

[Translation]

# Quarterly Report

(The Second Quarter of the 133<sup>rd</sup> Business Term)  
From April 1, 2022 to June 30, 2022

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

**Kubota Corporation**

TABLE OF CONTENTS

1. Overview of the Company .....	1
1. Key Financial Data .....	1
2. Description of Business .....	1
2. Business Overview .....	2
1. Risk Factors .....	2
2. Analysis of Consolidated Financial Position, Results of Operations, and Cash Flows by Management.....	2
3. Material Contracts .....	4
3. Information on Kubota Corporation .....	5
1. Information on the Shares of Kubota Corporation .....	5
2. Changes in Directors and Senior Management .....	8
4. Financial Information .....	9
1. Condensed Consolidated Financial Statements.....	9
2. Other .....	27

Confirmation Letter

COVER

[Document Filed]	Quarterly Report (“Shihanki Hokokusho”)
[Applicable Law]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	August 9, 2022
[Fiscal Year]	The Second Quarter of the 133 <sup>rd</sup> Business Term (from April 1, 2022 to June 30, 2022)
[Company Name]	Kabushiki Kaisha Kubota
[Company Name in English]	Kubota Corporation
[Title and Name of Representative]	Yuichi Kitao, President and Representative Director
[Address of Head Office]	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN
[Phone Number]	+81-6-6648-2111
[Contact Person]	Kaori Sato, General Manager of Accounting Dept.
[Contact Address]	Kubota Corporation, Tokyo Head Office 1-3, Kyobashi 2-chome, Chuo-ku, Tokyo, JAPAN
[Phone Number]	+81-3-3245-3111
[Contact Person]	Jun Sano, General Manager of Tokyo Administration Dept.
[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)

---

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

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

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

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

## 1. Overview of the Company

### 1. Key Financial Data

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

	Six months ended June 30, 2022	Six months ended June 30, 2021	Year ended December 31, 2021
Revenue	¥ 1,260,480 [667,257]	¥ 1,101,405 [563,719]	¥ 2,196,766
Profit before income taxes	131,587	149,409	252,559
Profit attributable to owners of the parent	91,246 [41,650]	102,950 [50,909]	175,637
Comprehensive income attributable to owners of the parent	273,264	157,131	270,034
Equity attributable to owners of the parent	1,909,584	1,610,291	1,677,957
Total assets	4,554,017	3,430,791	3,773,510
Earnings per share attributable to owners of the parent:			
Basic	76.13 [34.79]	85.22 [42.14]	145.52
Diluted	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	41.9	46.9	44.5
Net cash (used in) provided by operating activities	(22,023)	50,797	92,511
Net cash used in investing activities	(226,630)	(45,277)	(127,370)
Net cash provided by financing activities	189,754	2,263	60,586
Cash and cash equivalents, at the end of the period	215,333	237,539	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 six months ended June 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 six months ended June 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 six months ended June 30, 2022, revenue of Kubota Corporation and its subsidiaries (hereinafter, the “Company”) increased by ¥159.1 billion [14.4%] from the same period in the prior year to ¥1,260.5 billion.

Domestic revenue decreased by ¥3.5 billion [1.1%] from the same period in the prior year to ¥299.1 billion because of decreased revenue in Farm & Industrial Machinery, despite increased revenue in Water & Environment.

Overseas revenue increased by ¥162.5 billion [20.3%] from the same period in the prior year to ¥961.4 billion because of increased revenue in Farm & Industrial Machinery and Water & Environment.

Operating profit decreased by ¥26.5 billion [18.0%] from the same period in the prior year to ¥121.0 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 [11.9%] from the same period in the prior year to ¥131.6 billion due to decreased operating profit. Income tax expenses were ¥30.9 billion. Share of profits of investments accounted for using the equity method was ¥1.2 billion. Profit for the period decreased by ¥11.2 billion [9.9%] from the same period in the prior year to ¥102.0 billion. Profit attributable to owners of the parent decreased by ¥11.7 billion [11.4%] from the same period in the prior year to ¥91.2 billion.

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

#### 1) Farm & Industrial Machinery

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

Revenue in this segment increased by 16.5% from the same period in the prior year to ¥1,096.2 billion and accounted for 87.0% of consolidated revenue.

Domestic revenue decreased by 3.0% from the same period in the prior year to ¥155.6 billion. Sales of agricultural-related products decreased due to a decline in rice price and termination of subsidies for business continuation of farmers.

Overseas revenue increased by 20.5% from the same period in the prior year to ¥940.6 billion. In North America, shipment of tractors made progress to resolve back orders and replenish dealer inventories, and sales of construction machinery were solid due to demand for infrastructure construction. In Europe, sales mainly of construction machinery and engines increased due to the stable market. In Asia outside Japan, sales of farm equipment, mainly tractors, in Thailand increased due to progress in developing dryland farming, while sales of farm equipment for rice farming were slow due to stagnated rice price. In China, sales of construction machinery and rice transplanters decreased by missing sales opportunities due to lockdown. Sales in India increased due to consolidation of Escorts Limited (currently, Escorts Kubota Limited; hereinafter, “EKL”).

Operating profit in this segment decreased by 18.5% from the same period in the prior year to ¥117.3 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 4.2% from the same period in the prior year to ¥152.7 billion and accounted for 12.1% of consolidated revenue.

Domestic revenue increased by 2.6% from the same period in the prior year to ¥131.9 billion due to an increase in sales of plastic pipes for construction equipment.

Overseas revenue increased by 15.6% from the same period in the prior year to ¥20.8 billion due to increased sales of reformer and cracking tubes and pumps.

Operating profit in this segment decreased by 26.6% from the same period in the prior year to ¥9.7 billion due to a negative effect from 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 14.7% from the same period in the prior year to ¥11.6 billion and accounted for 0.9% of consolidated revenue.

Operating profit in this segment increased by 7.0% from the same period in the prior year to ¥1.7 billion.

## (2) Analysis of Financial Position

Total assets as of June 30, 2022, were ¥4,554.0 billion, an increase of ¥780.5 billion from the prior fiscal year-end. With respect to assets, trade receivables increased due to increased revenue in North America and Thailand, and inventories increased mainly due to increased inventories in transit along with port congestion. In addition, goodwill and other items increased along with the consolidation of EKL.

With respect to liabilities, bonds and borrowings increased due to the acquisition of the shares of EKL and an increase in working capital. 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 41.9%, 2.6 percentage points lower than the prior fiscal year-end.

## (3) Analysis of Cash Flows

Net cash used in operating activities during the six months ended June 30, 2022, was ¥22.0 billion, an increase of ¥72.8 billion in net cash outflow compared with the same period in the prior year. This increase was due to the changes in working capital, such as trade receivables and trade payables.

Net cash used in investing activities was ¥226.6 billion, an increase of ¥181.4 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 acquisition of shares of EKL and payments for acquisition of property, plant, and equipment.

Net cash provided by financing activities was ¥189.8 billion, an increase of ¥187.5 billion in net cash inflow compared with the same period in the prior year, mainly 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 June 30, 2022, were ¥215.3 billion, a decrease of ¥43.3 billion from the beginning of the current period.

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

There were no material changes with respect to issues to be addressed in the six months ended June 30, 2022, and no additional issues arose during the period.

## (5) Research and Development

The Company's research and development expenses for the six months ended June 30, 2022, were ¥40.1 billion.

There were no material changes in the Company's research and development activities during the six months ended June 30, 2022.

#### (6) Employees

During the six months ended June 30, 2022, the number of employees, which refers solely to full-time employees, in the Company increased by 5,395 from the prior fiscal year-end to 48,688. The increase is primarily due to the consolidation of EKL in the Farm & Industrial Machinery segment.

#### (7) Major Property, Plant, and Equipment

During the six months ended June 30, 2022, major property, plant, and equipment of overseas subsidiaries have increased due to the consolidation of EKL in the Farm & Industrial Machinery segment. 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.

### 3. Material Contracts

There were no material contracts which were decided or entered into during the six months ended June 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) (June 30, 2022)	Number of shares issued as of filing date (shares) (August 9, 2022)	Stock exchange on which Kubota Corporation is listed	Description
Common shares	1,200,246,846	1,200,246,846	Tokyo Stock Exchange, Inc. (the Prime Market)	The number of shares per one unit of shares is 100 shares.
Total	1,200,246,846	1,200,246,846	—	—

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Date	Changes in the total number of issued shares (thousands of shares)	Balance of the total number of issued shares (thousands of shares)	Changes in common shares (millions of yen)	Balance of common shares (millions of yen)	Changes in capital reserve (millions of yen)	Balance of capital reserve (millions of yen)
From: April 1, 2022 To: June 30, 2022	—	1,200,246	¥ —	¥ 84,130	¥ —	¥ 73,117

##### (5) Major Shareholders

(As of June 30, 2022)			
Name	Address	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	11-3, Hamamatsu-cho 2-chome, Minato-ku Tokyo, JAPAN	198,845	16.64
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	62,542	5.23
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN	59,929	5.01
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	55,537	4.65
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	36,006	3.01
Mizuho Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo, JAPAN	31,506	2.64



Name	Address	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Moxley & Co. LLC (Standing proxy: Mizuho Bank, Ltd.)	270 Park Avenue, New York, New York, 10017, USA (15-1, Konan 2-chome, Minato-ku, Tokyo, JAPAN)	29,336	2.45
BNYM Treaty DTT 15 (Standing proxy: MUFG Bank, Ltd.)	240 Greenwich Street, New York, New York, 10286, USA (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN)	20,310	1.70
MUFG Bank, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN	18,156	1.52
Custody Bank of Japan, Ltd. Sumitomo Mitsui Trust Bank Retirement benefit trust account	8-12, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	17,872	1.50
Total	—	530,043	44.35

(Notes)

- Treasury shares, which are deducted when calculating the *ownership percentage to the total number of issued shares*, do not include 1.49 million shares of Kubota Corporation held by the Trust in connection with the stock compensation plan.
- The shares held by The Master Trust Bank of Japan, Ltd. (Trust account), Custody Bank of Japan, Ltd. (Trust account), and Custody Bank of Japan, Ltd. Sumitomo Mitsui Trust Bank Retirement benefit trust account are invested as their fiduciary services.
- Change reports pertaining to large shareholding reports by Massachusetts Financial Services Company dated September 21, 2018 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2022. A summary of the reports as of September 14, 2018 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Massachusetts Financial Services Company	57,071	4.62
MFS Investment Management K.K.	4,675	0.38
Total	61,746	5.00

- Change reports pertaining to large shareholding reports by Sumitomo Mitsui DS Asset Management Company, Ltd. dated June 5, 2020 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2022, except that of Sumitomo Mitsui Banking Corporation. A summary of the reports as of May 29, 2020 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Sumitomo Mitsui DS Asset Management Company, Ltd.	3,743	0.31
Sumitomo Mitsui Banking Corporation	36,006	2.95
SMBC Nikko Securities Inc.	33,620	2.75
Total	73,370	6.01

- Change reports pertaining to large shareholding reports by Mitsubishi UFJ Financial Group, Inc. dated December 20, 2021 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2022, except that of MUFG Bank, Ltd. A summary of the reports as of December 13, 2021 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
MUFG Bank, Ltd.	18,156	1.50
Mitsubishi UFJ Trust and Banking Corporation	56,258	4.65
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	10,130	0.84
Total	84,545	7.00

6. Change reports pertaining to large shareholding reports by Mizuho Bank, Ltd. dated April 22, 2022 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2022, except that of Mizuho Bank, Ltd. A summary of the reports as of April 15, 2022 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Mizuho Bank, Ltd.	31,506	2.62
Mizuho Securities Co., Ltd.	2,014	0.17
Asset Management One Co., Ltd.	31,855	2.65
Total	65,376	5.45

7. Change reports pertaining to large shareholding reports by Sumitomo Mitsui Trust Bank, Ltd. dated June 6, 2022 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2022. A summary of the reports as of May 31, 2022 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Ltd.	19,572	1.63
Sumitomo Mitsui Trust Asset Management Co., Ltd.	38,064	3.17
Nikko Asset Management Co., Ltd.	25,700	2.14
Total	83,337	6.94

## (6) Information on Voting Rights

### 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, Shikitsuhashi 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

There has been no change in Directors nor senior management during the period from the filing date of the Annual Securities Report for the year ended December 31, 2021 to June 30, 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 June 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

## 4. Financial Information

### 1. Condensed Consolidated Financial Statements

Kubota Corporation and Its Subsidiaries

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

(Unit: millions of yen)

	Notes	June 30, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents		¥ 215,333	¥ 258,639
Trade receivables		690,479	574,349
Finance receivables		466,973	380,865
Other financial assets	6	80,182	50,875
Inventories		632,284	510,065
Income taxes receivable		6,144	8,430
Other current assets		84,471	83,822
<b>Total current assets</b>		<b>2,175,866</b>	<b>1,867,045</b>
<b>Noncurrent assets:</b>			
Investments accounted for using the equity method		45,698	43,768
Finance receivables		1,231,445	1,029,488
Other financial assets	6	165,559	154,781
Property, plant, and equipment		580,919	496,312
Goodwill		155,523	10,355
Intangible assets		101,357	85,529
Deferred tax assets		61,380	50,423
Other noncurrent assets		36,270	35,809
<b>Total noncurrent assets</b>		<b>2,378,151</b>	<b>1,906,465</b>
<b>Total assets</b>		<b>¥ 4,554,017</b>	<b>¥ 3,773,510</b>

(Unit: millions of yen)

	Notes	June 30, 2022	December 31, 2021
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Bonds and borrowings		¥ 635,565	¥ 504,335
Trade payables		393,348	392,331
Other financial liabilities	7	96,521	96,740
Income taxes payable		24,582	33,546
Provisions		61,723	52,208
Other current liabilities	8	277,079	234,579
<b>Total current liabilities</b>		<b>1,488,818</b>	<b>1,313,739</b>
<b>Noncurrent liabilities:</b>			
Bonds and borrowings	9	875,151	590,174
Other financial liabilities	7	29,178	33,375
Retirement benefit liabilities		15,778	14,899
Deferred tax liabilities		32,784	31,027
Other noncurrent liabilities	8	6,359	5,323
<b>Total noncurrent liabilities</b>		<b>959,250</b>	<b>674,798</b>
<b>Total liabilities</b>		<b>2,448,068</b>	<b>1,988,537</b>
<b>Equity:</b>			
Equity attributable to owners of the parent:			
Share capital		84,130	84,130
Share premium		83,244	84,886
Retained earnings		1,524,181	1,439,560
Other components of equity		232,938	69,515
Treasury shares		(14,909)	(134)
<b>Total equity attributable to owners of the parent</b>		<b>1,909,584</b>	<b>1,677,957</b>
Noncontrolling interests		196,365	107,016
<b>Total equity</b>		<b>2,105,949</b>	<b>1,784,973</b>
<b>Total liabilities and equity</b>		<b>¥ 4,554,017</b>	<b>¥ 3,773,510</b>

See notes to condensed consolidated financial statements.

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

Six months ended June 30, 2022 and 2021

Condensed Consolidated Statement of Profit or Loss

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

	Notes	2022	%	2021	%
Revenue	10	¥ 1,260,480	100.0	¥ 1,101,405	100.0
Cost of sales		(936,080)		(777,257)	
Selling, general, and administrative expenses		(222,760)		(181,523)	
Other income		20,804		7,080	
Other expenses		(1,441)		(2,157)	
<b>Operating profit</b>		<b>121,003</b>	<b>9.6</b>	<b>147,548</b>	<b>13.4</b>
Finance income		11,553		2,611	
Finance costs		(969)		(750)	
<b>Profit before income taxes</b>		<b>131,587</b>	<b>10.4</b>	<b>149,409</b>	<b>13.6</b>
Income tax expenses		(30,852)		(37,808)	
Share of profits of investments accounted for using the equity method		1,235		1,539	
<b>Profit for the period</b>		<b>¥ 101,970</b>	<b>8.1</b>	<b>¥ 113,140</b>	<b>10.3</b>
<b>Profit attributable to:</b>					
Owners of the parent		¥ 91,246	7.2	¥ 102,950	9.3
Noncontrolling interests		¥ 10,724	0.9	¥ 10,190	1.0
<b>Earnings per share attributable to owners of the parent:</b>					
Basic	11	¥ 76.13		¥ 85.22	
Diluted		¥ —		¥ —	

Condensed Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Notes	2022	2021
<b>Profit for the period</b>		<b>¥ 101,970</b>	<b>¥ 113,140</b>
<b>Other comprehensive income, net of income tax:</b>			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension plans		554	(249)
Net change in fair value of financial assets measured at fair value through other comprehensive income		5,402	1,913
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations		191,205	52,984
<b>Total other comprehensive income, net of income tax</b>		<b>197,161</b>	<b>54,648</b>
<b>Comprehensive income for the period</b>		<b>¥ 299,131</b>	<b>¥ 167,788</b>
<b>Comprehensive income attributable to:</b>			
Owners of the parent		¥ 273,264	¥ 157,131
Noncontrolling interests		¥ 25,867	¥ 10,657

See notes to condensed consolidated financial statements.

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

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

	Notes	2022		2021	
		¥	%	¥	%
Revenue		667,257	100.0	563,719	100.0
Cost of sales		(503,754)		(398,995)	
Selling, general, and administrative expenses		(120,281)		(94,682)	
Other income		12,125		1,270	
Other expenses		(716)		(1,487)	
<b>Operating profit</b>		<b>54,631</b>	<b>8.2</b>	<b>69,825</b>	<b>12.4</b>
Finance income		4,233		1,703	
Finance costs		(843)		(437)	
<b>Profit before income taxes</b>		<b>58,021</b>	<b>8.7</b>	<b>71,091</b>	<b>12.6</b>
Income tax expenses		(11,213)		(16,427)	
Share of profits of investments accounted for using the equity method		714		1,009	
<b>Profit for the period</b>		<b>¥ 47,522</b>	<b>7.1</b>	<b>¥ 55,673</b>	<b>9.9</b>
<b>Profit attributable to:</b>					
Owners of the parent		¥ 41,650	6.2	¥ 50,909	9.0
Noncontrolling interests		¥ 5,872	0.9	¥ 4,764	0.9
<b>Earnings per share attributable to owners of the parent:</b>					
Basic	11	¥ 34.79		¥ 42.14	
Diluted		¥ —		¥ —	

**Condensed Consolidated Statement of Comprehensive Income**

(Unit: millions of yen)

	Notes	2022		2021	
		¥		¥	
<b>Profit for the period</b>		<b>47,522</b>		<b>55,673</b>	
<b>Other comprehensive income, net of income tax:</b>					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit pension plans		124		(47)	
Net change in fair value of financial assets measured at fair value through other comprehensive income		(1,127)		(4,512)	
Items that may be reclassified subsequently to profit or loss:					
Exchange rate differences on translating foreign operations		117,539		(3,387)	
<b>Total other comprehensive income, net of income tax</b>		<b>116,536</b>		<b>(7,946)</b>	
<b>Comprehensive income for the period</b>		<b>¥ 164,058</b>		<b>¥ 47,727</b>	
<b>Comprehensive income attributable to:</b>					
Owners of the parent		¥ 150,087		¥ 45,286	
Noncontrolling interests		¥ 13,971		¥ 2,441	

See notes to condensed consolidated financial statements.

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

(Unit: millions of yen)

	Notes	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Noncontrolling interests	Total equity
		Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares			
<b>Balance as of January 1, 2022</b>		¥ 84,130	¥ 84,886	¥ 1,439,560	¥ 69,515	¥ (134)	¥ 1,677,957	¥ 107,016	¥ 1,784,973
Profit for the period				91,246			91,246	10,724	101,970
Total other comprehensive income, net of income tax					182,018		182,018	15,143	197,161
<b>Comprehensive income for the period</b>				91,246	182,018		273,264	25,867	299,131
Transfer to retained earnings				18,580	(18,580)		—		—
Dividends paid	12			(25,205)			(25,205)	(5,762)	(30,967)
Purchases and sales of treasury shares						(14,775)	(14,775)		(14,775)
Share-based payment transactions			447				447		447
Changes associated with business combinations							—	70,024	70,024
Changes in ownership interests in subsidiaries			(2,089)		(15)		(2,104)	(780)	(2,884)
<b>Balance as of June 30, 2022</b>		¥ 84,130	¥ 83,244	¥ 1,524,181	¥ 232,938	¥ (14,909)	¥ 1,909,584	¥ 196,365	¥ 2,105,949
<b>Balance as of January 1, 2021</b>		¥ 84,130	¥ 84,943	¥ 1,325,764	¥ (18,162)	¥ (636)	¥ 1,476,039	¥ 98,146	¥ 1,574,185
Profit for the period				102,950			102,950	10,190	113,140
Total other comprehensive income, net of income tax					54,181		54,181	467	54,648
<b>Comprehensive income for the period</b>				102,950	54,181		157,131	10,657	167,788
Transfer to retained earnings				2,385	(2,385)		—		—
Dividends paid	12			(22,957)			(22,957)	(6,774)	(29,731)
Purchases and sales of treasury shares						(1)	(1)		(1)
Share-based payments with transfer restrictions			(43)			184	141		141
Changes in ownership interests in subsidiaries			(60)		(2)		(62)	64	2
<b>Balance as of June 30, 2021</b>		¥ 84,130	¥ 84,840	¥ 1,408,142	¥ 33,632	¥ (453)	¥ 1,610,291	¥ 102,093	¥ 1,712,384

See notes to condensed consolidated financial statements.



## (4) Condensed Consolidated Statement of Cash Flows

(Unit: millions of yen)

Six months ended June 30:	Notes	2022	2021
<b>Cash flows from operating activities:</b>			
Profit for the period		¥ 101,970	¥ 113,140
Depreciation and amortization		39,906	35,156
Loss from disposal of property, plant, and equipment and intangible assets, net		983	687
Finance income and costs		(8,951)	(1,762)
Income tax expenses		30,852	37,808
Share of profits of investments accounted for using the equity method		(1,235)	(1,539)
(Increase) decrease in trade receivables		(76,894)	9,790
Increase in finance receivables		(37,916)	(99,287)
Increase in inventories		(36,045)	(37,529)
Decrease in other assets		15,830	12,198
Decrease in trade payables		(35,579)	(928)
Increase in other liabilities		28,334	4,287
Net changes in retirement benefit assets and liabilities		2,419	352
Other, net		(4,765)	(2,567)
Interest received		1,809	1,087
Dividends received		1,074	1,133
Interest paid		(844)	(1,242)
Income taxes paid, net		(42,971)	(19,987)
Net cash (used in) provided by operating activities		(22,023)	50,797
<b>Cash flows from investing activities:</b>			
Payments for acquisition of property, plant, and equipment		(68,044)	(44,316)
Payments for acquisition of intangible assets		(12,601)	(12,657)
Proceeds from sales of property, plant, and equipment		1,621	2,569
Payments for acquisition of subsidiaries		(118,249)	—
Purchase of investments accounted for using the equity method		(28,856)	—
Payments for acquisition of securities		(2,898)	(724)
Proceeds from sales and redemptions of securities		690	3,941
Payments for loans receivable from associates		(10,200)	(12,970)
Collection of loans receivable from associates		10,650	14,401
Payments for time deposits		(8,274)	(21,364)
Proceeds from withdrawal of time deposits		2,102	15,985
Net decrease in restricted cash		1,017	9,900
Payments for acquisition of short-term investments		(2,408)	—
Proceeds from sales and redemptions of short-term investments		729	—
Other, net		8,091	(42)
Net cash used in investing activities		(226,630)	(45,277)
<b>Cash flows from financing activities:</b>			
Funding from bonds and long-term borrowings	9	410,054	150,882
Redemptions of bonds and repayments of long-term borrowings		(191,717)	(122,997)
Net increase in short-term borrowings		24,563	8,763
Repayments for lease liabilities		(9,281)	(9,409)
Dividends paid	12	(25,205)	(22,957)
Purchases of treasury shares		(14,775)	(2)
Other, net		(3,885)	(2,017)
Net cash provided by financing activities		189,754	2,263
<b>Effect of exchange rate changes on cash and cash equivalents</b>		15,593	6,837
<b>Net (decrease) increase in cash and cash equivalents</b>		(43,306)	14,620
<b>Cash and cash equivalents, at the beginning of the period</b>		258,639	222,919
<b>Cash and cash equivalents, at the end of the period</b>		¥ 215,333	¥ 237,539

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 this reporting period, as materiality in terms of amount has increased. To reflect this change in presentation, the information for the same period in the previous year 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)

Six months ended June 30:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
<b>2022:</b>					
Revenue:					
External customers	¥ 1,096,184	¥ 152,713	¥ 11,583	¥ —	¥ 1,260,480
Intersegment	84	48	16,340	(16,472)	—
Total	1,096,268	152,761	27,923	(16,472)	1,260,480
Operating profit	¥ 117,303	¥ 9,688	¥ 1,739	¥ (7,727)	¥ 121,003
<b>2021:</b>					
Revenue:					
External customers	¥ 941,275	¥ 146,551	¥ 13,579	¥ —	¥ 1,101,405
Intersegment	92	724	14,569	(15,385)	—
Total	941,367	147,275	28,148	(15,385)	1,101,405
Operating profit	¥ 143,935	¥ 13,190	¥ 1,625	¥ (11,202)	¥ 147,548

(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.

(Unit: millions of yen)

Three months ended June 30:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
<b>2022:</b>					
Revenue:					
External customers	¥ 596,450	¥ 65,205	¥ 5,602	¥ —	¥ 667,257
Intersegment	48	4	8,259	(8,311)	—
Total	596,498	65,209	13,861	(8,311)	667,257
Operating profit	¥ 58,123	¥ 151	¥ 549	¥ (4,192)	¥ 54,631
<b>2021:</b>					
Revenue:					
External customers	¥ 496,822	¥ 60,850	¥ 6,047	¥ —	¥ 563,719
Intersegment	27	221	7,433	(7,681)	—
Total	496,849	61,071	13,480	(7,681)	563,719
Operating profit	¥ 75,850	¥ 693	¥ 615	¥ (7,333)	¥ 69,825

(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 Combination

### Six months ended June 30, 2022

#### (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

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)

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

(Notes)

1. The above amounts are provisional estimates since the allocation of acquisition cost has not been completed as of June 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 June 30, 2022 are ¥32,673 million and ¥2,114 million, respectively.

Assuming that such business combination occurred as of January 1, 2022, revenue and profit for the period of the Company for the six months ended June 30, 2022 are ¥1,291,932 million and ¥105,048 million, respectively. This pro forma information is not subject to quarterly review by the independent auditor.

### Six months ended June 30, 2021

Not applicable.

## 6. OTHER FINANCIAL ASSETS

Other financial assets are composed of the following:

	(Unit: millions of yen)	
	June 30, 2022	December 31, 2021
Financial assets measured at amortized cost:		
Long-term trade accounts receivable	¥ 40,573	¥ 37,013
Time deposits	20,221	12,054
Restricted cash	5,496	5,651
Debt financial assets	42,076	—
Others	16,579	33,709
Financial assets measured at fair value through other comprehensive income:		
Debt financial assets	—	686
Equity financial assets	67,710	106,328
Financial assets measured at fair value through profit or loss:		
Debt financial assets	49,817	5,245
Derivatives	3,269	4,970
Total	¥ 245,741	¥ 205,656
Current assets	80,182	50,875
Noncurrent assets	165,559	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. OTHER FINANCIAL LIABILITIES

Other financial liabilities are composed of the following:

	(Unit: millions of yen)	
	June 30, 2022	December 31, 2021
Financial liabilities measured at amortized cost:		
Lease liabilities	¥ 43,862	¥ 47,463
Notes and accounts payable for capital expenditures	23,757	37,072
Deposits received	29,799	27,922
Others	13,475	12,361
Financial liabilities measured at fair value through profit or loss:		
Derivatives	14,806	5,297
Total	¥ 125,699	¥ 130,115
Current liabilities	96,521	96,740
Noncurrent liabilities	29,178	33,375

## 8. OTHER LIABILITIES

Other liabilities are composed of the following:

	(Unit: millions of yen)	
	June 30, 2022	December 31, 2021
Employment benefit obligation	¥ 54,144	¥ 50,377
Accrued expenses	53,743	51,075
Refund liabilities	50,263	36,323
Contract liabilities	28,466	23,402
Others	96,822	78,725
Total	¥ 283,438	¥ 239,902
Current liabilities	277,079	234,579
Noncurrent liabilities	6,359	5,323

## 9. BONDS

The details of outstanding bonds are as follows:

### Six months ended June 30, 2022

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

### Six months ended June 30, 2021

Not applicable.

## 10. 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)

Six months ended June 30, 2022	Japan	North America	Europe	Asia outside Japan	Other area	Total
Farm equipment and engines	¥ 137,158	¥ 320,946	¥ 102,482	¥ 231,762	¥ 31,011	¥ 823,359
Construction machinery	17,070	120,759	59,675	14,180	9,255	220,939
<b>Farm &amp; Industrial Machinery</b>	<b>154,228</b>	<b>441,705</b>	<b>162,157</b>	<b>245,942</b>	<b>40,266</b>	<b>1,044,298</b>
Pipe system-related products	54,796	108	—	1,372	15	56,291
Materials and urban infrastructure-related products	18,444	3,433	814	3,924	4,059	30,674
Environment-related products	58,699	559	343	3,580	2,567	65,748
<b>Water &amp; Environment</b>	<b>131,939</b>	<b>4,100</b>	<b>1,157</b>	<b>8,876</b>	<b>6,641</b>	<b>152,713</b>
<b>Other</b>	<b>11,562</b>	<b>9</b>	<b>2</b>	<b>10</b>	<b>—</b>	<b>11,583</b>
Revenue recognized from:						
Contracts with customers	297,729	445,814	163,316	254,828	46,907	1,208,594
Other sources of revenue	1,366	35,159	—	14,679	682	51,886
<b>Total</b>	<b>¥ 299,095</b>	<b>¥ 480,973</b>	<b>¥ 163,316</b>	<b>¥ 269,507</b>	<b>¥ 47,589</b>	<b>¥ 1,260,480</b>

(Unit: millions of yen)

Six months ended June 30, 2021	Japan	North America	Europe	Asia outside Japan	Other area	Total
Farm equipment and engines	¥ 142,534	¥ 260,586	¥ 93,921	¥ 183,118	¥ 25,889	¥ 706,048
Construction machinery	16,442	101,095	52,499	12,238	9,701	191,975
<b>Farm &amp; Industrial Machinery</b>	<b>158,976</b>	<b>361,681</b>	<b>146,420</b>	<b>195,356</b>	<b>35,590</b>	<b>898,023</b>
Pipe system-related products	52,086	302	—	1,974	27	54,389
Materials and urban infrastructure-related products	17,066	3,621	802	3,954	2,557	28,000
Environment-related products	59,431	417	151	3,012	1,151	64,162
<b>Water &amp; Environment</b>	<b>128,583</b>	<b>4,340</b>	<b>953</b>	<b>8,940</b>	<b>3,735</b>	<b>146,551</b>
<b>Other</b>	<b>13,556</b>	<b>3</b>	<b>1</b>	<b>17</b>	<b>2</b>	<b>13,579</b>
Revenue recognized from:						
Contracts with customers	301,115	366,024	147,374	204,313	39,327	1,058,153
Other sources of revenue	1,430	28,630	—	12,514	678	43,252
<b>Total</b>	<b>¥ 302,545</b>	<b>¥ 394,654</b>	<b>¥ 147,374</b>	<b>¥ 216,827</b>	<b>¥ 40,005</b>	<b>¥ 1,101,405</b>

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 ¥35,756 million and ¥30,590 million for the six months ended June 30, 2022 and 2021, respectively.



## 11. 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 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*.

Six months ended June 30:	2022	2021
		(Unit: millions of yen)
Profit attributable to owners of the parent	¥ 91,246	¥ 102,950
Profit attributable to participating equity instruments	—	4
Profit attributable to common shareholders	¥ 91,246	¥ 102,946
		(thousands of shares)
Weighted-average number of common shares issued	1,198,542	1,207,988
Weighted-average number of participating equity instruments	2	41
Weighted-average number of common shares outstanding	1,198,540	1,207,947

Three months ended June 30:	2022	2021
		(Unit: millions of yen)
Profit attributable to owners of the parent	¥ 41,650	¥ 50,909
Profit attributable to participating equity instruments	—	3
Profit attributable to common shareholders	¥ 41,650	¥ 50,906
		(thousands of shares)
Weighted-average number of common shares issued	1,197,177	1,208,043
Weighted-average number of participating equity instruments	—	75
Weighted-average number of common shares outstanding	1,197,177	1,207,969

*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.

## 12. DIVIDENDS

Dividends paid are as follows:

### Six months ended June 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

### Six months ended June 30, 2021

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

### 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

#### Financial instruments measured at fair value

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

(Unit: millions of yen)

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets measured at fair value through other comprehensive income:				
Equity financial assets	¥ 64,068	¥ —	¥ 3,642	¥ 67,710
Financial assets measured at fair value through profit or loss:				
Debt financial assets	43,755	—	6,062	49,817
Derivatives:				
Foreign exchange contracts	—	509	—	509
Interest swap contracts	—	537	—	537
Cross-currency interest rate swap contracts	—	2,223	—	2,223
Total	¥ 107,823	¥ 3,269	¥ 9,704	¥ 120,796
<b>Financial liabilities:</b>				
Financial liabilities measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 13,163	¥ —	¥ 13,163
Interest swap contracts	—	185	—	185
Cross-currency interest rate swap contracts	—	1,458	—	1,458
Total	¥ —	¥ 14,806	¥ —	¥ 14,806

(Unit: millions of yen)

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
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
<b>Financial liabilities:</b>				
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 1.3 to 15.4) 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 six months ended June 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)

<b>Six months ended June 30:</b>		<b>2022</b>		<b>2021</b>	
Balance at the beginning of the period	¥	10,018	¥	5,782	
Gains or losses					
Profit or loss *1		767		—	
Other comprehensive income *2		(1,182)		1,050	
Purchases		121		722	
Sales		(20)		(12)	
Balance at the end of the period	¥	9,704	¥	7,542	

(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 ¥767 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)

	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
	Carrying amount	Fair value	Carrying amount	Fair value
Finance receivables:				
Retail finance receivables	¥ 1,315,552	¥ 1,243,528	¥ 1,079,628	¥ 1,071,340
Finance lease receivables	382,866	438,202	330,725	387,669
Long-term trade accounts receivable	72,753	76,938	67,429	71,853
Debt financial assets	42,076	40,531	—	—
Bonds and borrowings	1,510,716	1,468,002	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.

#### 14. COMMITMENTS AND CONTINGENT LIABILITIES

---

##### **Legal Proceedings**

Since May 2007, the Company has been subject to 55 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 37 asbestos-related lawsuits are still ongoing, and the total claims for compensation related to 563 construction workers who suffered from asbestos-related diseases aggregate to ¥20,286 million. Of these ongoing lawsuits, eight were compiled into three lawsuits and 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 ¥80 million and ¥125 million at June 30, 2022, and December 31, 2021, respectively. The asbestos-related expenses recognized for the six months ended June 30, 2022 and 2021, were ¥222 million and ¥411 million, respectively.

#### 15. SUBSEQUENT EVENTS

---

Not applicable.

## 16. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

---

The condensed consolidated financial statements were approved on August 9, 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 & Control Headquarters of the Parent Company.

## 2. Other

On August 3, 2022, the Board of Directors of the Parent Company resolved the interim dividend 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 Kubota Corporation 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]	August 9, 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 & 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 & Control Headquarters, confirmed that statements contained in the Quarterly Report for the second quarter of the 133<sup>rd</sup> business term (from April 1, 2022 to June 30, 2022) were adequate under the Financial Instruments and Exchange Act of Japan.

## 2. Special Notes

Not applicable.