used in) provided by operating activities | (70,632) | 47,860 | 92,511 |
| Net cash used in investing activities | (268,121) | (88,040) | (127,370) |
| Net cash provided by (used in) financing activities | 233,150 | (8,878) | 60,586 |
| Cash and cash equivalents, at the end of the period | 170,793 | 179,285 | 258,639 |

(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.

2. Description of Business

In the nine months ended September 30, 2022, there were no material changes in the Company's business.

Escorts Limited (currently, Escorts Kubota Limited) became a subsidiary of the Company in the Farm & Industrial Machinery segment during the three months ended June 30, 2022.

2. Business Overview

1. Risk Factors

For the nine months ended September 30, 2022, 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, 2021.

At the end of the reporting period, the Company estimates that the impact of COVID-19 on the Company’s results of operations is not significant. However, the timing of the convergence of COVID-19 and its future impact remain uncertain and difficult to envision at this time. If the situation of COVID-19 deteriorates further in the future, the Company’s results of operations may be adversely affected.

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

(1) Analysis of Results of Operations

For the nine months ended September 30, 2022, revenue of Kubota Corporation and its subsidiaries (hereinafter, the “Company”) increased by ¥312.5 billion [19.0%] from the same period in the prior year to ¥1,954.2 billion.

Domestic revenue decreased by ¥4.4 billion [1.0%] from the same period in the prior year to ¥441.6 billion because of decreased revenue in Farm & Industrial Machinery, despite increased revenue in Water & Environment.

Overseas revenue increased by ¥317.0 billion [26.5%] from the same period in the prior year to ¥1,512.6 billion because of increased revenue in Farm & Industrial Machinery and Water & Environment.

Operating profit decreased by ¥28.1 billion [13.3%] from the same period in the prior year to ¥183.4 billion mainly due to some negative effects from a rise in material prices and logistics expenses, despite some positive effects from sales price increase and favorable impact of foreign exchange rates. Profit before income taxes decreased by ¥17.8 billion [8.3%] from the same period in the prior year to ¥196.0 billion due to decreased operating profit. Income tax expenses were ¥48.6 billion. Share of profits of investments accounted for using the equity method was ¥1.5 billion. Profit for the period decreased by ¥12.0 billion [7.4%] from the same period in the prior year to ¥148.9 billion. Profit attributable to owners of the parent decreased by ¥13.3 billion [9.1%] from the same period in the prior year to ¥133.3 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 21.3% from the same period in the prior year to ¥1,708.0 billion and accounted for 87.4% of consolidated revenue.

Domestic revenue decreased by 3.9% from the same period in the prior year to ¥229.6 billion. Sales of agricultural-related products decreased due to stagnated rice price and termination of subsidies for business continuation of farmers.

Overseas revenue increased by 26.5% from the same period in the prior year to ¥1,478.4 billion. In North America, shipment of tractors made progress to replenish dealer inventories although the market trend is shrinking. In addition, sales of construction machinery increased due to demand for infrastructure construction. In Europe, sales mainly of construction machinery and engines were solid. In Asia outside Japan, development of dryland farming in Thailand has made progress despite decreased sales of farm equipment for rice farming due to adverse reaction from the government project in the prior year. In China, sales of tractors increased thanks to rush demand before the emission regulation, but this could not cover the decreased sales caused by the lockdown in the 1st half of this fiscal year. Sales in India increased due to consolidation of Escorts Limited (currently, Escorts Kubota Limited; hereinafter, “EKL”).

Operating profit in this segment decreased by 13.3% from the same period in the prior year to ¥186.3 billion due to some negative effects from a rise in material prices and logistics expenses, while there were some positive effects from sales price increase and favorable impact of foreign exchange rates.

2) Water & Environment

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

Revenue in this segment increased by 7.1% from the same period in the prior year to ¥228.8 billion and accounted for 11.7% of consolidated revenue.

Domestic revenue increased by 4.0% from the same period in the prior year to ¥194.7 billion. Sales of pipe system-related products increased due to a positive effect from sales price increase. Sales of environment-related products decreased due to adverse reaction from the special demand for drainage pump vehicles in the prior year.

Overseas revenue increased by 29.2% from the same period in the prior year to ¥34.1 billion due to strong sales of materials such as reformer and cracking tubes.

Operating profit in this segment decreased by 36.8% from the same period in the prior year to ¥10.7 billion due to a rise in material prices, despite a positive effect from sales price increase.

3) Other

Other is mainly composed of a variety of other services.

Revenue in this segment decreased by 13.7% from the same period in the prior year to ¥17.3 billion and accounted for 0.9% of consolidated revenue.

Operating profit in this segment increased by 22.3% from the same period in the prior year to ¥2.9 billion.

(2) Analysis of Financial Position

Total assets as of September 30, 2022, were ¥4,779.9 billion, an increase of ¥1,006.4 billion from the prior fiscal year-end. With respect to assets, trade receivables increased due to increased revenue in North America, and inventories increased mainly due to production recovery. In addition, goodwill and other items increased along with the consolidation of EKL.

With respect to liabilities, bonds and borrowings increased due to an increase in working capital and the acquisition of the shares of EKL. 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 41.1%, 3.4 percentage points lower than the prior fiscal year-end.

(3) Analysis of Cash Flows

Net cash used in operating activities during the nine months ended September 30, 2022, was ¥70.6 billion, an increase of ¥118.5 billion in net cash outflow compared with the same period in the prior year. This increase was due to an increase in trade receivables and a decrease in trade payables, in addition to a decrease in profit for the period.

Net cash used in investing activities was ¥268.1 billion, an increase of ¥180.1 billion in net cash outflow compared with the same period in the prior year. This increase was mainly due to an increase in cash outflow related to payments for acquisition of subsidiaries and payments for acquisition of property, plant, and equipment.

Net cash provided by financing activities was ¥233.2 billion, an increase of ¥242.0 billion in net cash inflow compared with the same period in the prior year, due to an increase in funding.

As a result of the above and after taking into account the effects from exchange rate changes, cash and cash equivalents as of September 30, 2022, were ¥170.8 billion, a decrease of ¥87.8 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, 2022, 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, 2022, were ¥62.1 billion.

During the nine months ended September 30, 2022, the Company has established the Kubota Global Institute of Technology (hereinafter, "KGIT") as the new research and development base. In addition to its role as a hub for strengthening cooperation among research and development bases worldwide, KGIT is intended to enhance product and cutting-edge technology development for further business expansion. The Company is consolidating a majority of research and development departments in Japan, centered around farm equipment and construction machinery, and strives to develop products essential to food, water, and environment sectors, develops core components that form the basis of products, and enhances materials, analysis, and other fundamental technologies supporting such development.

Furthermore, in addition to further strengthening and implementing in products and solutions leading-edge technologies related to the internet of things (IoT), information and communication technology (ICT), and artificial intelligence (AI), which are increasingly being deployed in a wide-range of businesses, the Company is also accelerating the development of products and technologies that contribute to the realization of carbon neutrality, including electrification. Through these efforts, the Company is more committed than ever to providing products, technologies, and services that solve social issues.

(6) Employees

During the nine months ended September 30, 2022, the number of employees, which refers solely to full-time employees, in the Company increased by 6,956 from the prior fiscal year-end to 50,249. The increase is primarily due to the consolidation of EKL in the Farm & Industrial Machinery segment during the three months ended June 30, 2022.

(7) Major Property, Plant, and Equipment

During the nine months ended September 30, 2022, major property, plant, and equipment of overseas subsidiaries have increased due to the consolidation of EKL in the Farm & Industrial Machinery segment during the three months ended June 30, 2022. The increase in property, plant, and equipment resulting from the consolidation of EKL was ¥29,699 million as of the acquisition date, April 11, 2022.

In addition, "building a new research and development hub," which was in the planning stage as of December 31, 2021, commenced operations as KGIT during the nine months ended September 30, 2022, as described in "(5) Research and Development."

3. Material Contracts

There were no material contracts which were decided or entered into during the three months ended September 30, 2022.

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, 2022) | Number of shares issued as of filing date (shares) (November 11, 2022) | Stock exchange on which Kubota Corporation is listed | Description |
|---------------|---|--|--|--|
| Common shares | 1,191,006,846 | 1,191,006,846 | Tokyo Stock Exchange, Inc. (the Prime Market) | The number of shares per one unit of shares is 100 shares. |
| Total | 1,191,006,846 | 1,191,006,846 | — | — |

(2) Information on Share Acquisition Rights

1) Details of Stock Option Plan

Not applicable.

2) Details of Other Stock Acquisition Rights

Not applicable.

(3) Information on Moving Strike Convertible Bonds

Not applicable.

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

| Date | Changes in the total number of issued shares (thousands of shares) | Balance of the total number of issued shares (thousands of shares) | Changes in common shares (millions of yen) | Balance of common shares (millions of yen) | Changes in capital reserve (millions of yen) | Balance of capital reserve (millions of yen) |
|------------------------|--|--|--|--|--|--|
| From: July 1, 2022 | | | | | | |
| To: September 30, 2022 | (9,240) | 1,191,006 | ¥ — | ¥ 84,130 | ¥ — | ¥ 73,117 |

(Note)

Changes in the total number of issued shares are due to the retirement of treasury shares on September 30, 2022.

(5) Major Shareholders

Not applicable.

(6) Information on Voting Rights

Information on voting rights on the shareholders' list as of June 30, 2022, is stated in this subsection since Kubota Corporation could not identify the number of voting rights as of September 30, 2022.

1) Issued Shares

(As of June 30, 2022)

| Classification | | Number of shares (shares) | Number of voting rights | Description |
|---|---|------------------------------|----------------------------|---|
| Shares without voting rights | | — | — | — |
| Shares with restricted voting rights (treasury shares, etc.) | | — | — | — |
| Shares with restricted voting rights (others) | | — | — | — |
| Shares with full voting rights (treasury shares, etc.) | (Treasury shares) Common shares: | 5,076,700 | — | — |
| | (Crossholding shares) Common shares: | 718,400 | — | — |
| Shares with full voting rights (others) | Common shares: | 1,194,144,300 | 11,941,443 | — |
| Shares less than one unit | Common shares: | 307,446 | — | Shares less than one unit (100 shares) |
| Number of issued shares | | 1,200,246,846 | — | — |
| Total number of voting rights | | — | 11,941,443 | — |

(Note)

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

2) Treasury Shares

(As of June 30, 2022)

| Name of shareholder | Address | Number of shares held under own name (shares) | Number of shares held under the names of others (shares) | Total shares held (shares) | Ownership percentage to the total number of issued shares (%) |
|--|---|---|---|----------------------------------|--|
| (Treasury share) Kubota Corporation | 2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN | 5,076,700 | — | 5,076,700 | 0.42 |
| (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 | — | 5,795,100 | — | 5,795,100 | 0.48 |

(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

The change in Directors and senior management during the period from the filing date of the Annual Securities Report for the year ended December 31, 2021 to September 30, 2022 is as follows.

| New company and position and responsibility | | Former company and position and responsibility | | Name | Date of change |
|---|---|---|---|---------------|-------------------|
| Director and Managing Executive Officer of Kubota Corporation | General Manager of Research and Development Headquarters, General Manager of Kubota Global Institute of Technology, Deputy General Manager of Innovation Center, General Manager of Carbon Neutral Promotion Department | Director and Managing Executive Officer of Kubota Corporation | General Manager of Research and Development Headquarters, Deputy General Manager of Innovation Center, General Manager of Carbon Neutral Promotion Department | Hiroto Kimura | September 1, 2022 |

(Reference Information)

Kubota Corporation has adopted the Executive Officer System. Changes in the Executive Officers who do not hold the post of Director since the filing date of the Annual Securities Report for the year ended December 31, 2021 to September 30, 2022 are as follows:

| New company and position and responsibility | | Former company and position and responsibility | | Name | Date of change |
|---|--|---|---|-----------------|----------------|
| Executive Officer of Kubota Corporation | Deputy General Manager of Agricultural Tractor Division | Executive Officer of Kubota Corporation | Deputy General Manager of Agricultural Tractor Division, General Manager of Agricultural Tractor Engineering Department | Tadahito Suzui | April 1, 2022 |
| Executive Officer of Kubota Corporation | President of Kubota Environmental Engineering Corporation | Executive Officer of Kubota Corporation | Vice President of Kubota Environmental Service Co., Ltd. | Koichi Nakagawa | April 1, 2022 |
| Senior Managing Executive Officer of Kubota Corporation | Deputy General Manager of Farm and Industrial Machinery Consolidated Division, Deputy General Manager of Innovation Center | Senior Managing Executive Officer of Kubota Corporation | Deputy General Manager of Farm and Industrial Machinery Consolidated Division | Yuji Tomiyama | June 1, 2022 |
| Senior Managing Executive Officer of Kubota Corporation | General Manager of Value-Innovative Farm and Industrial Machinery Strategy and Operations Department, Chairman and Managing Director of Escorts Kubota Limited | Senior Managing Executive Officer of Kubota Corporation | General Manager of Value-Innovative Farm and Industrial Machinery Strategy and Operations Department | Nikhil Nanda | August 1, 2022 |

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, 2022 | December 31, 2021 |
|---|-------|--------------------|--------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | | ¥ 170,793 | ¥ 258,639 |
| Trade receivables | | 762,304 | 574,349 |
| Finance receivables | | 504,407 | 380,865 |
| Other financial assets | 6 | 61,525 | 50,875 |
| Inventories | | 668,767 | 510,065 |
| Income taxes receivable | | 5,143 | 8,430 |
| Other current assets | | 99,977 | 83,822 |
| Total current assets | | 2,272,916 | 1,867,045 |
| Noncurrent assets: | | | |
| Investments accounted for using the equity method | | 45,105 | 43,768 |
| Finance receivables | | 1,285,434 | 1,029,488 |
| Other financial assets | 6 | 169,109 | 154,781 |
| Property, plant, and equipment | 7 | 616,471 | 496,312 |
| Goodwill | | 181,472 | 10,355 |
| Intangible assets | | 108,591 | 85,529 |
| Deferred tax assets | | 65,075 | 50,423 |
| Other noncurrent assets | | 35,749 | 35,809 |
| Total noncurrent assets | | 2,507,006 | 1,906,465 |
| Total assets | | ¥ 4,779,922 | ¥ 3,773,510 |

(Unit: millions of yen)

| | Notes | September 30, 2022 | December 31, 2021 |
|--|-------|--------------------|--------------------|
| LIABILITIES AND EQUITY | | | |
| Current liabilities: | | | |
| Bonds and borrowings | | ¥ 693,634 | ¥ 504,335 |
| Trade payables | | 386,439 | 392,331 |
| Other financial liabilities | 8 | 98,064 | 96,740 |
| Income taxes payable | | 16,880 | 33,546 |
| Provisions | | 63,689 | 52,208 |
| Other current liabilities | 9 | 310,813 | 234,579 |
| Total current liabilities | | 1,569,519 | 1,313,739 |
| Noncurrent liabilities: | | | |
| Bonds and borrowings | 10 | 957,393 | 590,174 |
| Other financial liabilities | 8 | 30,794 | 33,375 |
| Retirement benefit liabilities | | 16,061 | 14,899 |
| Deferred tax liabilities | | 29,513 | 31,027 |
| Other noncurrent liabilities | 9 | 6,181 | 5,323 |
| Total noncurrent liabilities | | 1,039,942 | 674,798 |
| Total liabilities | | 2,609,461 | 1,988,537 |
| Equity: | | | |
| Equity attributable to owners of the parent: | | | |
| Share capital | | 84,130 | 84,130 |
| Share premium | | 82,333 | 84,886 |
| Retained earnings | | 1,520,010 | 1,439,560 |
| Other components of equity | | 281,386 | 69,515 |
| Treasury shares | | (3,562) | (134) |
| Total equity attributable to owners of the parent | | 1,964,297 | 1,677,957 |
| Noncontrolling interests | | 206,164 | 107,016 |
| Total equity | | 2,170,461 | 1,784,973 |
| Total liabilities and equity | | ¥ 4,779,922 | ¥ 3,773,510 |

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, 2022 and 2021

Condensed Consolidated Statement of Profit or Loss

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

| | Notes | 2022 | % | 2021 | % |
|---|-------|------------------|-------------|------------------|-------------|
| Revenue | 11 | ¥ 1,954,180 | 100.0 | ¥ 1,641,640 | 100.0 |
| Cost of sales | | (1,449,131) | | (1,157,642) | |
| Selling, general, and administrative expenses | | (341,487) | | (275,820) | |
| Other income | | 23,687 | | 7,129 | |
| Other expenses | | (3,817) | | (3,804) | |
| Operating profit | | 183,432 | 9.4 | 211,503 | 12.9 |
| Finance income | | 14,003 | | 3,279 | |
| Finance costs | | (1,477) | | (994) | |
| Profit before income taxes | | 195,958 | 10.0 | 213,788 | 13.0 |
| Income tax expenses | | (48,553) | | (55,373) | |
| Share of profits of investments accounted for using the equity method | | 1,530 | | 2,502 | |
| Profit for the period | | ¥ 148,935 | 7.6 | ¥ 160,917 | 9.8 |
| Profit attributable to: | | | | | |
| Owners of the parent | | ¥ 133,334 | 6.8 | ¥ 146,628 | 8.9 |
| Noncontrolling interests | | ¥ 15,601 | 0.8 | ¥ 14,289 | 0.9 |
| Earnings per share attributable to owners of the parent: | | | | | |
| Basic | 12 | ¥ 111.54 | | ¥ 121.38 | |
| Diluted | | ¥ — | | ¥ — | |

Condensed Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

| | Notes | 2022 | 2021 |
|--|-------|------------------|------------------|
| Profit for the period | | ¥ 148,935 | ¥ 160,917 |
| Other comprehensive income, net of income tax: | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Remeasurement of defined benefit pension plans | | 529 | (214) |
| Net change in fair value of financial assets measured at fair value through other comprehensive income | | 3,695 | 7,155 |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange rate differences on translating foreign operations | | 248,970 | 47,332 |
| Total other comprehensive income, net of income tax | | 253,194 | 54,273 |
| Comprehensive income for the period | | ¥ 402,129 | ¥ 215,190 |
| Comprehensive income attributable to: | | | |
| Owners of the parent | | ¥ 363,630 | ¥ 203,760 |
| Noncontrolling interests | | ¥ 38,499 | ¥ 11,430 |

See notes to condensed consolidated financial statements.

Three months ended September 30, 2022 and 2021
Condensed Consolidated Statement of Profit or Loss

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

| | Notes | 2022 | % | 2021 | % |
|--|-------|-----------|-------|-----------|-------|
| Revenue | | ¥ 693,700 | 100.0 | ¥ 540,235 | 100.0 |
| Cost of sales | | (513,051) | | (380,385) | |
| Selling, general, and administrative expenses | | (118,727) | | (94,297) | |
| Other income | | 2,883 | | 778 | |
| Other expenses | | (2,376) | | (2,376) | |
| Operating profit | | 62,429 | 9.0 | 63,955 | 11.8 |
| Finance income | | 2,647 | | 668 | |
| Finance costs | | (705) | | (244) | |
| Profit before income taxes | | 64,371 | 9.3 | 64,379 | 11.9 |
| Income tax expenses | | (17,701) | | (17,565) | |
| Share of profits of investments accounted for using the equity method | | 295 | | 963 | |
| Profit for the period | | ¥ 46,965 | 6.8 | ¥ 47,777 | 8.8 |
| Profit attributable to: | | | | | |
| Owners of the parent | | ¥ 42,088 | 6.1 | ¥ 43,678 | 8.1 |
| Noncontrolling interests | | ¥ 4,877 | 0.7 | ¥ 4,099 | 0.7 |
| Earnings per share attributable to owners of the parent: | | | | | |
| Basic | 12 | ¥ 35.39 | | ¥ 36.16 | |
| Diluted | | ¥ — | | ¥ — | |

Condensed Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

| | Notes | 2022 | 2021 |
|--|-------|-----------|----------|
| Profit for the period | | ¥ 46,965 | ¥ 47,777 |
| Other comprehensive income, net of income tax: | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Remeasurement of defined benefit pension plans | | (25) | 35 |
| Net change in fair value of financial assets measured at fair value through other comprehensive income | | (1,707) | 5,242 |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange rate differences on translating foreign operations | | 57,765 | (5,652) |
| Total other comprehensive income, net of income tax | | 56,033 | (375) |
| Comprehensive income for the period | | ¥ 102,998 | ¥ 47,402 |
| Comprehensive income attributable to: | | | |
| Owners of the parent | | ¥ 90,366 | ¥ 46,629 |
| Noncontrolling interests | | ¥ 12,632 | ¥ 773 |

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, 2022 | | ¥ 84,130 | ¥ 84,886 | ¥ 1,439,560 | ¥ 69,515 | ¥ (134) | ¥ 1,677,957 | ¥ 107,016 | ¥ 1,784,973 |
| Profit for the period | | | | 133,334 | | | 133,334 | 15,601 | 148,935 |
| Total other comprehensive income, net of income tax | | | | | 230,296 | | 230,296 | 22,898 | 253,194 |
| Comprehensive income for the period | | | | 133,334 | 230,296 | | 363,630 | 38,499 | 402,129 |
| 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 | | | | | | | — | 70,024 | 70,024 |
| Changes in ownership interests in subsidiaries | | | (3,052) | | 146 | | (2,906) | (2,789) | (5,695) |
| Balance as of September 30, 2022 | | ¥ 84,130 | ¥ 82,333 | ¥ 1,520,010 | ¥ 281,386 | ¥ (3,562) | ¥ 1,964,297 | ¥ 206,164 | ¥ 2,170,461 |
| Balance as of January 1, 2021 | | ¥ 84,130 | ¥ 84,943 | ¥ 1,325,764 | ¥ (18,162) | ¥ (636) | ¥ 1,476,039 | ¥ 98,146 | ¥ 1,574,185 |
| Profit for the period | | | | 146,628 | | | 146,628 | 14,289 | 160,917 |
| Total other comprehensive income, net of income tax | | | | | 57,132 | | 57,132 | (2,859) | 54,273 |
| Comprehensive income for the period | | | | 146,628 | 57,132 | | 203,760 | 11,430 | 215,190 |
| Transfer to retained earnings | | | | 2,241 | (2,241) | | — | | — |
| Dividends paid | 13 | | | (48,333) | | | (48,333) | (6,697) | (55,030) |
| Purchases and sales of treasury shares | | | | | | (2) | (2) | | (2) |
| Share-based payments with transfer restrictions | | | 27 | | | | 211 | | 211 |
| Changes in ownership interests in subsidiaries | | | (60) | | (2) | | (62) | 64 | 2 |
| Balance as of September 30, 2021 | | ¥ 84,130 | ¥ 84,910 | ¥ 1,426,300 | ¥ 36,727 | ¥ (454) | ¥ 1,631,613 | ¥ 102,943 | ¥ 1,734,556 |

See notes to condensed consolidated financial statements.

(4) Condensed Consolidated Statement of Cash Flows

(Unit: millions of yen)

| Nine months ended September 30: | Notes | 2022 | 2021 |
|---|-------|-----------|-----------|
| Cash flows from operating activities: | | | |
| Profit for the period | | ¥ 148,935 | ¥ 160,917 |
| Depreciation and amortization | | 60,915 | 53,034 |
| Loss from disposal of property, plant, and equipment and intangible assets, net | | 1,699 | 2,046 |
| Finance income and costs | | (10,104) | (2,143) |
| Income tax expenses | | 48,553 | 55,373 |
| Share of profits of investments accounted for using the equity method | | (1,530) | (2,502) |
| (Increase) decrease in trade receivables | | (142,510) | 28,266 |
| Increase in finance receivables | | (60,227) | (150,198) |
| Increase in inventories | | (52,711) | (73,861) |
| Decrease (increase) in other assets | | 1,252 | (836) |
| (Decrease) increase in trade payables | | (47,077) | 682 |
| Increase in other liabilities | | 55,566 | 16,887 |
| Net changes in retirement benefit assets and liabilities | | 3,085 | 1,670 |
| Other, net | | (6,986) | 652 |
| Interest received | | 3,310 | 1,292 |
| Dividends received | | 1,341 | 1,256 |
| Interest paid | | (1,747) | (1,371) |
| Income taxes paid, net | | (72,396) | (43,304) |
| Net cash (used in) provided by operating activities | | (70,632) | 47,860 |
| Cash flows from investing activities: | | | |
| Payments for acquisition of property, plant, and equipment | | (106,833) | (66,384) |
| Payments for acquisition of intangible assets | | (22,059) | (19,161) |
| Proceeds from sales of property, plant, and equipment | | 3,225 | 2,983 |
| Payments for acquisition of subsidiaries | | (135,039) | — |
| Purchase of investments accounted for using the equity method | | (28,856) | — |
| Payments for acquisition of securities | | (3,992) | (1,709) |
| Proceeds from sales and redemptions of securities | | 690 | 3,965 |
| Payments for loans receivable from associates | | (13,450) | (15,640) |
| Collection of loans receivable from associates | | 12,800 | 15,690 |
| Payments for time deposits | | (9,027) | (34,894) |
| Proceeds from withdrawal of time deposits | | 13,844 | 19,614 |
| Net decrease in restricted cash | | 618 | 9,614 |
| Payments for acquisition of short-term investments | | (36,645) | (689) |
| Proceeds from sales and redemptions of short-term investments | | 47,145 | — |
| Other, net | | 9,458 | (1,429) |
| Net cash used in investing activities | | (268,121) | (88,040) |
| Cash flows from financing activities: | | | |
| Funding from bonds and long-term borrowings | | 560,144 | 263,350 |
| Redemptions of bonds and repayments of long-term borrowings | | (284,685) | (176,091) |
| Net increase (decrease) in short-term borrowings | | 53,009 | (31,314) |
| Repayments for lease liabilities | | (14,238) | (14,636) |
| Dividends paid | 13 | (51,466) | (48,333) |
| Purchases of treasury shares | | (23,417) | (2) |
| Other, net | | (6,197) | (1,852) |
| Net cash provided by financing activities | | 233,150 | (8,878) |
| Effect of exchange rate changes on cash and cash equivalents | | 17,757 | 5,424 |
| Net decrease in cash and cash equivalents | | (87,846) | (43,634) |
| Cash and cash equivalents, at the beginning of the period | | 258,639 | 222,919 |
| Cash and cash equivalents, at the end of the period | | ¥ 170,793 | ¥ 179,285 |

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") manufacture and sell a comprehensive range of machinery and other industrial and consumer products, including farm equipment, engines, construction machinery, pipe system-related products, materials and urban infrastructure-related products, and environment-related products.

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

2. BASIS OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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, 2021.

Basis of Measurement

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

Functional Currency and Presentation Currency

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

Significant Accounting Judgements, Estimates, and Assumptions

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

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

The significant accounting judgements, estimates, and assumptions made in preparing the condensed consolidated financial statements are consistent with those made in preparing the consolidated financial statements for the year ended December 31, 2021.

At the end of the reporting period, the Company estimates the impact of COVID-19 infection on the results of operations of the Company is not significant. However, the timing of the convergence of COVID-19 and its future impact remain uncertain and difficult to envision at this time. If the situation of COVID-19 deteriorates further in the future, accounting judgements, estimates, and assumptions of the Company may be affected significantly.

Changes in Presentation

(Condensed Consolidated Statement of Financial Position)

Goodwill, which was previously included in "goodwill and intangible assets," is separately presented from the previous reporting period ended June 30, 2022, as materiality in terms of amount has increased. To reflect this change in presentation, the comparative information has been retrospectively adjusted. As a result, ¥95,884 million presented as "goodwill and intangible assets" in the consolidated financial statements for the year ended December 31, 2021, is separately presented as "goodwill" of ¥10,355 million and "intangible assets" of ¥85,529 million.

3. SIGNIFICANT 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, 2021.

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 pipe system-related products (ductile iron pipes, plastic pipes, and other products), materials and urban infrastructure-related products (mixing element radian tube, spiral-welded steel pipes, air-conditioning equipment, and other products), and environment-related products (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)

| Nine months ended September 30: | Farm & Industrial Machinery | Water & Environment | Other | Adjustments | Consolidated |
|---------------------------------|-----------------------------|---------------------|----------|-------------|--------------|
| 2022: | | | | | |
| Revenue: | | | | | |
| External customers | ¥ 1,708,044 | ¥ 228,808 | ¥ 17,328 | ¥ — | ¥ 1,954,180 |
| Intersegment | 140 | 63 | 25,277 | (25,480) | — |
| Total | 1,708,184 | 228,871 | 42,605 | (25,480) | 1,954,180 |
| Operating profit | ¥ 186,254 | ¥ 10,674 | ¥ 2,861 | ¥ (16,357) | ¥ 183,432 |
| 2021: | | | | | |
| Revenue: | | | | | |
| External customers | ¥ 1,407,996 | ¥ 213,568 | ¥ 20,076 | ¥ — | ¥ 1,641,640 |
| Intersegment | 160 | 1,032 | 22,491 | (23,683) | — |
| Total | 1,408,156 | 214,600 | 42,567 | (23,683) | 1,641,640 |
| Operating profit | ¥ 214,902 | ¥ 16,892 | ¥ 2,339 | ¥ (22,630) | ¥ 211,503 |

(Notes)

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

(Unit: millions of yen)

| Three months ended September 30: | Farm & Industrial Machinery | Water & Environment | Other | Adjustments | Consolidated |
|----------------------------------|-----------------------------|---------------------|---------|-------------|--------------|
| 2022: | | | | | |
| Revenue: | | | | | |
| External customers | ¥ 611,860 | ¥ 76,095 | ¥ 5,745 | ¥ — | ¥ 693,700 |
| Intersegment | 56 | 15 | 8,937 | (9,008) | — |
| Total | 611,916 | 76,110 | 14,682 | (9,008) | 693,700 |
| Operating profit | ¥ 68,951 | ¥ 986 | ¥ 1,122 | ¥ (8,630) | ¥ 62,429 |
| 2021: | | | | | |
| Revenue: | | | | | |
| External customers | ¥ 466,721 | ¥ 67,017 | ¥ 6,497 | ¥ — | ¥ 540,235 |
| Intersegment | 68 | 308 | 7,922 | (8,298) | — |
| Total | 466,789 | 67,325 | 14,419 | (8,298) | 540,235 |
| Operating profit | ¥ 70,967 | ¥ 3,702 | ¥ 714 | ¥ (11,428) | ¥ 63,955 |

(Notes)

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

5. Business Combinations

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)

| Fair value of acquisition cost | Amount |
|---|-----------|
| Cash | ¥ 123,722 |
| Equity interests held immediately prior to the acquisition date | 71,351 |
| Total | ¥ 195,073 |

(3) Assets Acquired, Liabilities Assumed, Noncontrolling Interests, and Goodwill

(Unit: millions of yen)

| Fair value of assets acquired and liabilities assumed | 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 |
| Fair value of assets acquired and liabilities assumed, net | ¥ | 125,164 |
| Noncontrolling interests | | 69,091 |
| Goodwill | | 139,000 |
| Total | ¥ | 195,073 |

(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 are ¥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 are ¥1,986,409 million and ¥152,089 million, respectively. 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.

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

(1) Acquisition Cost

(Unit: millions of yen)

| Fair value of acquisition cost | Amount | |
|---------------------------------------|---------------|--------|
| Cash | ¥ | 30,027 |
| Total | ¥ | 30,027 |

(2) Assets Acquired, Liabilities Assumed, Noncontrolling Interests, and Goodwill

(Unit: millions of yen)

| Fair value of assets acquired and liabilities assumed | Amount | |
|---|---------------|--------|
| Current assets | ¥ | 11,910 |
| Noncurrent assets | | 5,633 |
| Current liabilities | | 5,658 |
| Noncurrent liabilities | | 1,783 |
| Fair value of assets acquired and liabilities assumed, net | ¥ | 10,102 |
| Noncontrolling interests | | 933 |
| Goodwill | | 20,858 |
| Total | ¥ | 30,027 |

(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.

(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 the condensed consolidated financial statements is immaterial.

Nine months ended September 30, 2021

Not applicable.

6. OTHER FINANCIAL ASSETS

Other financial assets are composed of the following:

(Unit: millions of yen)

| | September 30, 2022 | | December 31, 2021 | |
|---|---------------------------|---------|--------------------------|---------|
| Financial assets measured at amortized cost: | | | | |
| Long-term trade accounts receivable | ¥ | 42,945 | ¥ | 37,013 |
| Time deposits | | 8,834 | | 12,054 |
| Restricted cash | | 6,207 | | 5,651 |
| Debt financial assets | | 44,786 | | — |
| Others | | 19,140 | | 33,709 |
| Financial assets measured at fair value through other comprehensive income: | | | | |
| Debt financial assets | | — | | 686 |
| Equity financial assets | | 65,274 | | 106,328 |
| Financial assets measured at fair value through profit or loss: | | | | |
| Debt financial assets | | 38,617 | | 5,245 |
| Derivatives | | 4,831 | | 4,970 |
| Total | ¥ | 230,634 | ¥ | 205,656 |
| Current assets | | 61,525 | | 50,875 |
| Noncurrent assets | | 169,109 | | 154,781 |

(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 ¥111,523 million and ¥76,257 million for the nine months ended September 30, 2022 and 2021, respectively.

8. OTHER FINANCIAL LIABILITIES

Other financial liabilities are composed of the following:

| | (Unit: millions of yen) | |
|--|-------------------------|-------------------|
| | September 30, 2022 | December 31, 2021 |
| Financial liabilities measured at amortized cost: | | |
| Lease liabilities | ¥ 45,563 | ¥ 47,463 |
| Notes and accounts payable for capital expenditures | 25,879 | 37,072 |
| Deposits received | 28,311 | 27,922 |
| Others | 18,145 | 12,361 |
| Financial liabilities measured at fair value through profit or loss: | | |
| Derivatives | 10,960 | 5,297 |
| Total | ¥ 128,858 | ¥ 130,115 |
| Current liabilities | 98,064 | 96,740 |
| Noncurrent liabilities | 30,794 | 33,375 |

9. OTHER LIABILITIES

Other liabilities are composed of the following:

| | (Unit: millions of yen) | |
|-------------------------------|-------------------------|-------------------|
| | September 30, 2022 | December 31, 2021 |
| Employment benefit obligation | ¥ 65,089 | ¥ 50,377 |
| Accrued expenses | 58,234 | 51,075 |
| Refund liabilities | 61,909 | 36,323 |
| Contract liabilities | 35,970 | 23,402 |
| Others | 95,792 | 78,725 |
| Total | ¥ 316,994 | ¥ 239,902 |
| Current liabilities | 310,813 | 234,579 |
| Noncurrent liabilities | 6,181 | 5,323 |

10. BONDS

The details of outstanding bonds are as follows:

Nine months ended September 30, 2022

| Name | Issue Date | Issue Amount (millions of yen) | Coupon rate (%) | Maturity date |
|----------------------------------|--------------|-----------------------------------|-----------------|---------------|
| 14 th Unsecured Bonds | June 2, 2022 | ¥ 100,000 | 0.300 | June 2, 2027 |
| 15 th Unsecured Bonds | June 2, 2022 | ¥ 50,000 | 0.514 | June 2, 2032 |

Nine months ended September 30, 2021

Not applicable.

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:

Beginning with the current consolidated fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts formerly reported in "Pipe- and infrastructure-related products" are now classified as "Pipe system-related products" and "Materials and urban infrastructure-related products." The information for the same period in the previous year has been retrospectively adjusted to conform to the current fiscal year's presentation.

(Unit: millions of yen)

| Nine months ended September 30, 2022 | 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 |
| Farm & Industrial Machinery | 227,545 | 731,688 | 241,082 | 363,006 | 62,717 | 1,626,038 |
| Pipe system-related products | 87,938 | 144 | — | 2,125 | 16 | 90,223 |
| Materials and urban infrastructure-related products | 28,248 | 6,723 | 1,230 | 5,502 | 7,592 | 49,295 |
| Environment-related products | 78,503 | 1,463 | 343 | 5,265 | 3,716 | 89,290 |
| Water & Environment | 194,689 | 8,330 | 1,573 | 12,892 | 11,324 | 228,808 |
| Other | 17,307 | 9 | 2 | 10 | — | 17,328 |
| 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 | 56,094 | — | 22,746 | 1,085 | 82,006 |
| Total | ¥ 441,622 | ¥ 796,121 | ¥ 242,657 | ¥ 398,654 | ¥ 75,126 | ¥ 1,954,180 |

(Unit: millions of yen)

| Nine months ended September 30, 2021 | Japan | North America | Europe | Asia outside Japan | Other area | Total |
|---|------------------|------------------|------------------|--------------------|-----------------|--------------------|
| Farm equipment and engines | ¥ 209,995 | ¥ 396,130 | ¥ 137,694 | ¥ 265,947 | ¥ 40,795 | ¥ 1,050,561 |
| Construction machinery | 26,640 | 157,344 | 77,046 | 17,008 | 13,330 | 291,368 |
| Farm & Industrial Machinery | 236,635 | 553,474 | 214,740 | 282,955 | 54,125 | 1,341,929 |
| Pipe system-related products | 81,656 | 361 | — | 3,099 | 151 | 85,267 |
| Materials and urban infrastructure-related products | 24,942 | 5,510 | 1,348 | 5,759 | 3,133 | 40,692 |
| Environment-related products | 80,569 | 598 | 355 | 4,527 | 1,560 | 87,609 |
| Water & Environment | 187,167 | 6,469 | 1,703 | 13,385 | 4,844 | 213,568 |
| Other | 20,047 | 4 | 1 | 22 | 2 | 20,076 |
| Revenue recognized from: | | | | | | |
| Contracts with customers | 443,849 | 559,947 | 216,444 | 296,362 | 58,971 | 1,575,573 |
| Other sources of revenue | 2,205 | 43,991 | — | 18,864 | 1,007 | 66,067 |
| Total | ¥ 446,054 | ¥ 603,938 | ¥ 216,444 | ¥ 315,226 | ¥ 59,978 | ¥ 1,641,640 |

Revenue recognized from other sources of revenue includes interest income from retail finance and finance lease calculated using effective interest rate method. The amounts of the above revenue are ¥57,549 million and ¥46,317 million for the nine months ended September 30, 2022 and 2021, respectively.

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*.

| Nine months ended September 30: | 2022 | 2021 |
|---|-------------|-------------------------|
| | | (Unit: millions of yen) |
| Profit attributable to owners of the parent | ¥ 133,334 | ¥ 146,628 |
| Profit attributable to participating equity instruments | — | 5 |
| Profit attributable to common shareholders | ¥ 133,334 | ¥ 146,623 |
| | | (thousands of shares) |
| Weighted-average number of common shares issued | 1,195,418 | 1,208,006 |
| Weighted-average number of participating equity instruments | 1 | 43 |
| Weighted-average number of common shares outstanding | 1,195,417 | 1,207,963 |

| Three months ended September 30: | 2022 | 2021 |
|---|-------------|-------------------------|
| | | (Unit: millions of yen) |
| Profit attributable to owners of the parent | ¥ 42,088 | ¥ 43,678 |
| Profit attributable to participating equity instruments | — | 2 |
| Profit attributable to common shareholders | ¥ 42,088 | ¥ 43,676 |
| | | (thousands of shares) |
| Weighted-average number of common shares issued | 1,189,169 | 1,208,043 |
| Weighted-average number of participating equity instruments | — | 47 |
| Weighted-average number of common shares outstanding | 1,189,169 | 1,207,996 |

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.

13. DIVIDENDS

Dividends paid are as follows:

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 |

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 the Parent Company held by the Trust in connection with the stock compensation plan.

Nine months ended September 30, 2021

| Date of resolution | Class of shares | Dividends (millions of yen) | Dividends per common share (yen) | Record date | Effective date |
|--|-----------------|--------------------------------|-------------------------------------|-------------------|-------------------|
| The Meeting of the Board of Directors on February 15, 2021 | Common shares | ¥ 22,957 | ¥ 19.00 | December 31, 2020 | March 22, 2021 |
| The Meeting of the Board of Directors on August 3, 2021 | Common shares | ¥ 25,376 | ¥ 21.00 | June 30, 2021 | September 1, 2021 |

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, 2022 | | | |
|---|--------------------|-----------------|-----------------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | |
| Financial assets measured at fair value through other comprehensive income: | | | | |
| Equity financial assets | ¥ 61,711 | ¥ — | ¥ 3,563 | ¥ 65,274 |
| Financial assets measured at fair value through profit or loss: | | | | |
| Debt financial assets | 32,060 | — | 6,557 | 38,617 |
| Derivatives: | | | | |
| Foreign exchange contracts | — | 742 | — | 742 |
| Interest swap contracts | — | 473 | — | 473 |
| Cross-currency interest rate swap contracts | — | 3,616 | — | 3,616 |
| Total | ¥ 93,771 | ¥ 4,831 | ¥ 10,120 | ¥ 108,722 |
| Financial liabilities: | | | | |
| Financial liabilities measured at fair value through profit or loss: | | | | |
| Derivatives: | | | | |
| Foreign exchange contracts | ¥ — | ¥ 8,794 | ¥ — | ¥ 8,794 |
| Interest swap contracts | — | 210 | — | 210 |
| Cross-currency interest rate swap contracts | — | 1,956 | — | 1,956 |
| Total | ¥ — | ¥ 10,960 | ¥ — | ¥ 10,960 |

(Unit: millions of yen)

| | December 31, 2021 | | | |
|---|-------------------|----------------|-----------------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | |
| Financial assets measured at fair value through other comprehensive income: | | | | |
| Debt financial assets | ¥ 686 | ¥ — | ¥ — | ¥ 686 |
| Equity financial assets | 101,555 | — | 4,773 | 106,328 |
| Financial assets measured at fair value through profit or loss: | | | | |
| Debt financial assets | — | — | 5,245 | 5,245 |
| Derivatives: | | | | |
| Foreign exchange contracts | — | 4,114 | — | 4,114 |
| Interest swap contracts | — | 10 | — | 10 |
| Cross-currency swap contracts | — | 846 | — | 846 |
| Total | ¥ 102,241 | ¥ 4,970 | ¥ 10,018 | ¥ 117,229 |
| Financial liabilities: | | | | |
| Financial liabilities measured at fair value through profit or loss: | | | | |
| Derivatives: | | | | |
| Foreign exchange contracts | ¥ — | ¥ 2,598 | ¥ — | ¥ 2,598 |
| Stock forward contracts | — | 1,325 | — | 1,325 |
| Interest swap contracts | — | 809 | — | 809 |
| Cross-currency interest rate swap contracts | — | 565 | — | 565 |
| Total | ¥ — | ¥ 5,297 | ¥ — | ¥ 5,297 |

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

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

Equity financial assets and debt financial assets classified in 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 1.2 to 15.1) 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 of financial instruments between the levels for the nine months ended September 30, 2022 and 2021.

In addition, the Parent Company has acquired additional shares of Escorts Limited (currently, Escorts Kubota Limited) during the three months ended June 30, 2022, and EKL became a subsidiary of the Parent Company. The ¥36,264 million equity interest in EKL as of the fiscal year ended December 31, 2021, is included in equity financial assets classified as Level 1 of financial assets measured at fair value through other comprehensive income.

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

(Unit: millions of yen)

| | 2022 | | 2021 | |
|---|----------|---------------|----------|--------------|
| Nine months ended September 30: | | | | |
| Balance at the beginning of the period | ¥ | 10,018 | ¥ | 5,782 |
| Gains or losses | | | | |
| Profit or loss *1 | | 1,020 | | — |
| Other comprehensive income *2 | | (1,545) | | 1,333 |
| Purchases | | 647 | | 1,708 |
| Sales | | (20) | | (18) |
| Balance at the end of the period | ¥ | 10,120 | ¥ | 8,805 |

(Notes)

- Gains or losses are recognized as *finance income* or *finance costs* in the condensed consolidated statement of profit or loss. Of the total gain or loss, the amount related to financial instruments held at the end of the reporting period was ¥1,020 million.
- 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)

| | September 30, 2022 | | December 31, 2021 | |
|-------------------------------------|--------------------|-------------|-------------------|-------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Finance receivables: | | | | |
| Retail finance receivables | ¥ 1,395,721 | ¥ 1,286,130 | ¥ 1,079,628 | ¥ 1,071,340 |
| Finance lease receivables | 394,120 | 443,246 | 330,725 | 387,669 |
| Long-term trade accounts receivable | 75,232 | 79,292 | 67,429 | 71,853 |
| Debt financial assets | 44,786 | 43,213 | — | — |
| Bonds and borrowings | 1,651,027 | 1,593,937 | 1,094,509 | 1,087,720 |

The fair values 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. Long-term trade accounts receivable in the above table include the current portion, which is 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.

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

15. COMMITMENTS AND CONTINGENT LIABILITIES

Legal Proceedings

Since May 2007, the Company has been subject to 58 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 40 asbestos-related lawsuits are still ongoing, and the total claims for compensation related to 628 construction workers who suffered from asbestos-related diseases aggregate to ¥22,129 million. Of these ongoing lawsuits, three first instance judgements were rendered for eight lawsuits. The first instance ordered the Company to pay compensation damages of ¥2 million under judgement for one lawsuit, and the other two lawsuits were decided in favor of the Company. All three lawsuits are being heard on the second instance. The court in the second instance rendered a judgment to support the opinion of the first instance for one of the two lawsuits that were decided in favor of the Company. This lawsuit has been appealed to a higher court.

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

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

Matters Related to the Health Hazards of Asbestos

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

In an effort to estimate future asbestos-related expenditures, the Company has considered all available data, including a time series data of historical claims and payments, the incidence rate of asbestos-related disease, and other public information related to asbestos-related disease. However, since the health hazards of asbestos tend to have a longer incubation period, reliable statistics to estimate the incidence rate of asbestos-related disease are not available to the Company. Furthermore, there are no cases where final conclusions are made to the cause and the incidence rate of asbestos-related health hazard at other asbestos-related companies. Hence, the Company believes there is no information to determine the range of the final possible outcome in the future. For these reasons, the Company believes it is not possible to reliably estimate the amount of its ultimate liability, and the Company does not accrue on this contingency.

The Law for the Relief of Patients Suffering from Asbestos-Related Diseases (the "New Asbestos Law") was established by the Japanese government in March 2006. The purpose of this law is to provide prompt relief to persons who sustain asbestos-related diseases but are not relieved by compensation for accidents under workmen's compensation insurance. Contributions under this law are made by the Japanese government, local authorities and business entities. Contributions by business entities commenced from the year ended March 31, 2008, and these include special contributions by business entities which operated a business closely to asbestos.

The Company accrues asbestos-related expenses when the Company receives claims on voluntary consolation payment, relief payment, compensation for current and former employees, and the special contribution in accordance with the New Asbestos Law. The accrued balances for asbestos-related expenses are ¥76 million and ¥125 million at September 30, 2022, and December 31, 2021, respectively. The asbestos-related expenses recognized for the nine months ended September 30, 2022 and 2021, were ¥262 million and ¥453 million, respectively.

16. SUBSEQUENT EVENTS

Not applicable.

17. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved on November 11, 2022, by Yuichi Kitao, President and Representative Director of the Parent Company, and Masato Yoshikawa, Executive Vice President and Representative Director, General Manager of Planning and Control Headquarters of the Parent Company.

2. Other

On August 3, 2022, the Board of Directors of the Parent Company resolved the interim dividend and paid as follows:

1) Dividend Record Date

June 30, 2022

2) Amount of Dividends

¥22.00 per common share, a total of ¥26,294 million

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

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

September 1, 2022

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 11, 2022 |
| [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, Executive Vice President and Representative Director, 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, Executive Vice President and Representative Director, General Manager of Planning and Control Headquarters, confirmed that statements contained in the Quarterly Report for the third quarter of the 133rd business term (from July 1, 2022 to September 30, 2022) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

Not applicable.