[Translation]

Annual Securities Report

(The 135th Business Term)
From January 1, 2024 to December 31, 2024

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

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This is an English translation of the original Annual Securities Report ("Yukashoken Hokokusho") filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' NETwork (EDINET) pursuant to the Financial Instruments and Exchange Act of Japan.

The translations of the Independent Auditor's Report (filed under the Financial Instruments and Exchange Act of Japan), the Confirmation Letter, and the Management's Report on Internal Control over Financial Reporting for the original Annual Securities Report are included at the end of this document.

For the purposes of this Annual Securities 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.

Cautionary Statement with Respect to Forward-Looking Statements

This document may contain forward-looking statements that are based on management's expectations, estimates, projections, and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties which are difficult to predict. Therefore, actual future results may differ materially from what is forecasted in forward-looking statements due to a variety of factors, including, without limitation: general economic conditions in the Company's markets, particularly government agricultural policies; levels of capital expenditures both in public and private sectors; foreign currency exchange rates; the occurrence of natural disasters; continued competitive pricing pressures in the marketplace; and the Company's ability to continue to gain acceptance regarding its products.

1. Overview of the Company

1. Key Financial Data

Business term		135th Business term	134th Business term	133rd Business term	132nd Business term	131st Business term
Fiscal year		December 2024	December 2023	December 2022	December 2021	December 2020
Revenue	(millions of yen)	3,016,281	3,020,711	2,676,980	2,196,766	1,853,234
Profit before income taxes	(millions of yen)	335,297	342,289	231,150	250,917	185,899
Profit attributable to owners of the parent	(millions of yen)	230,437	238,455	156,472	174,765	128,524
Comprehensive income attributable to owners of the parent	(millions of yen)	409,490	367,470	283,262	269,162	96,656
Equity attributable to owners of the parent	(millions of yen)	2,477,314	2,175,773	1,874,490	1,678,035	1,476,039
Total equity	(millions of yen)	2,739,766	2,416,067	2,102,488	1,785,109	1,574,185
Total assets	(millions of yen)	6,018,665	5,359,247	4,765,053	3,773,656	3,189,317
Equity attributable to owners of the parent per share	(yen)	2,155.29	1,851.75	1,576.30	1,398.47	1,221.95
Earnings per share attributable to owners of the parent: Basic	(yen)	197.61	201.74	131.06	144.80	105.85
Diluted	(yen)	—	—	—	—	—
Ratio of equity attributable to owners of the parent to total assets	(%)	41.2	40.6	39.3	44.5	46.3
Ratio of profit attributable to owners of the parent to equity attributable to owners of the parent	(%)	9.9	11.8	8.8	11.1	8.8
Price earnings ratio	(times)	9.31	10.52	13.89	17.55	21.27
Net cash provided by (used in) operating activities	(millions of yen)	282,084	(17,273)	(7,680)	92,511	142,919
Net cash used in investing activities	(millions of yen)	(208,879)	(173,441)	(318,499)	(127,370)	(47,133)
Net cash (used in) provided by financing activities	(millions of yen)	(26,276)	178,404	282,557	60,586	(68,354)
Cash and cash equivalents, at the end of the year	(millions of yen)	295,130	222,118	225,799	258,639	222,919
Number of employees (Average number of part-time employees)	(number of persons)	52,094 (14,120)	52,608 (12,924)	50,352 (12,213)	43,293 (3,356)	41,605 (2,699)

(Notes)

1. Consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.
2. Amounts less than presentation units are rounded.
3. *Earnings per share attributable to owners of the parent - Diluted* are not stated as Kubota Corporation did not have potentially dilutive common shares that were outstanding.
4. In the year ended December 31, 2022, the Company has changed the measurement method of allowance for doubtful accounts for lease receivables, and the key financial data for the year ended December 31, 2021, has been retrospectively adjusted to reflect this change in the accounting policy.
5. In the year ended December 31, 2023, the Company has adopted IFRS 17 *Insurance Contracts*. In addition, the provisional accounting for the acquisition of Escorts Limited (currently, Escorts Kubota Limited) in the year ended December 31, 2022, has been finalized. The key financial data for the year ended December 31, 2022, has been retrospectively adjusted for these effects.

2. History

Month / Year	History
Feb. 1890	Founder Gonshiro Kubota established Kubota Tekko-jo in Okuraato-cho, Minami-ku, Osaka, Japan and started manufacturing and sales of various cast metal products.
Jul. 1893	Started production of cast iron pipes for water supply.
Feb. 1922	Started production of compact engines for agro-industrial purposes.
Feb. 1927	Acquired Sumidagawa Seitetsuzyo K.K. and expanded the cast iron pipes business.
Dec. 1930	Established K.K. Kubota Tekko-jo and K.K. Kubota Tekko-jo Machinery Department.
Mar. 1937	Consolidated K.K. Kubota Tekko-jo Machinery Department with K.K. Kubota Tekko-jo.
Nov. 1937	Established Sakai Plant and started mass production of engines for agro-industrial purposes.
Oct. 1940	Established Mukogawa Plant and expanded the industrial machinery business, and started production of casting of centrifugal cast iron pipes the following October.
May 1949	Listed on the Tokyo Stock Exchange and Osaka Securities Exchange (integrated with Tokyo Stock Exchange in July 2013).
Aug. 1950	Adopted divisionalized organization by product.
Dec. 1952	Started production of pumps in Mukogawa Machinery Plant.
Jun. 1953	Changed corporate name to Kubota Tekko K.K.
Apr. 1954	Established a plant for vinyl pipes and started full production of plastic pipes.
Nov. 1957	Established Kubota Kenzai Kogyo K.K. and advanced into the housing materials business.
Dec. 1960	Established Funabashi Plant (relocated from Sumidagawa Plant) and completed a mass production system of cast iron pipes.
May 1961	Established Water Laboratory. Also established the Water Treatment Division for full-scale entry into the environmental improvement business the following December.
May 1962	Established Hirakata machinery Plant and Hirakata steel casting Plant and completed building an integrated system for industrial machinery and steel casting products.
Jan. 1967	Established Odawara Plant. Absorbed manufacturing sector of Kubota Kenzai Kogyo K.K. for full-scale entry into the housing materials business in June of the same year.
May 1969	Established Utsunomiya Plant and completed a mass production system of rice transplanters and reaper binders.
Jun. 1972	Absorbed Kanto Daikei Koukan K.K. Changed its name to Ichikawa Plant and continued to manufacture spiral welded steel pipes.
Sep. 1972	Established KUBOTA TRACTOR CORPORATION in the United States and strengthened the selling system of tractors in North America.
Sep. 1973	Established Kyuhoji Plant as a plant for precision equipment by relocating manufacturing facilities from Funademachi Plant.
Mar. 1974	Established Kubota Tractor Europe S.A. (currently, Kubota Europe S.A.S.) in France and strengthened the selling system for farm equipment in Europe.
Aug. 1975	Established Tsukuba Plant as a specialized mass production factory for tractors.
Nov. 1976	Listed on the New York Stock Exchange (delisted in July 2013).
Apr. 1980	Established Kashima Plant as a specialized factory for siding materials.
Jan. 1985	Established Sakai-Rinkai Plant in Sakai Plant as a specialized factory for engines.
Apr. 1990	Changed its corporate name to Kubota Corporation.
Oct. 2002	Established Hanshin Office as a hub for environmental engineering in the Kansai area.
Dec. 2003	Separated the housing materials business and Kubota Matsushitadenko Exterior Works, Ltd. (currently, KMEW Co., Ltd.), took over its business.
Aug. 2004	Acquired additional shares of The Siam Kubota Industry Co., Ltd. (currently, SIAM KUBOTA Corporation Co., Ltd.), which had been an affiliate in Thailand, to make it a consolidated subsidiary and strengthened development, manufacturing, and sales of farm equipment in Southeast Asia.
Apr. 2005	Established Kubota-C.I. Co., Ltd. by business integration of plastic pipes with C.I. Kasei Co., Ltd. (currently, Kubota ChemiX Co., Ltd.).

Month / Year	History
Sep. 2007	Established Siam Kubota Tractor Co., Ltd. (currently, SIAM KUBOTA Corporation Co., Ltd.) as a manufacturing base for tractors in Thailand.
Mar. 2012	Acquired ownership interest in Kverneland ASA (currently, Kverneland AS), a manufacturer of upland farming implements in Norway, and made it a consolidated subsidiary.
Dec. 2013	Established Kubota Farm Machinery Europe S.A.S. in France as a manufacturing base for upland farming tractors.
Jul. 2016	Acquired ownership interest in Great Plains Manufacturing, Inc., a manufacturer of implements in the United States, and made it a consolidated subsidiary.
Apr. 2022	Acquired ownership interest in Escorts Ltd. (currently, Escorts Kubota Ltd.), a manufacturer of tractors in India, and made it a consolidated subsidiary.
Sep. 2022	Established Kubota Global Institute of Technology aimed at promoting cooperation between research and development (R&D) bases worldwide and strengthening its R&D network.

3. Description of Business

The Company consists of Kubota Corporation and 213 affiliates (195 subsidiaries and 18 equity method affiliates) as of December 31, 2024, and provides a wide variety of products and services in the three reportable segments of Farm & Industrial Machinery, Water & Environment, and Other.

The Company prepares its consolidated financial statements in accordance with IFRS Accounting Standards, and subsidiaries and equity method affiliates included in the scope of consolidation are determined in accordance with IFRS Accounting Standards. The same applies to the scope of affiliates in sections *2. Business Overview,* and *3. Property, Plant, and Equipment*.

The businesses and roles of the Company by reportable segment are as follows:

(1) Farm & Industrial Machinery

Farm & Industrial Machinery is primarily engaged in the manufacture and sale of farm equipment, agricultural-related products, engines, and construction machinery.

1) Main Products

Farm equipment and agricultural-related products	Tractors, Power tillers, Combine harvesters, Rice transplanters, Turf equipment, Utility vehicles, Other agricultural machineries, Implements, Attachments, Post-harvest machineries, Vegetable production equipment, Intermediate management machines, Other equipment for agricultural use, Cooperative drying facilities, Rice seedling facilities, Rice mill plants, Gardening facilities, Scales, Weighing and measuring control systems, and Air purifier with humidification function
Engines	Engines for farm equipment, construction machinery, industrial machinery, and generators
Construction machinery	Mini excavators, Wheel loaders, Compact track loaders, Skid steer loaders, and Other construction machinery-related products

2) Main Affiliates

Manufacturing and Sales

(Overseas)
Kubota Manufacturing of America Corporation
Great Plains Manufacturing, Inc. and 16 subsidiaries
Kubota Farm Machinery Europe S.A.S.
Kubota Baumaschinen GmbH
Kverneland AS and 35 affiliates
Kubota Agricultural Machinery (SUZHOU) Co., Ltd.
SIAM KUBOTA Corporation Co., Ltd.
KUBOTA Engine (Thailand) Co., Ltd.
Escorts Kubota Ltd. and 8 affiliates

Sales and Services, etc.

(Domestic)
13 farm equipment sales companies, including Hokkaido Kubota Corporation
KUBOTA Construction Machinery Japan Corporation

(Overseas)
Kubota North America Corporation
KUBOTA TRACTOR CORPORATION
Kubota Engine America Corporation
Kubota Canada Ltd.
Kubota Holdings Europe B.V.
Kubota Europe S.A.S.
Kubota (Deutschland) GmbH
Kubota (U.K.) Ltd.
Kubota Australia Pty Ltd.

Financial Leasing

(Domestic) Kubota Credit Co., Ltd.
(Overseas) Kubota Credit Corporation, U.S.A.
Siam Kubota Leasing Co., Ltd.
Kubota China Financial Leasing Ltd.

(2) Water & Environment

Water & Environment is primarily engaged in the manufacture and sale of products related to pipe systems (ductile iron pipes, plastic pipes and other products), industrial products (reformer and cracking tubes, spiral welded steel pipes, air-conditioning equipment, and other products), and environment (environmental control plants, pumps, and other products).

1) Main Products

Pipe system	Ductile iron pipes, Plastic pipes, Valves for public sector, Single stack drain fittings, and Design and construction of construction works
Industrial products	Reformer and cracking tubes, Hearth rolls, TXAX (friction materials), Spiral welded steel pipes (steel pipe piles, steel pipe sheet piles), and Air-conditioning equipment
Environment	Wastewater treatment equipment and plants, Pumps and plants, Membrane solutions, Water purification plants, Night-soil treatment plants, Waste incinerating and melting plants, Waste shredding and sorting plants, Flue gas desulfurization apparatus, Membrane methane fermentation plants, Wastewater treatment plant (Johkasou), and Valves for private sector

2) Main Affiliates

Manufacturing and Sales

(Domestic) Kubota ChemiX Co., Ltd.
NIPPON PLASTIC INDUSTRY CO., LTD.
Kubota Air Conditioner, Ltd.
(Overseas) Kubota Materials Canada Corporation
Kubota Saudi Arabia Company, LLC

Operation, Maintenance, and Repair

(Domestic) KUBOTA Environmental Engineering Corporation

Design and Construction

(Domestic) Kubota Construction Co., Ltd.

(3) Other

Other primarily offers a variety of services.

1) Main Products

Other	Various services including logistics, and roofing and siding materials

2) Main Affiliates

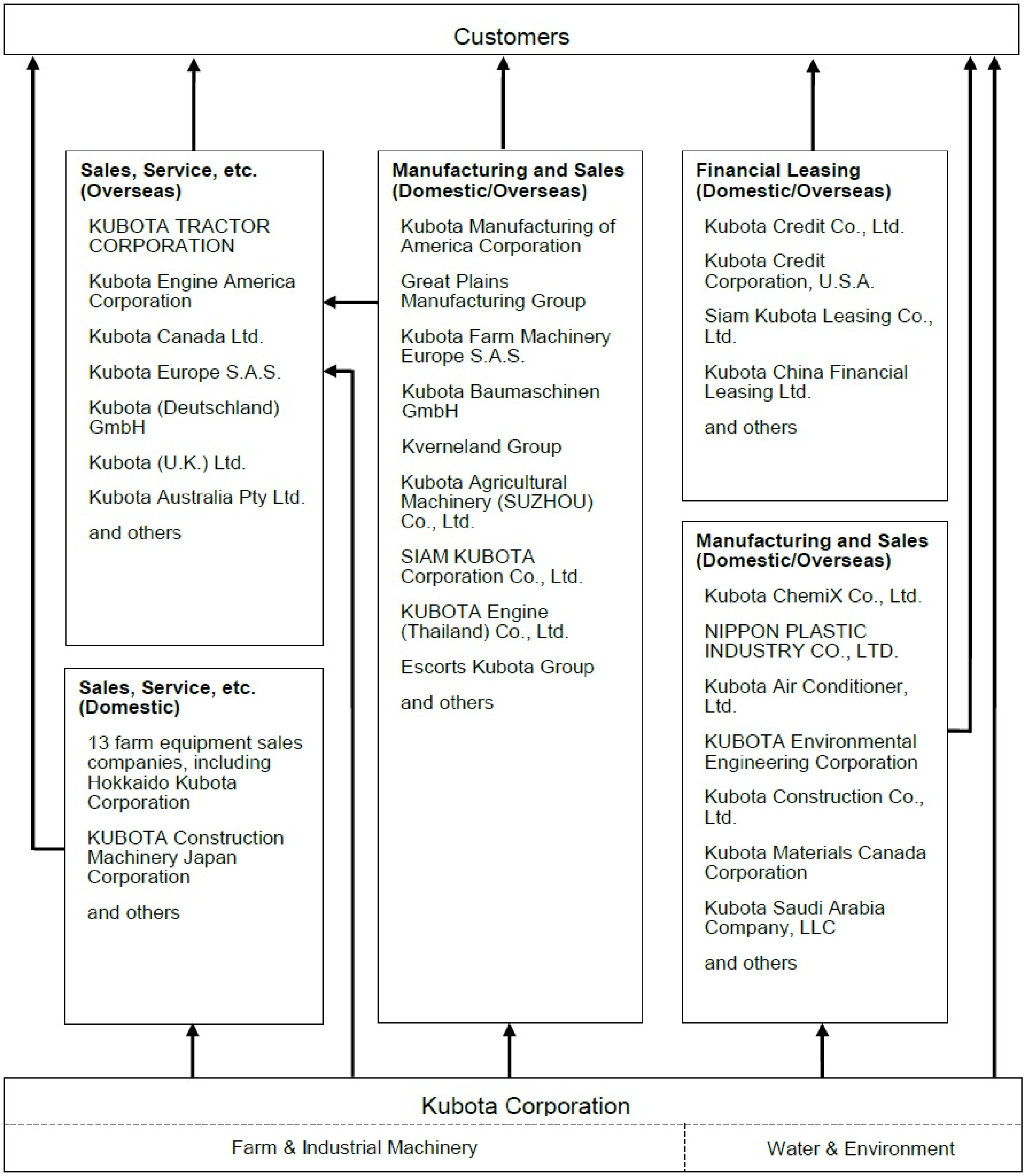
Manufacturing and Sales

(Domestic) KMEW Co., Ltd.

Services

(Domestic) KUBOTA LOGISTICS Corporation
(Overseas) Kubota China Holdings Co., Ltd.

(Business distribution diagram)



4. Information on Affiliates

(As of December 31, 2024)

Company name	Location	Common stock (millions of yen)	Principal business activities	Ownership percentage of voting rights (%)	Relationship: Business transaction, etc.
Subsidiaries					
6 domestic farm equipment sales companies, including Hokkaido Kubota Corporation	Nishi-ku, Sapporo, JAPAN, etc.	100	Sales of farm equipment, etc.	80.6	Lease of facilities from Kubota Corporation, and sales of Kubota Corporation's products
KUBOTA Construction Machinery Japan Corporation	Naniwa-ku, Osaka, JAPAN	300	Sales of construction machinery, etc.	100.0	Lease of facilities from Kubota Corporation, and sales of Kubota Corporation's products
Kubota Credit Co., Ltd.	Naniwa-ku, Osaka, JAPAN	500	Retail financing for farm equipment and related products	(22.9) 77.8	Loans from Kubota Corporation, lease of facilities from Kubota Corporation, credit guarantees, and interlocking directors
Kubota Machinery Trading Co., Ltd.	Naniwa-ku, Osaka, JAPAN	30	Export and import of components for farm equipment, engines, and construction machinery	100.0	Loans from Kubota Corporation, lease of facilities from Kubota Corporation, material supplies to Kubota Corporation, and interlocking directors
Kubota Engine Japan Corporation	Naniwa-ku, Osaka, JAPAN	310	Sales, service, and engineering of industrial engines	100.0	Lease of facilities from Kubota Corporation and sales of Kubota Corporation's products
Kubota North America Corporation (Note 2)	Delaware, USA	(thousands of USD) 597,100	Administration of North American Farm & Industrial Machinery business	100.0	Interlocking directors
KUBOTA TRACTOR CORPORATION (Note 2) (Note 3)	Texas, USA	(thousands of USD) 37,000	Sales of tractors, outdoor power equipment, construction machinery, and implements	(100.0) 100.0	Sales of Kubota Corporation's products and interlocking directors
Kubota Credit Corporation, U.S.A.	Texas, USA	(thousands of USD) 8,000	Retail financing for tractors, outdoor power equipment, construction machinery, and implements	(90.0) 100.0	Interlocking directors
Kubota Manufacturing of America Corporation	Georgia, USA	(thousands of USD) 80,900	Manufacturing of tractors, outdoor power equipment, construction machinery, and implements	(100.0) 100.0	Interlocking directors
Kubota Engine America Corporation	Illinois, USA	(thousands of USD) 10,000	Sales, engineering, and after-sales service of engines, engine parts, and engine accessories	(100.0) 100.0	Sales of Kubota Corporation's products and interlocking directors
Kubota Insurance Corporation	Hawaii, USA	(thousands of USD) 2,000	Underwriting non-life insurance in the United States	(100.0) 100.0	Interlocking directors
Great Plains Manufacturing, Inc. and 16 subsidiaries	Kansas, USA	(thousands of USD) 90	Manufacturing and sales of implements and construction machinery	(100.0) 100.0	Interlocking directors
Kubota Research & Development North America Corporation (Note 2)	Georgia, USA	(thousands of USD) 90,000	Development of outdoor power equipment and implements	(100.0) 100.0	Commissioned research services from Kubota Corporation and interlocking directors
Kubota Canada Ltd.	Ontario, CANADA	(thousands of CAD) 6,000	Sales of tractors, outdoor power equipment, construction machinery, and implements	100.0	Sales of Kubota Corporation's products and interlocking directors
Kubota Holdings Europe B.V. (Note 2)	Noord-Holland, NETHERLANDS	(thousands of EUR) 532,788	Administration of European Farm & Industrial Machinery business	100.0	Interlocking directors
Kubota Europe S.A.S.	Val-d'Oise, FRANCE	(thousands of EUR) 11,167	Sales of construction machinery, tractors, outdoor power equipment, and engines	(100.0) 100.0	Sales of Kubota Corporation's products and interlocking directors
Kubota Farm Machinery Europe S.A.S.	Nord, FRANCE	(thousands of EUR) 57,000	Manufacturing of upland farming tractors	(100.0) 100.0	

(As of December 31, 2024)

Company name	Location	Common stock (millions of yen)	Principal business activities	Ownership percentage of voting rights (%)	Relationship Business transaction, etc.
Kubota Baumaschinen GmbH	Rhineland-Palatinate, GERMANY	(thousands of EUR) 14,316	Manufacturing and sales of construction machinery	(100.0) 100.0	Purchase of Kubota Corporation's products, and interlocking directors
Kubota (Deutschland) GmbH	Hessen, GERMANY	(thousands of EUR) 3,579	Sales of tractors, outdoor power equipment, and engines	(100.0) 100.0	Sales of Kubota Corporation's products and interlocking directors
Kubota (U.K.) Ltd.	Oxfordshire, UNITED KINGDOM	(thousands of GBP) 2,000	Sales of construction machinery, tractors, outdoor power equipment, and engines	(100.0) 100.0	Sales of Kubota Corporation's products
Kverneland AS and 35 subsidiaries	Rogaland, NORWAY	(thousands of EUR) 53,090	Manufacturing and sales of implements	(100.0) 100.0	Interlocking directors
Kubota Brabender Technologie GmbH and 2 subsidiaries	North Rhine-Westphalia, GERMANY	(thousands of EUR) 3,000	Manufacturing and sales of gravimetric feeders	(100.0) 100.0	
SIAM KUBOTA Corporation Co., Ltd. (Note 2)	Pathumthani, THAILAND	(thousands of THB) 2,739,000	Manufacturing and sales of tractors, combine harvesters, implements, and horizontal type diesel engines. Sales of construction machinery	60.0	Purchase of Kubota Corporation's products and interlocking directors
Siam Kubota Leasing Co., Ltd.	Pathumthani, THAILAND	(thousands of THB) 2,625,000	Retail financing for tractors and combine harvesters, etc.	(100.0) 100.0	Interlocking directors
KUBOTA Engine (Thailand) Co., Ltd.	Chachoengsao, THAILAND	(thousands of THB) 1,400,000	Manufacturing of vertical type diesel engines	100.0	Interlocking directors
Escorts Kubota Ltd. and 6 subsidiaries	Haryana, INDIA	(thousands of INR) 1,118,778	Manufacturing and sales of tractors, construction machinery, and other products	55.0	Interlocking directors
Kubota Agricultural Machinery (SUZHOU) Co., Ltd.	Jiangsu, CHINA	(thousands of CNY) 170,999	Manufacturing and sales of combine harvesters, rice transplanters, and tractors	(100.0) 100.0	Interlocking directors
Kubota Construction Machinery (Wuxi) Co., Ltd.	Jiangsu, CHINA	(thousands of CNY) 289,035	Manufacturing of construction machinery	(100.0) 100.0	Interlocking directors
Kubota China Financial Leasing Ltd.	Shanghai, CHINA	(thousands of CNY) 529,302	Finance leasing for construction machinery and farm equipment, and factoring service	(100.0) 100.0	Interlocking directors
Kubota Korea Co., Ltd.	Seoul, KOREA	(thousands of KRW) 200,000	Sales of tractors, combine harvesters, rice transplanters, construction machinery, and engines	100.0	Sales of Kubota Corporation's products
Kubota Myanmar Co., Ltd.	Yangon, MYANMAR	(thousands of USD) 23,800	Sales of combine harvesters and tractors	(20.0) 100.0	Sales of Kubota Corporation's products and interlocking directors
Kubota Australia Pty Ltd.	Victoria, AUSTRALIA	(thousands of AUD) 21,000	Sales of tractors, outdoor power equipment, construction machinery, and engines	100.0	Sales of Kubota Corporation's products
Kubota ChemiX Co., Ltd.	Amagasaki-shi, Hyogo, JAPAN	3,198	Manufacturing and sales of plastic pipes and fittings	100.0	Loans from Kubota Corporation, lease of facilities from Kubota Corporation, and interlocking directors
KUBOTA Environmental Engineering Corporation	Chuo-ku, Tokyo, JAPAN	400	Design, manufacturing, construction, repair, operation, and maintenance of various environmental equipment and plants	100.0	Lease of facilities from Kubota Corporation; maintenance, remodeling and repair of facilities constructed by Kubota Corporation; and interlocking directors
NIPPON PLASTIC INDUSTRY CO., LTD.	Komaki-shi, Aichi, JAPAN	175	Manufacturing and sales of plastic products	(67.0) 67.0	Lease of facilities from Kubota Corporation
Kubota Construction Co., Ltd.	Naniwa-ku, Osaka, JAPAN	400	Design and construction of water and sewage, civil engineering	100.0	Lease of facilities from Kubota Corporation, contracting and construction of Kubota Corporation's works, and interlocking directors

(As of December 31, 2024)

Company name	Location	Common stock (millions of yen)	Principal business activities	Ownership percentage of voting rights (%)	Relationship Business transaction, etc.
Kubota Air Conditioner, Ltd.	Chuo-ku, Tokyo, JAPAN	400	Manufacturing, sales, and maintenance of air conditioning equipment for industrial use	100.0	Lease of facilities from Kubota Corporation
Kubota Materials Canada Corporation	Ontario, CANADA	(thousands of CAD) 15,000	Manufacturing and sales of cast steel products and TXAX products	100.0	Purchase of Kubota Corporation's products
Kubota Saudi Arabia Company, LLC	Ash Sharqiyah, SAUDI ARABIA	(thousands of SAR) 56,250	Manufacturing and sales of steel casting products, sales and maintenance of valves	100.0	Purchase of Kubota Corporation's products, debt guarantees, and interlocking directors
KUBOTA LOGISTICS Corporation	Naniwa-ku, Osaka, JAPAN	75	Management of logistics and logistics information service related to transportation, storage, cargo handling, and distribution processing	100.0	Lease of facilities from Kubota Corporation, and transportation and storage of Kubota Corporation's products
Heiwa Kanzai CO., LTD.	Chuo-ku, Tokyo, JAPAN	50	Building maintenance, security guarding, and facility management	60.0	Lease of facilities from Kubota Corporation and contracting on building maintenance of Kubota Corporation
Kubota China Holdings Co., Ltd. (Note 2)	Shanghai, CHINA	(thousands of CNY) 1,710,478	Administration of subsidiaries in China	100.0	Interlocking directors
89 other companies					

Equity method affiliates

Company name	Location	Common stock (millions of yen)	Principal business activities	Ownership percentage of voting rights (%)	Business transaction, etc.
7 domestic farm equipment sales companies, including Akita Kubota Corporation	Akita-shi, Akita, JAPAN, etc.	60	Sales of farm equipment, etc.	35.7	Lease of facilities from Kubota Corporation and sales of Kubota Corporation's products
KMEW Co., Ltd.	Chuo-ku, Osaka, JAPAN	8,000	Manufacturing and sales of roofing, siding materials, and rain gutters	50.0	Lease of facilities from Kubota Corporation and interlocking directors
10 other companies					

(Notes)

1. Figures in parentheses in *Ownership percentage of voting rights* column represent the indirect ownership included in the total.
2. Specified companies under the Financial Instruments and Exchange Act of Japan.
3. Revenue of KUBOTA TRACTOR CORPORATION (excluding intercompany transfers) exceeded 10% of total consolidated revenue of the Company. Its key financial information is as follows: revenue, income before income taxes and net income of ¥864,643 million, ¥42,111 million and ¥30,587 million, respectively, for the year ended December 31, 2024, and total equity and total assets of ¥294,938 million and ¥727,831 million, respectively, as of December 31, 2024.

5. Employees

(1) Consolidated basis

(As of December 31, 2024)

Reportable segment	Number of employees	
Farm & Industrial Machinery	39,604	(13,534)
Water & Environment	7,681	(352)
Other	1,415	(234)
Corporate	3,394	(－)
Total	52,094	(14,120)

(Note)

The *number of employees* refers solely to full-time employees of the Company on a consolidated basis, and the annual average number of part-time employees is shown in parentheses.

(2) Kubota Corporation

(As of December 31, 2024)

Number of employees	Average age	Average length of service	Average annual salary
15,472	39.9	13.5 years	¥ 8,247,922

Reportable segment	Number of employees
Farm & Industrial Machinery	9,360
Water & Environment	2,718
Corporate	3,394
Total	15,472

(Notes)

1. The *number of employees* refers solely to full-time employees of Kubota Corporation.
2. *Average annual salary* includes bonuses and extra wages.

(3) Relationship with labor unions

The relationship between management and labor unions is stable, and there are no special matters to be stated.

(4) Percentage of female employees in managerial positions, percentage of male employees taking childcare leave, and wage gap between male and female employees

a) Kubota Corporation

(As of December 31, 2024)

Percentage of female employees in managerial positions (%) (Note 1)	Percentage of male employees taking childcare leave (%) (Note 2)	Wage gap between male and female employees (%) (Note 1) (Note 3) (Note 4)			Note
		All employees	Permanent employees	Part-time or fixed-term employees	
4.7	82.9	84.1	83.7	78.4	

(Notes)

1. The *percentage of female employees in managerial positions* is calculated in accordance with the provisions of Japan’s "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).
2. The *percentage of employees taking childcare leave*, as stipulated in Article 71-4, Item 1 of Japan’s "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991), is calculated in accordance with the provisions of Japan’s "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).
3. There is no wage gap between male and female permanent employees in the same grade since the grade system and wage structure are uniform. Wage gap between male and female is primarily due to the higher proportion of men in managerial positions compared to women.
4. For part-time or fixed-term employees, the wage gap is due to the inclusion of those with specific labor contracts that have higher wage levels and a higher percentage of men. No differentiation by gender is made.

b) Subsidiaries

(As of December 31, 2024)

Company name	Percentage of female employees in managerial positions (%) (Note 1)	Percentage of male employees taking childcare leave (%) (Note 2)	Wage gap between male and female employees (%) (Note 1)			Note
			All employees	Permanent employees	Part-time or fixed-term employees	
Kubota Credit Co., Ltd.	21.4	100.0	64.9	70.7	—	3
Kubota ChemiX Co., Ltd.	1.1	75.0	74.1	71.9	75.2	
Kubota Environmental Engineering Corporation	1.2	42.5	70.2	83.9	35.7	
Hokkaido Kubota Corporation	6.9	0.0	74.0	74.0	—	3
Michinoku Kubota Corporation	1.1	72.7	77.6	77.2	83.6	
Kanto Koushin Kubota Corporation	12.2	38.5	70.8	73.3	108.1	
TokaiKinki Kubota Corporation	1.4	0.0	69.9	70.4	—	3
ChuShikoku Kubota Corporation	0.5	18.2	70.1	69.8	75.4	
Minami Kyushu Okinawa Kubota Corporation	6.3	0.0	67.1	71.5	37.6	
Kubota Design Corporation	28.0	100.0	76.3	76.3	—	3
Kubota Agri Service Corporation	0.0	7.7	78.5	78.5	—	3
KUBOTA Construction Machinery Japan Corporation	0.0	23.8	75.6	75.6	—	3
Sanko Kubota Kenki Kabushikigaisha	0.0	0.0	71.6	72.1	66.0	
NIPPON PLASTIC INDUSTRY CO., LTD.	0.0	0.0	63.7	72.1	46.2	
Kubota Keiso Corporation	4.5	100.0	84.3	83.2	92.7	
Kubota Construction Co., Ltd.	0.0	42.9	57.4	59.1	44.5	
Kubota Inclusion Works Co., Ltd.	28.6	—	99.6	105.1	56.9	4
KUBOTA LOGISTICS Corporation	0.0	33.3	62.9	67.5	33.7	
KUBOTA EIGHT Corporation	7.5	50.0	62.2	68.5	48.0	
Heiwa Kanzai CO., LTD.	1.9	—	53.7	95.7	41.7	4
Kubota Air Conditioner, Ltd.	0.0	0.0	85.7	85.7	80.0	

(Notes)

1. The *percentage of female employees in managerial positions* is calculated in accordance with the provisions of Japan’s "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).
2. The *percentage of employees taking childcare leave*, as stipulated in Article 71-4, Item 1 of Japan’s "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991), is calculated in accordance with the provisions of Japan’s "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).
3. A dash (-) in the *wage gap between male and female employees* indicates that the percentage cannot be calculated since all applicable employees are male or female, or there are no applicable employees.
4. A dash (-) in the *percentage of male employees taking childcare leave* indicates that there are no eligible employees.

2. Business Overview

1. Business Issues to Address

The following is a summary of business issues of the Company to be addressed.

Forward-looking statements contained in this section are made based on the assumptions and judgments of the Company as of December 31, 2024.

The Company's long-term goal is to become a Global Major Brand (hereinafter, "GMB"), or in other words, a brand that can make the greatest social contribution as a result of being trusted by the largest number of customers.

In order to accelerate the realization of GMB, the Company is committed to be an "'Essentials Innovator for Supporting Life,' Committed to a Prosperous Society and Cycle of Nature" in the long-term vision for 2030, "GMB2030." The Company aims to achieve long-term sustainable development by maximizing the contribution to a sustainable society through solutions to enhance the productivity and safety of food, solutions to promote the circulation of water resources and waste, and solutions to improve urban and living environments.

(1) Management Structure Reform

The business environment is constantly changing and requires not only profit improvement initiatives but also a management structure suited to the business environment. As the ratio of overseas business of Farm & Industrial Machinery in the Company's revenue has increased in the most recent period, the differences in business models in Farm & Industrial Machinery and Water & Environment businesses have become more pronounced, and management within the same framework has become a less than optimal solution. Accordingly, the Company will move forward with the transition to a structure that aims for independent operations in which Farm & Industrial Machinery and Water & Environment can fully demonstrate the characteristics of each of their respective businesses.

Farm & Industrial Machinery will shift from Japan-centric organization and structure, and aim for a speedy and efficient management structure with clear authority and responsibility along the business, functional, and regional axes. As a first step, some corporate functions have been transferred to Farm & Industrial Machinery. Over the course of the year 2025, a further transfer of functions and a review of the authority of the regional management structure will be undertaken. These efforts will reduce overhead costs by eliminating duplication of functions and enable agile decision making to stay ahead of the competition.

Water & Environment has started as the Water and Environment Infrastructure Consolidated Company, an in-house company, in 2025, as it was already in the process of establishing a structure that would allow the business to operate independently. The Company aims to accelerate its entry into the solutions business and become an "infrastructure solutions provider" by shifting to a structure that enables agile decision making through the delegation of authority.

Corporate functions will be downsized, but reorganized to be more closely aligned with the business. Through this reorganization, a proactive structure will be established to quickly identify and respond to external trends and demands.

As for development, discussions to bring together the three axes of region, product business, and technology, as well as a review of the product development roadmap have been initiated. In terms of improving development efficiency, comprehensive process reforms from planning conception to development and production will be promoted by fully utilizing analysis, etc., to accelerate efforts to achieve the target of 30% improvement. In terms of developing overseas human resources, accepting personnel from research and development (R&D) centers in various countries to Kubota Global Institute of Technology (the development base in Japan) has begun with the aim of mutually enhancing technological capabilities. The growth of the Company has been supported by hit products that have captured the needs of the moment. To lead the world in technological innovation, the Company will strive to create hit products by enhancing the linkage of the three axes of region, product business, and technology.

(2) Improving Capital Efficiency by Realigning Product and Business Portfolios

It is essential to improve "return on sales" and "invested capital turnover ratio" in order to enhance capital efficiency, but not enough progress has been made to date. Efforts will be made to improve these issues by shifting to more profitable businesses through a review of the business portfolio. Efforts have already been made in Water and Environment business, and signs of improvement in operating profit are beginning to appear as a result of the withdrawal of some steel castings for the steel machinery market, the termination of manufacturing and sales of bathtub products, and the withdrawal of a manufacturing in Saudi Arabia. The business portfolio is one of the key pieces of the upcoming mid-term business plan, and the Company will continue to make efforts to address this issue.

Improving capital efficiency also requires expansion of profitable growth drivers, which is a pillar of the current mid-term business plan. Although the growth rate of Farm & Industrial Machinery has slowed somewhat in recent years due to fluctuations in demand, the market share of the North American construction machinery business is increasing steadily, and the market area entered is expanding with the introduction of compact truck loaders. In the India business, there are some delays in introducing new tractor products and starting the financial leasing business; however, the measures are progressing steadily. In Water & Environment, orders for solutions, such as Operation & Maintenance, are increasing. The aftermarket business and the ASEAN business in Farm & Industrial Machinery will pursue initiatives aimed at further growth.

Concurrently, general cost improvement measures will be carried out. In particular, forecasted market demand for the year ending December 31, 2025, is the most severe during the current mid-term business plan period, requiring stricter-than-usual management of costs, including reductions in fixed costs. Although it is expected to be difficult to achieve the operating profit margin of 12% targeted in the current mid-term business plan, every effort will be made to improve profitability with persistence until the very end.

(3) Preparation for the Upcoming Mid-Term Business Plan

A project team will be set up to develop the upcoming mid-term business plan that starts from the year ending December 31, 2026. In order to accelerate growth strategies, including the promotion of growth drivers, and to make the management structure reform more fruitful, a company-wide effort will be made to fundamentally strengthen the business structure, improve overall management efficiency, and transform into a structure capable of creating new added value.

2. Sustainability Approach and Initiatives

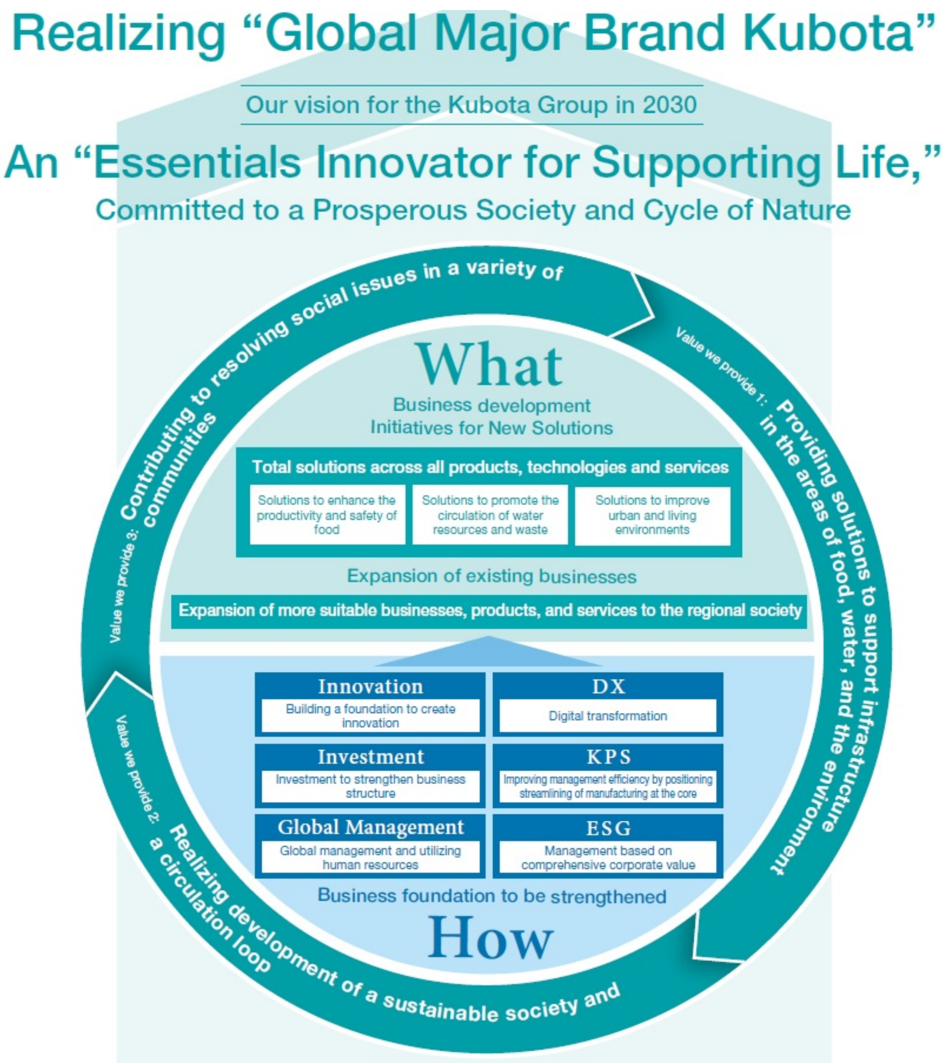
Forward-looking statements contained in this section are made based on the assumptions and judgments of the Company as of December 31, 2024.

(1) Sustainability in General

1) Basic approach and strategies

In the corporate philosophy, Kubota Global Identity (hereinafter, "KGI"), the Company has adopted the brand statement "For Earth, For Life" and promises to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth. In order to realize KGI, the Company aims to become "Global Major Brand Kubota" (hereinafter, "GMB Kubota"), and have set forth the long-term vision GMB2030 as the vision for the year 2030.

Under GMB2030, the Company is committed to becoming an "Essentials Innovator for Supporting Life," that is, the Company is committed to ensuring both the sustainability of the global environment and human society, as well as the sustainability of the Company; specifically, development of new solutions in the areas of food, water, and environment, as well as expansion of existing businesses and further adaptation to society. In addition, to support such business development, the Company is strengthening its management foundation, including business transformation with ESG (environmental, social, governance) at the core of the management.

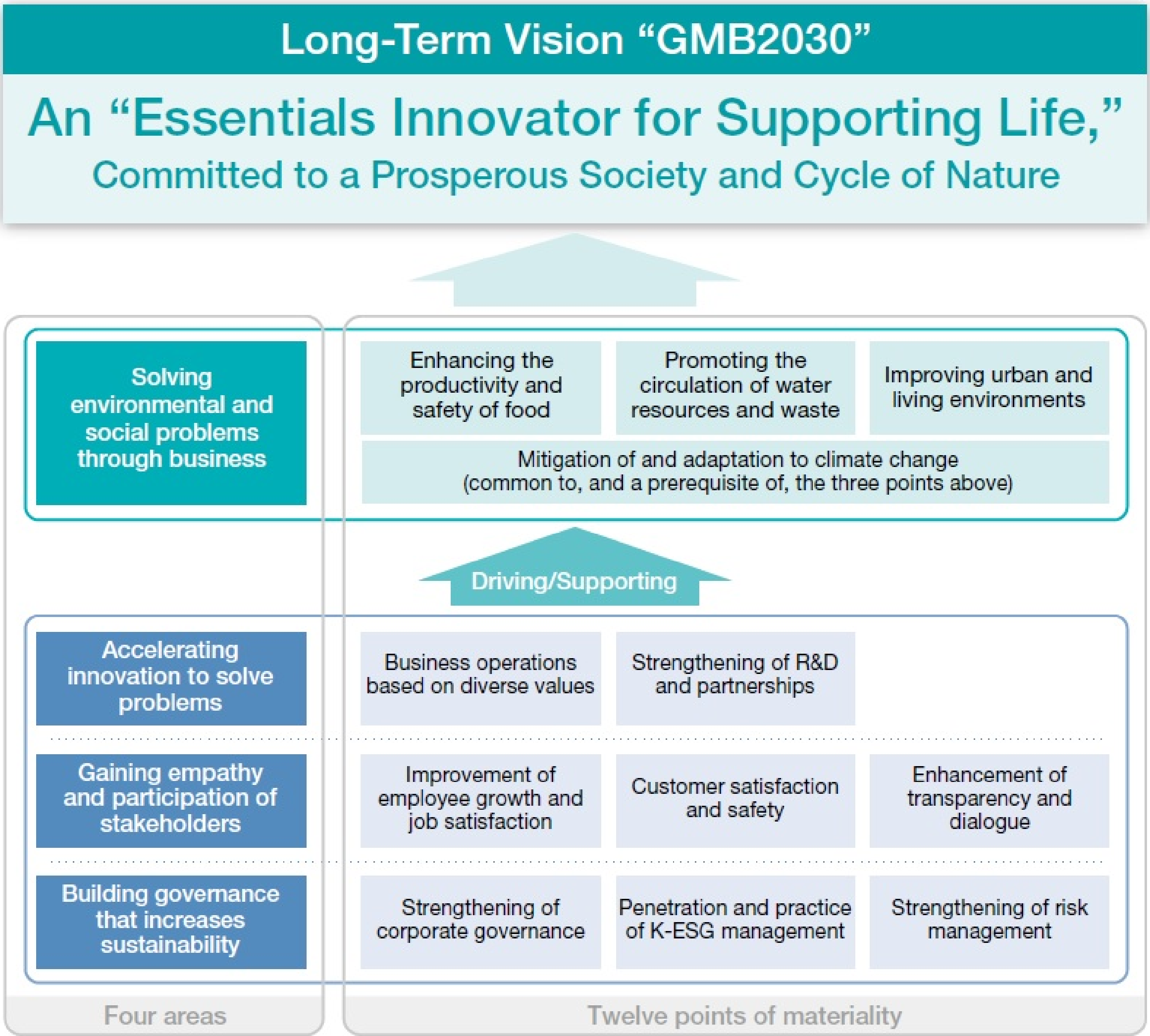


2) Materiality, opportunities and risks, indicators and targets

Under the Company's unique ESG-conscious management (hereinafter, "K-ESG management") to realize GMB2030, the Company is engaged in "Solving environmental and social problems through business" and strengthening the business foundation to drive and support these efforts. "Solving environmental and social problems through business" aims to address climate change through implementing new solutions and expanding existing businesses from the following three perspectives to realize GMB2030: "Enhancing the productivity and safety of food," "Promoting the circulation of water resources and waste," and "Improving urban and living environment." Strengthening the business foundation means "Accelerating innovation to solve problems," "Gaining empathy and participation of stakeholders," and "Building governance that increases sustainability." The Company has identified 12 items as materiality in four areas of business, innovation, stakeholders, and governance. Materialities identified by the Company (perceived as risks and opportunities), as well as indicators and targets for materiality promotion, are shown in the subsequent tables.

Materialities were extracted in consideration of global trends, the four megatrends that are important to the Company (circular economy, carbon neutral, zero marginal cost society, and formation of new small communities), the role of the Company, other ESG issues, stakeholder trends, and other factors. Materialities were identified based on discussions by management at the ESG Management Strategy Meeting (refer to *3) Governance and risk management* section below) and other management meetings, and opinions and assessments received through dialogues with investors and shareholders, and was reported to and determined by the Board of Directors. Materialities and indicators are not fixed, but are constantly reviewed in light of social conditions and the business situation.

Relationship between materiality of K-ESG management and GMB2030



Materiality objectives (opportunities and risks)

Materiality		Reason for its importance
Solving environmental and social problems through business	Enhancing the productivity and safety of food Promoting the circulation of water resources and waste Improving urban and living environments Mitigation of and adaptation to climate change	The Company has been striving to provide products and services that are indispensable for people's daily lives. Through more than 130 years, the Company has accumulated a great deal of technology and know-how in solving issues related to food, water, and environment with farm equipment, water pipes, etc., which are deployed several meters above and below the ground surface. On the other hand, as a global movement and direction, there are four megatrends that are important to the Company: circular economy, carbon neutral, zero marginal cost society, and formation of new small communities. In the midst of this trend, the Company, aiming to realize KGI and GMB Kubota, is committed to play the following three roles, and fulfilling these roles will allow the Company to further expand and develop its business domain, as well as provide opportunities to be a good corporate citizen. - providing solutions in the areas of food, water, and environment; - realizing the development of a sustainable society and a circulation loop of nature; and - contributing to resolving social issues in a variety of communities.
Accelerating innovation to solve problems	Business operations based on diverse values	Recognizing diverse values amplifies strengths and compensates for weaknesses, leading to a high competitive advantage. By fully demonstrating the diverse capabilities of the diverse human resources, the Company can create new value and grow its business through innovation and response to change.
	Strengthening of R&D and partnerships	In recent years, issues themselves have become increasingly sophisticated and more complex. In solving these issues, it is necessary to further enhance R&D capabilities of the Company. In addition, collaboration with business partners to incorporate new expertise accelerates the speed of this process.
Gaining empathy and participation of stakeholders	Improvement of employee growth and job satisfaction	In order to achieve sustainable growth, the Company must be a dynamic organization that can flexibly respond to changes in the business environment. This is made possible by employees who are motivated by a sense of job satisfaction, and job satisfaction is realized through a sense of growth and social responsibility, etc.
	Customer satisfaction and safety	By staying close to customers and imagining the future from their perspective, the Company is able to quickly identify issues and provide new value that exceeds their expectations. Continuing to do so will lead to customer satisfaction, and by earning the trust of customers, the Company can become a better corporate citizen.
	Enhancement of transparency and dialogue	A high level of transparency and dialogue leads to empathy and participation of employees, suppliers, and other stakeholders, and supports business activities. Furthermore, a deeper understanding of the Company will enhance the corporate value.
Building governance that increases sustainability	Strengthening of corporate governance	The top management priority is to raise overall corporate value while balancing between economic value and social value on a long-term and stable basis. This requires corporate governance that supports transparent, fair, prompt, and decisive management.
	Penetration and practice of K-ESG management	Sharing common values and codes of conduct globally will realize “One Kubota” and support business development and the resolution of environmental and social issues.
	Strengthening of risk management	Changes in social conditions and the business environment are becoming more intense every year, and risks are diversifying. It is essential to create sustainable corporate value by responding to risks in a timely and proactive manner.

Indicators and targets of materiality

Materiality		Indicators	Medium- and long-term targets
Solving environmental and social problems through business	Enhancing the productivity and safety of food Promoting the circulation of water resources and waste Improving urban and living environments	Progress of new solutions	(To be disclosed)
	Mitigation of and adaptation to climate change	Emissions in Scopes 1, 2, and 3	- Scopes 1 and 2: 50% reduction from 2014 levels by 2030 - Scope 3: (To be disclosed)
Accelerating innovation to solve problems	Business operations based on diverse values	- Progress on diversity among Executive Officers - Proportion of female managers (Nonconsolidated)	- Proportion of foreign Executive Officers: 10% by 2025 - Proportion of female managers: 7% by 2030
	Strengthening of R&D and partnerships	Patent Asset Index (total value of patent portfolio)	12.5% increase compared to 2020 by 2025
Gaining empathy and participation of stakeholders	Improvement of employee growth and job satisfaction	- Employee engagement score - Digitally literate personnel	- Employee engagement score: 70 by 2030 - Digitally literate personnel: 1,000 by 2024
	Customer satisfaction and safety	Customer satisfaction	(To be disclosed)
	Enhancement of transparency and dialogue	External institution rating	Acquire the highest possible rating from a major external ratings agency by 2025
Building governance that increases sustainability	Strengthening of corporate governance	Effectiveness of the Board of Directors	Strengthening of supervisory and executive functions, and reinforcing periodic confirmation functions of the corporate governance system
	Penetration and practice of K-ESG management	Penetration of the corporate philosophy and vision among employees	Penetration score: 75 by 2025
	Strengthening of risk management	Progress toward the creation of a risk management system	Establish a global risk management system and conduct due diligence by 2025

Materiality identification process

Established the ESG Management Strategy Meeting and the ESG Promotion Department under the direct control of the President

Major departments in each field considered materiality, indicators, and numerical targets

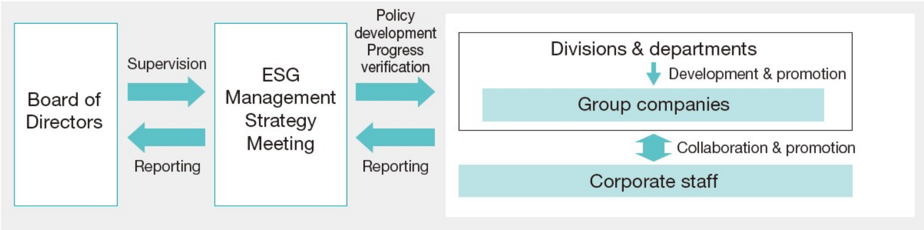
During exchanges with investors and shareholders, we provided explanations and received feedback and evaluations

At the ESG Management Strategy Meeting, we reviewed the results and revised them at a company-wide level

Decisions are made by the Board of Directors

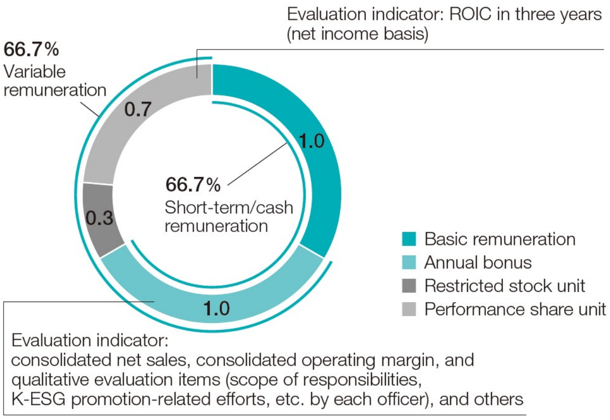
3) Governance and risk management

The ESG Management Strategy Meeting has been organized as an executive body for all aspects of sustainability, including the identification and review of materialities, and the setting and progress management of indicators and targets. ESG Promotion Department, which reports directly to the President of Kubota Corporation, is the department in charge of this meeting. The ESG Management Strategy Meeting is held four times in 2024, and the membership consists of the President and Directors in charge of business divisions, finance, human resources, R&D, manufacturing, environment, etc. Decisions made at the meeting are then disseminated and promoted to the business and corporate divisions. The results and targets of materiality promotion are reported to, and resolved by, the Board of Directors.



In addition, the Company has a remuneration system that links the promotion of materiality (promotion of K-ESG management) and remuneration of Directors. 20% of the annual bonus in remuneration of Directors is a K-ESG evaluation, which varies between 0% and 200% of the standard amount according to the degree of achievement of materiality targets.

Remuneration Composition Ratios for the President and Representative Director

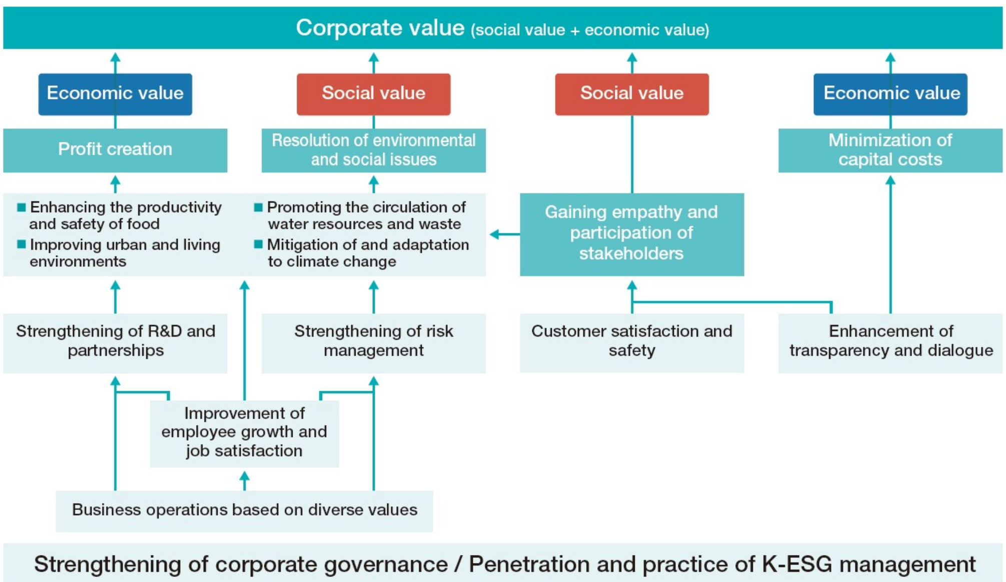


Promotion of each materiality is conducted at the ESG Management Strategy Meeting, “Value Up Discussion Meeting,” a forum for discussion by the Board of Directors and its members, and the Kubota Group Risk Management Committee, and is reported to, and resolved by, the Board of Directors.

4) Interrelationship between materiality and corporate value

The interrelationship between materiality and corporate value is as shown in the diagram below.

The environmental management, especially climate change, is a prerequisite and common denominator for the entire business of the Company, and human capital is a factor that affects other materialities, so these factors are highly important. Details of strategy and governance for these factors are explained in the following sections, *(2) Human Capital* and *(3) Response to Climate Change and Natural Capital: Disclosure in Accordance with the TCFD and TNFD Recommendations*.



(2) Human Capital

1) Basic approach

In order for the Company to realize GMB2030, it is essential to expand existing businesses. At the same time, it is necessary to provide solutions to social issues through collaboration among the three fields of food, water, and environment. The driving force to solve environmental and social issues through expansion of existing businesses and new solutions in the future will be a “strong and flexible organization” and “diverse and autonomous human resources,” and reinforcing them is crucial.

Since the establishment, the Company has been seeking human resources who can take on challenges for the development of society, and has been operating its business based on the important values of “On-Site Needs First Policy” and "On Your Side Spirit.” In order to expand existing businesses and develop new solution businesses, the Company continues to respect these values while focusing on the following three concepts that is necessary to embed in the Company as basic policies: I. Diversity, Equity, and Inclusion (DEI); II. Purpose; III. Promotion of Health Management.

2) Human capital strategy

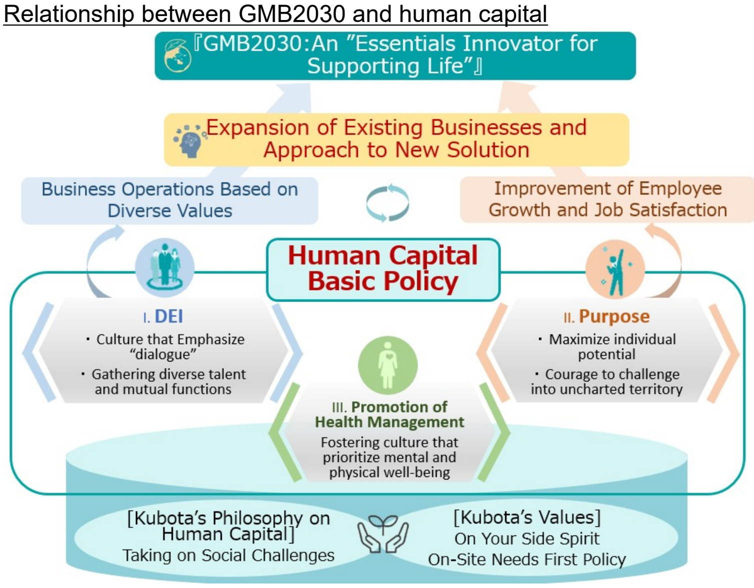
The three basic policies are formulated based on the linkage with the management strategy and the perspective of human resources strategy (acquisition, development, utilization and retention). In addition, by defining approaches to measures of each basic policy, the direction (key performance indicators (KPIs) and specific measures) to be taken by the Company is clarified.

The Company aims to realize GMB2030 by implementing various personnel measures based on the following basic policies and strategies.

a) Human Capital Basic Policy

Basic Policy	Summary
I. DEI (Strengthening the organization)	New value is created by bringing together and connecting diverse human resources, which in turn becomes a source of innovation and sustainability. The Company believes that building a corporate culture that emphasizes "dialogue" and drawing out individual abilities is the key to achieving DEI. The realization thereof will lead to the materiality, "Business operations based on diverse values.”
II. Purpose (Strengthening the individual)	Each individual must take on the challenge of resolving issues in uncharted areas, and to do so, each individual must have a strong "Purpose" and demonstrate his or her individual strengths. This leads to the materiality, "Improvement of employee growth and job satisfaction.”
III. Promotion of Health Management	In order for the Company to continue to create solutions needed by society, the physical and mental health of employees, who are the driving force of the Company’s operations, is essential. The Company's human capital strategy is supported by fostering a culture that values the health of its employees, maintaining the physical and mental health of each individual, and creating a workplace where employees can continue to work with vitality.

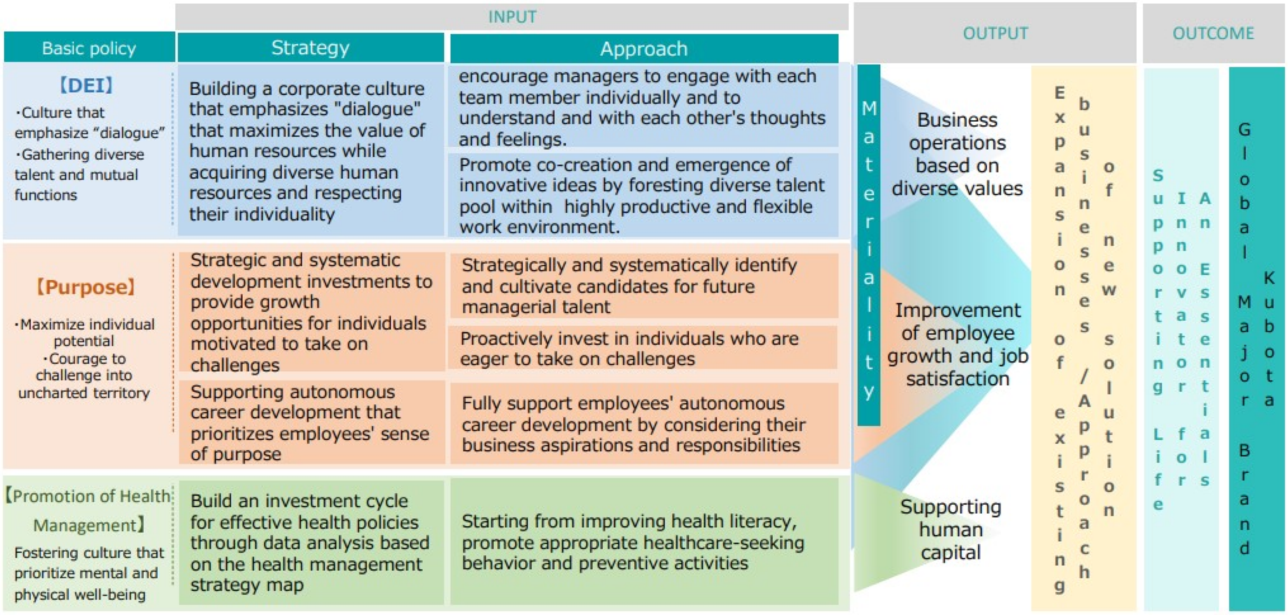
Relationship between GMB2030 and human capital



b) Strategies for basic policy and approaches to measures

The Company has established strategies and approaches to measures for the three basic policies, I. DEI (Strengthening the organization), II. Purpose (Strengthening the individual), and III. Promotion of Health Management, and is promoting efforts in these areas.

Strategies for basic policies and approaches to measures



[Strategy]

I. DEI (Strengthening the Organization)–Business operations based on diverse values (Policy for Internal Environment Development)

- Acquire diverse human resources, respect their individuality, and build a corporate culture that emphasizes "dialogue" to maximize the value of human resources.

The Company promotes "DEI: Diversity, Equity and Inclusion" as a pillar of the human capital strategy. Recognizing different values and ways of thinking, and making the most of diverse personalities leads to innovation. Thus, leveraging diversity is an important perspective for the sustainable global growth of an organization. In addition, the Company is developing DEI strategy with "dialogue" as the key word. Active "dialogue" among employees with diverse personalities and diverse opinions will generate new ideas and find new approaches to existing issues. The organizational culture that emphasizes "dialogue" to maximize the value of human resources creates an environment in which individual abilities, experiences, and ways of thinking are recognized, and in which each individual's strengths can be further demonstrated.

II. Purpose (Strengthening the Individual)–Improvement of employee growth and job satisfaction (Human Resource Development Policy)

- Provide growth opportunities for human resources who are willing to take on challenges through strategic and systematic investment in training.
- Support for autonomous career development, valuing employees' "Purpose (thoughts and aspirations)"

The Company emphasizes "Purpose (thoughts and aspirations)" as a pillar of its human capital strategy. Individual growth of the Company is indispensable for the realization of GMB2030, and the foundation for individual growth is the "Purpose" of each and every individual. The goal is to create an environment in which employees can realize their thoughts and aspirations autonomously, and to create an organization in which each individual's "Purpose" becomes the driving force for the growth of both the individual and the organization.

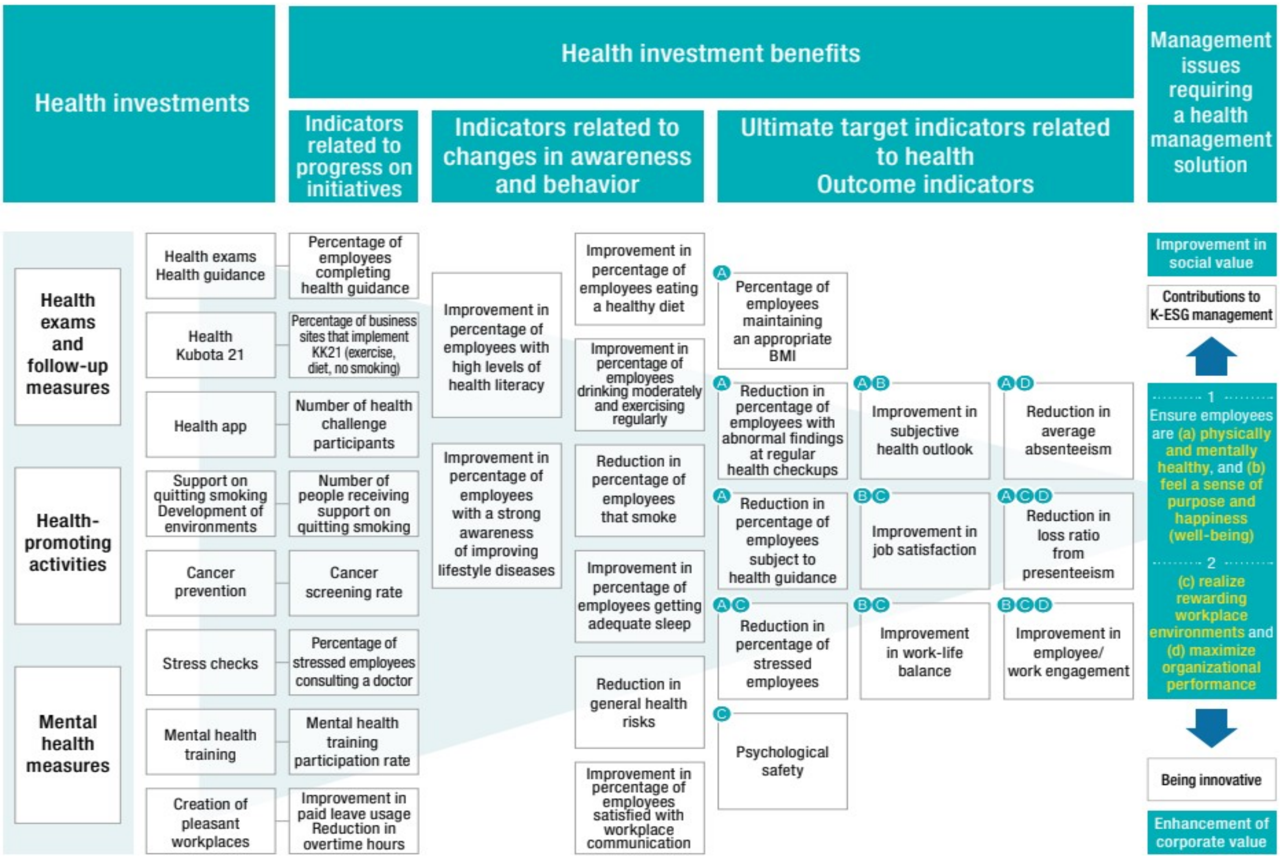
The Company will continue to actively support each employee so that they can face themselves and think about their careers in an autonomous manner. The Company will also focus on investing in the development of employees who are willing to take on challenges to broaden their perspectives and achieve personal growth. Furthermore, the Company will develop human resources who can create value as a team by developing and maximizing their strengths, while increasing the engagement of each individual.

III. Promotion of Health Management–Supporting human capital (Policy for Internal Environment Development)

- Build an investment cycle for effective health measures in human capital through data analysis based on the Health Management Strategy Map.

The Company promotes health management as the foundation of its human capital strategy. The core of the strategy is data analysis based on the "Health Management Strategy Map." Through multivariate analysis of health checkup data, working hour data, and "KPI indicators" obtained from various surveys, the Company is building an investment cycle for effective health measures, while digging deeper into the factors that promote or inhibit physical and mental health and performance. Healthy employees increase the "creativity" and "productivity" of the organization and contribute to overall performance. This approach is closely linked to K-ESG management and leads to sustainable growth of the Company.

Health Management Strategy Map



[Approach to Measures]

I. DEI (Strengthening the Organization)

- Managers confront each member individually and implement measures to understand and sympathize with each other's thoughts and perspectives.
- Promote co-creation and emergence in a diverse group of human resources and highly productive and flexible work styles.

The presence of managers is essential to building a culture that emphasizes "dialogue." Through one-on-one meetings and daily dialogue, understanding and empathizing with aspirations of each member and providing maximum support for those aspirations will increase the engagement of each individual and draw out the value of diverse human resources. In addition, to ensure that each and every employee with various attributes and personalities, including gender, nationality, age, experience, and values, can work with enthusiasm, the Company will provide a place where diverse human resources can play an active role, including the development of systems that facilitate work according to the situation.

II. Purpose (Strengthening the Individual)

- Strategically and systematically identify and develop candidates for future management personnel.
- Actively investment in personnel with a spirit of challenge.
- Support employees' autonomous careers to the fullest extent possible by accepting their aspirations that they wish to realize in their business and duties.

In order for the Company to expand existing businesses and develop new solutions in the future, it is necessary to systematically train management personnel and actively invest in personnel who are willing to take on new challenges, and to develop personnel who are flexible to change and diverse. Additionally, it is important to ensure that each individual's aspirations are acknowledged and to hold extensive dialogue between managers and team members regarding the career they wish to realize in their business and duties. This will lead to maximizing employees' aspirations and linking them to action, which is the shortest way to realize the future vision of the Company.

III. Promotion of Health Management

- Promote appropriate medical treatment behavior and preventive activities, based on the improvement of health literacy

In order to be healthy, "behavior" must be changed, and in order to change "behavior," "awareness" must first be changed. Health literacy is a measure of health awareness and knowledge, and increasing the number of employees with high health literacy will lead to an increase in the number of healthy employees. The Company is continuously investing in health measures to increase the number of "health literate" employees who view health as their “personal matter," and engage in autonomous health promotion.

[Examples of Specific Initiatives]

Improvement of employee engagement

I. DEI (Strengthening the organization)
II. Purpose (Strengthening the individual)

To promote K-ESG management, it is crucial for employees to practice the corporate philosophy and to gain the empathy and participation of internal and external stakeholders. As part of the Company’s efforts to advance the establishment of the organization in which employees, who are the driving force behind K-ESG management promotion, can be proud and happy, and the organization that is rewarding and easy to work for, the Company has been conducting engagement surveys since November 2021. In 2024, approximately 20,500 employees from domestic and overseas subsidiaries participated in the survey, with the aim of improving the overall engagement of the Company. Although the positive response rate score is steadily improving, it is necessary to further promote efforts to increase engagement with the aim of achieving a score of 70% in 2030 (60% in 2025) from the current score of 53% for the general employees on consolidated basis.

Since survey results vary by organization, it is necessary to implement actions tailored to each organization. Efforts are being made to engage in thorough dialogue throughout the entire organization and to encourage all members to take ownership of the engagement process. Since 2023, workshops for organizational development (for department managers) were held to promote dialogue within the organization and to enhance activation and engagement. Through this workshop the department managers engaged in dialogue with members to create the organization's vision and conveyed it to members. This experience led the managers to develop specific actions to improve engagement.

Promotion of women’s participation I. DEI (Strengthening the organization)

Considering the active roles played by female will promote innovation and sustainable growth throughout the organization, the Company has been increasing the number of female employees since 2020. The Company will continue to hire nearly 50% of total administrative staff to be women, and is considering raising the percentage of female technical staff hired from the current 12% to 13% to approximately 20%. At the same time, the Company is focusing on creating an environment that makes it easier for women to work and that supports women in playing more active roles.

In addition, the Company has launched the Kubota Women Employee Resource Group to facilitate interaction and mutual support among female employees. By bringing together women leaders from across organizations and forging new connections through autonomous activities, the program aims to deepen their own thinking about their careers and increase their motivation. Also, by sharing their own leadership experiences, opportunities for the next generation of young employees to explore diverse career paths and values are provided, ultimately fostering the development of future female leaders.

The Company also hosts forums aimed at empowering female employees and promoting the advancement of women. The President and other members of the management directly address female employees about the indispensability of women's active involvement to the Company and their thoughts on the promotion of women’s empowerment. Furthermore, the Company provides opportunities for female employees to gain insights into their careers and identify their own leaders through lectures delivered by internal role models with global experience.

The proportion of female employees in managerial positions has been increasing annually. The Company has implemented measures to promote equity, such as changes in the personnel system and other initiatives to ensure that appointments are not based on gender. Additionally, the Company has expanded support to facilitate the active participation of women. Moving forward, the Company will continue to enhance diversity management, establish fair training and promotion practices, develop a work environment where all employees can thrive, and cultivate a culture that fosters sustained motivation.

Training system supporting autonomous careers II. Purpose (Strengthening the individual)

The Company provides generation-specific career design training for employees ranging from young to senior levels in order to stimulate their autonomous careers and motivation to take on challenges, and to help employees retain growth. In addition, due to the extension of the retirement age, the company's expectations for middle-senior employees have increased significantly. In response to high satisfaction and desire for ongoing support with the middle-senior training (employees in 40s and 50s), the Company has also established a new career development training program for individuals around the age of 60.

	20's	30's	40's	50's	60's
Target	Staff position in the third year of graduation	35 year-old Expert / Staff position	Around 45 year-old Expert / Staff position	55 year-old Expert / Staff position	Around 60 year-old Expert / Staff position
Mandatory or Optional	Mandatory	Mandatory	Optional	Mandatory	Optional
Theme	Participants acquire the ability to chart their own career by taking inventory of previous work experience and recognizing own characteristics and values.	Participants to develop self-directed career and drive their growth through "clarifying their career stance," "approaching their own strengths," and "considering what they should do now in light of the future."	Understanding the importance of continued learning. Understanding the importance of considering career options of their own and not leaving their future career up to the company, and making the opportunity to think about it.	Understanding the importance of continued learning. Specifying how participants can contribute to Kubota and society by utilizing his/her own strengths so that they can spend the long life in a meaningful way.	Understanding the importance of continued learning. Using a backcasting approach while focusing on life after retiring from Kubota, participants create a vision for contributing to Kubota as well as society while utilizing his/her strengths.

Raising health awareness III. Promotion of Health Management

Since 2018, the Company has provided "wearable devices" at no cost to all interested employees (achieving a total of 12,309 participants) to enhance each individual's "health literacy." Starting in 2022, the Company has introduced a "health app" to enable employees to access their health checkup results and vital data at any time. Additionally, the Company is supporting employees' autonomous health promotion by offering year-long "Health Challenge" program and providing "Point Incentives" for health-related activities.

3) Indicators and targets

KPIs related to human capital in relation to the materialities, "Business operations based on diverse values” and “Improvement of employee growth and job satisfaction,” are “Engagement Survey (hereinafter, “ES”) - engagement score (positive response rate),” “Percentage of foreign Senior Executive Officers,” and “Percentage of female employees in managerial positions." These indicators and targets are reviewed according to the situation.

KPI	Scope	Fiscal year 2020 actual (%) (KPI setting point)	Fiscal year 2024 actual (%)	Fiscal year 2025 target (%) (Note 1)
ES - Engagement score	Nonconsolidated	50 (Note 2)	53 (Note 2)	60
Percentage of foreign Senior Executive Officers	Consolidated	0	6.5	10
Percentage of female employees in managerial positions	Nonconsolidated	3.3	4.6	5

(Notes)

1. Targets at the time of setting materiality KPIs in 2020.
2. Engagement score of general employees on nonconsolidated basis. (The scope of the survey is expanding.)

4) Governance

ESG Management Strategy Meeting, consisting of the President and Representative Director and representatives for business divisions, finance, human resources, R&D, manufacturing, environment, etc., deliberates on human capital issues. Furthermore, the Human Resource Council, whose members include the President and representatives of business and functional divisions, discusses the optimal training and allocation of human resources for future management candidates. In addition, engagement scores and diversity status are incorporated into the executive remuneration system.

(3) Response to Climate Change and Natural Capital: Disclosure in Accordance with the TCFD and TNFD Recommendations

In the “Environmental Vision,” which outlines the direction of business activities from an environmental perspective toward the year 2050, the Company has committed to contributing to the realization of a carbon neutral and resilient society. The Company has expressed its support for the Task Force on Climate-related Financial Disclosure (TCFD) recommendations in January 2020 and the Task Force on Nature-related Financial Disclosures (TNFD) in February 2024, and committed to make every effort to information disclosure.

Refer to the following links for the latest disclosures in accordance with the TCFD and TNFD recommendations:

- TCFD: *https://www.kubota.com/sustainability/environment/tcfd/index.html*
- TNFD: *https://www.kubota.com/sustainability/environment/tnfd/index.html*

TCFD

1) Governance

Environmental management issues, including climate change and natural capital, are deliberated and managed at the aforementioned ESG Management Strategy Meeting. The results of the meetings are reported to the Board of Directors and Executive Committees and disseminated within the Company through “Environmental Manager Conferences." Additionally, to further accelerate ESG-conscious management efforts, the targets for climate change response are incorporated into the evaluation indicators for annual bonuses in the executive remuneration plan.

2) Strategy

Scenario analyses were conducted covering all businesses to assess the impact of climate change and natural capital on the Company. For climate change, the Company has assessed the expected impact on the business in 2030 using 1.5°C / 2°C and 4°C scenarios based on population growth and economic development toward 2050.

Based on the results of these scenario analyses, the Company has identified risks and opportunities and formulated strategies for countermeasures in each business segment.

Analysis results of Farm & Industrial Machinery business

<table>
<tr><th>Scenario</th><th colspan="2">Summary of TCFD scenario analysis results
(changes in market and operating environment)</th><th>Evaluation results
(2030)</th><th>Financial impacts (2030)</th></tr>
<tr><td rowspan="4">1.5°C / 2°C</td><td>Risks
[Technologies]</td><td rowspan="2">Changes in product design and conditions of use owing mainly to tougher climate change-related regulations.
• Regulations to improve fuel efficiency of internal combustion engines will be tightened in the future.
• Diversified needs for power sources, including electrification, fuel cells, and low carbon fuels (hydrogen engines and synthetic fuel engines), as new regulations apply to products that use internal combustion engines, such as farm equipment and construction machinery.
• Large products not suited for electrification due to the requirement for long operating hours and higher power, will use internal combustion engines, which increases the use of low- and zero-carbon fuels.</td><td>Need to aggressively pursue R&D to improve fuel efficiency and to respond to diverse power sources to capture future business opportunities.</td><td>Medium</td></tr>
<tr><td>Opportunities
[Products]</td><td>The impact on revenue of decarbonized products will be limited even though regulations will be adopted in some developed regions by 2030.</td><td>Low to medium</td></tr>
<tr><td>Opportunities
[Markets]</td><td>Changes in market needs seeking decarbonized products and services.
• Market needs for new value not found in products with internal combustion engines, such as noise reduction, avoidance of refueling, and indoor use, are increasing for construction machinery, lawnmowers, and utility vehicles.
• Growing demand for products that run on low- or zero-carbon fuels, such as hydrogen engines, gas engines, and hybrid engines, depending on local fuel supply infrastructure</td><td>The impact on revenue in 2030 will be limited even though there are customers demanding electrified utility vehicles, lawnmowers, and construction machinery, etc., in some leading and existing markets.</td><td>Low to medium</td></tr>
<tr><td>Opportunities
[Markets]</td><td>Changes in mode of agriculture owing to the promotion of decarbonization in the industry.
• Crop yields will increase as farming technology advances and the effective use of farming land is further encouraged to mitigate the impacts of climate change.
• Decarbonization in agriculture will continue to gather momentum in developed economies and the adoption of sustainable farming methods will become more widespread.
• Decarbonization and modernization of agriculture in emerging economies will progress concurrently and demand for smart agriculture, farming solutions, and energy-efficient farm equipment will increase.
• Demand for decarbonized agriculture will increase, leading to increased carbon storage in the soil.</td><td>Prospects for higher revenue from farm equipment, smart agriculture solutions, and other products that contribute to low- and zero-carbon agriculture.</td><td>Medium to high</td></tr>
</table>

Scenario	Summary of TCFD scenario analysis results (changes in market and operating environment)		Evaluation results (2030)	Financial impacts (2030)
4°C	Opportunities [Resilience]	**Changes in suitable farming land (changes in demand for farm equipment and methods).** • Climate change will affect the relocation of suitable farming land and crop production. • Demand will increase for farming solutions and support for transition to new farm equipment and methods, such as smart farm equipment and precision agriculture. • Changes in demand for farming solutions are emerging in wet climate regions, especially North America, Asia, and some parts of Europe.	Prospects for higher revenue from farm equipment and farming solutions that can adapt to changing weather conditions.	Medium to high

(Note)

Financial impacts shown as low if less than or equal to ¥2.5 billion; medium if greater than ¥2.5 billion but less than or equal to ¥25.0 billion; or high if greater than ¥25.0 billion.

Strategies in the Farm & Industrial Machinery business based on the analysis results

Contributing to the reduction of CO2 emissions at the product use stage through innovation.

- Continue to strengthen R&D to improve fuel efficiency of engines, hybridization, and other measures for which stricter regulations are expected to be implemented in the future.
- Expand product lineup that contribute to carbon neutrality, in keeping with the market needs.
- Accelerate R&D toward the practical application of various power sources, such as electrification, fuel cells, low- and zero-carbon fuels (hydrogen engines and synthetic fuel engines) in response to local energy supply conditions.

Providing support to reduce greenhouse gas emissions from agriculture and sustainable food production activities.

- Propel R&D of products and services that can be adapted to low- or zero-carbon agriculture and changing weather conditions, such as recycling of local biomass resources and carbon storage, and realize farm management solutions.
- Expand and popularize farm equipment and services that enable smart agriculture (automated machinery, precision agriculture, etc.), which contributes to more efficient and labor-saving agriculture.
- Contribute to the establishment of sustainable agriculture through the next-generation crop production, such as vegetable factories, that contributes to solving issues in the food value chain.
- Expand applications of Kubota Smart Agri System (KSAS (*1)), Kubota Smart Infrastructure System (KSIS (*2)), and Water for Agriculture Remote Actuated System (WATARAS (*3)), which integrate cutting-edge technologies and Information and Communication Technology to further improve agricultural efficiency and contribute to decarbonization through agriculture.

(Notes)

1. A farm management support system of the Company
2. A solution system utilizing the internet of things for water environment infrastructure facilities and equipment.
3. A farm water management system of the Company that allows users to remotely and automatically control water flowing in and out of rice paddies while monitoring water levels on a smartphone or a personal computer.

Analysis results of Water & Environment Business

Scenario	Summary of TCFD scenario analysis results (changes in market and operating environment)		Evaluation results (2030)	Financial impacts (2030)
1.5°C / 2°C	Opportunities [Markets]	**Changes in social trends toward securing and conserving of water and resources.** • Population growth and economic development will further increase water demand. • Regulations will be enforced on the intake and discharge of water for household and industrial use in developed countries and Asia as a preventive measure against stretched water resources and deteriorating water quality owing to the impacts of climate change. • Demand will increase for solutions that resolve water shortages and deteriorating water quality.	Prospects for higher revenue from products and solutions in connection with the development of water and sewage infrastructure.	Medium to high
	Opportunities [Resource efficiency]	**Changes in social trends toward securing and conserving of water and resources.** • Demand will increase for solutions that facilitate the effective use of energy and resources, such as utilization of rubbish and agricultural residues, and energy recovery from previously unutilized small-scale hydropower. • The compatibility of decarbonization and the circular economy will accelerate, extraction of new resources will be avoided, and circular use of resources will further increase. • Demand will increase for solutions to improve the efficiency of water infrastructure construction due to increasing urbanization construction and decreasing number of workers.	Prospects for higher revenue from solutions related to the reclamation and recovery of resources and energy, as well as to the efficiency of their use.	Medium to high
4°C	Opportunities [Resilience]	**Changes in awareness of weather disasters.** • Climate change is expected to negatively affect the living environment due to increase in typhoons, torrential rains, and other natural disasters, as well as drought and deterioration of water quality. • Demand will increase for stronger resilience of existing water and sewage infrastructure, renewal of aging facilities, and improvement of water quality, as a countermeasure against severe natural disasters. • Demand will grow in Japan for water-related products aimed at bolstering national resilience in response to increasingly severe natural disasters as a consequence of climate change.	Prospects for higher revenue from ongoing demand for products and solutions in connection with the development of more resilient water infrastructure, disaster countermeasures, and water quality improvements.	Low to medium

(Note)
Financial impacts shown as low if less than or equal to ¥2.5 billion; medium if greater than ¥2.5 billion but less than or equal to ¥25.0 billion; or high if greater than ¥25.0 billion.

Strategies in the Water & Environment business based on the analysis results

Contributing to the effective use of various resources (water, energy, minerals, etc.) and realization of the circular economy.

- Contribute to water and sewage infrastructure development and water recycling to meet growing water demand.
- Expand offerings of purification and sewage treatment products and solutions to help improve water quality.
- Manufacture and promote the use of biofuels derived from agricultural residues, household waste, sewage sludge, etc., that contribute to the development of resource recycling schemes in communities.
- Develop deep recycling technology, which recovers useful metals from urban mines, such as waste appliances to reduce landfill waste and utilizes plastic wastes as an energy source.
- Promote effective resource utilization through sewage sludge melting systems to recover heavy metals and phosphorus from sewage sludge.
- Expand the use of “smart waterworks systems” that contribute to energy conservation in water pipeline construction and management.

Contributing to the building of water infrastructure that is resilient to weather disasters.

- Expand offerings of disaster prevention and disaster response products, such as disaster-resistant ductile iron pipes and drainage pump trucks that contribute to disaster recovery efforts, and water level simulation and operation management systems for drainage pump stations that contributes to disaster prevention.
- Expand applications of KSIS to support remote monitoring, diagnosis, and control of water treatment plants and equipment.

Analysis results common to both businesses

Scenario	Summary of TCFD scenario analysis results (changes in market and operating environment)		Evaluation results (2030)	Financial impacts (2030)
1.5°C / 2°C	Opportunities [Regulations]	**Changes in decarbonization approach of companies sought after by society.** • Increase in pressure for decarbonization throughout the product life cycle worldwide, including the introduction of carbon pricing schemes and carbon border adjustment mechanisms. • Energy prices will rise as regulations and initiatives to decarbonization accelerate. • Taxes on fossil fuels and CO2 emissions will increase owing to the introduction of a carbon tax. • Energy costs and expenses associated with energy-saving measures are expected to rise as governments worldwide enforce stricter energy conservation regulations.	Rise in manufacturing costs, driven by increasing capital investment in response to decarbonization and energy conservation, as well as rising energy and raw material prices.	Medium
			An expected carbon tax burden will materialize when emission reduction targets are met as a result of measures taken to save energy and curb CO2 emissions	Low (Approx. ¥2.5 billion) (Note 2)
4°C	Opportunities [Physical]	**Impacts on the Company and suppliers as a result of more abnormal weather events.** • Weather disasters, such as torrential rains and floods, are becoming more sever and frequent. • Negative impact on business activities at the Company’s own sites and suppliers. • Impact on production and sales activities due to delays in procuring raw materials.	Potential disaster-related losses due to weather disasters.	Medium (Approx. ¥3.0 to 6.0 billion) (Note 3)
			Potential increase in costs associated with business continuity plan (BCP) measures to avoid adverse effects of weather disasters.	Medium

(Notes)

1. *Financial impacts* shown as low if less than or equal to ¥2.5 billion; medium if greater than ¥2.5 billion but less than or equal to ¥25.0 billion; or high if greater than ¥25.0 billion.
2. Calculated by multiplying the projected carbon tax as of 2030.
3. Calculated with reference to losses stemming from previous weather disasters.

Strategies based on the analysis results

Reduce CO2 emissions and other environmental impacts resulting from business activities.

- Promote initiatives aimed at conserving energy use, installing energy-efficient equipment, electric furnace conversion, switching fuels, installing LED lighting, and expanding the use of renewable energy at production sites.

Strengthen climate change risk countermeasures at the Company’s sites and at suppliers.

- Use hazard maps to identify sites that are at high risk of suffering damage from torrential rain, flooding, and strong winds and systematically promote reinforcement of buildings and measures to prevent electrical equipment from being inundated by water.
- Decentralize the procurement of parts and materials by diversifying procurement routes.
- Construct a manufacturing system that is resilient to weather disasters based on BCP.

TNFD

Regarding natural capital, the LEAP approach proposed by TNFD and the “ENCORE” risk analysis tool were used to evaluate businesses that are closely related to natural capital.

In the “Locate” phase of the LEAP approach, Farm & Industrial Machinery has identified Asia as a region where farm equipment for rice cultivation is used, and Asia, Europe, and the Americas as regions where machinery for field crop and orchard cultivation is used. In the Water & Environment, the Company has identified Asia as a water-stressed region and Japan as a natural resource-dependent region.

In the "Evaluate" phase, the Company has observed that the implementation of agriculture in the clientele affects land and water resources, while at the same time, agriculture is dependent on these resources. The Company has also observed that while water related businesses are dependent on water resources and water quality, the environmental businesses are not highly dependent on natural capital.

In the "Assess" phase, scenario analyses were conducted for items with high impact and dependency, and in the "Prepare" phase, strategies to reduce risks and expand opportunities were developed.

Segment	Reason or ecosystem service		Summary of TNFD scenario analysis results	Anticipated business risks and opportunities
Farm & Industrial Machinery	Impacts	Water use	• As population growth drives up demand for water, securing enough water for irrigation purposes could prove challenging. • Advancements in agricultural technology will most likely contribute to improved water efficiency. • In order to maintain the health of ecosystems, restrictions aimed at limiting the impacts of agriculture and industry on water resources may be tightened.	Risks: • Crop yields may decline owing primarily to a decrease in water for agricultural use, storm and flood damage, and water and soil contamination. This could potentially affect sales of farm equipment. Opportunities: • Stronger demand for farm equipment and solutions that help boost crop yields. • Increased revenue from sales of farm equipment, construction machinery, and solutions that contribute to low-and zero-carbon agriculture.
	Dependency	Water circulation, surface water, groundwater		
	Impacts	Ecosystems (fresh water, terrestrial) Water and soil pollution	• Greater crop yields will be needed to meet food demand as a result of population growth. • Land conversion of forests and reservoirs to secure farmland may decrease water retention capacity of the soil and increase wind and flood damage to farmland. • The excessive use of fertilizer and pesticides to boost yields could lead to a decrease in pollen transfer and the degradation of water and soil.	
	Dependency	Storm buffering, ground stabilization Pollination		

Segment	Reason or ecosystem service		Summary of TNFD scenario analysis results	Anticipated business risks and opportunities
Water & Environment	Impacts	—	• Demand for water resources and urban green spaces will increase due to urban expansion and population growth. Water management with consideration for the protection of water sources and waterways and the conservation of natural resources will be strengthened. • Restrictions will be enforced on the intake and discharge of water for household and industrial use as a preventive measure against strained water resources and deteriorating water quality owing to the impacts of climate change. • Demand will increase for solutions that resolve water shortages and poor water quality.	Opportunities: • Demand for solutions for efficient management and recycling of water resources will increase. • Demand for solutions that encourage effective use and recycling of resources will increase.
	Dependency	Water circulation, surface water, groundwater		
	Impacts	Waste	• Demand for solutions that make effective use of waste, agricultural residues and resources will increase.	
	Dependency	—		

Key Strategies

• Expand the provision of agricultural solutions that improve water use efficiency in agriculture, mitigate deforestation, and protect habitats.

• Reduce greenhouse gas emissions and minimize the adverse impact on ecosystems and habitats through the offerings of sprayers, drones, and other products that contribute to increased crop yields and optimized fertilizer application.

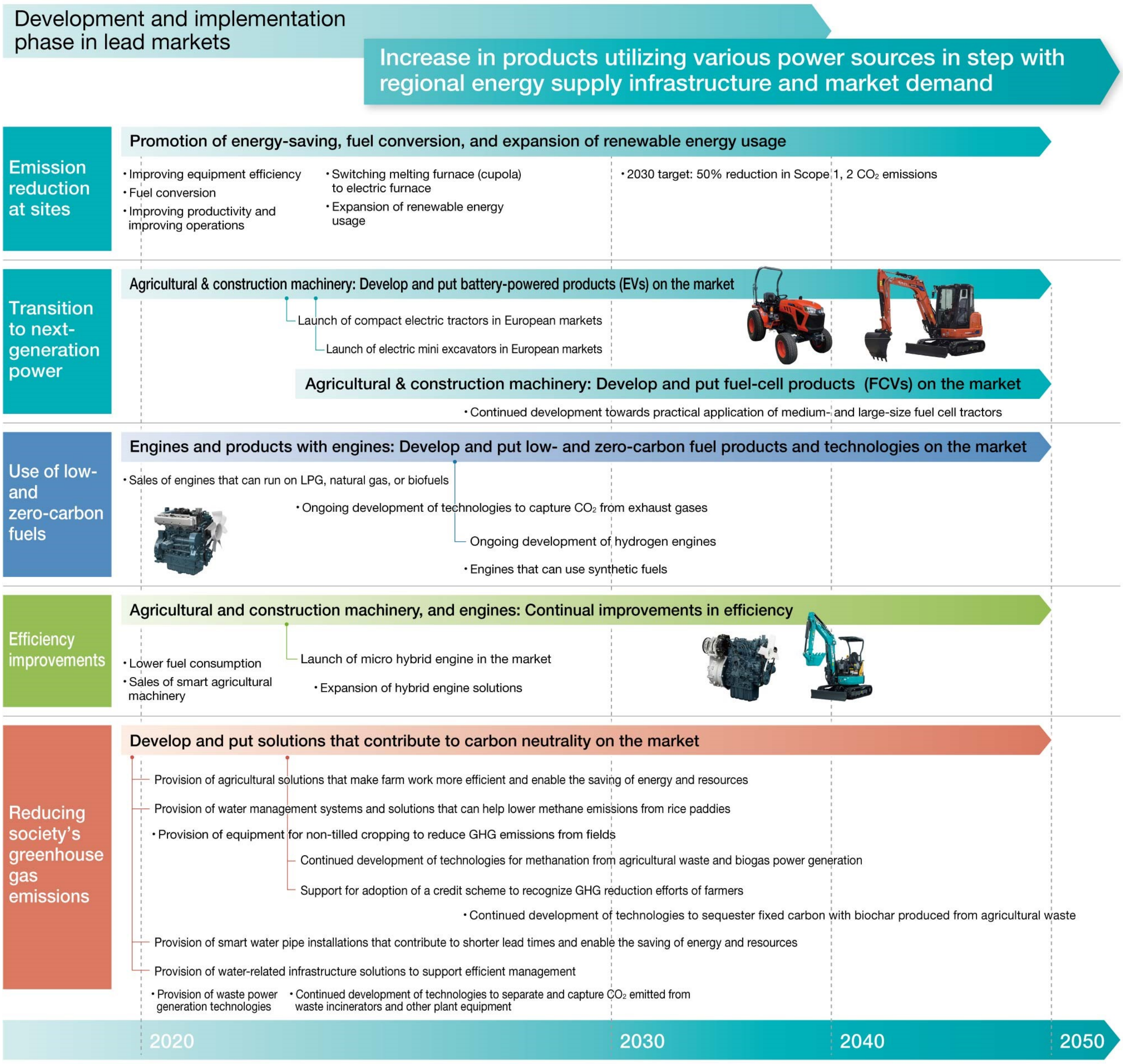
• Contribute to water infrastructure development and water recycling by offering water supply and sewerage pipes, and engineering for water treatment plants.

• Realize a circular economy by offering recycling plants, such as facilities that pulverize and sort waste to recover metals, plastics, and other resources, and melting furnaces to extract chemical fertilizer from sewage sludge.

Transition plan to a low-carbon economy

The Company believes that there are many options for power sources in the era of carbon neutrality after 2030 and that measures must be taken in all directions. The following is the transition plan (roadmap) that outlines the Company's response to climate change.

Roadmap to carbon neutrality



The above roadmap is based on information that can be studied at present. It is subject to major changes, depending on future technological development and market trends.

3) Risk management

The Company identifies materialities related to environmental conservation initiatives, including climate change mitigation and adaption, throughout the value chain (direct operation, including upstream and downstream). The periods covered by the risks and opportunities that emerge are determined from a short-, medium-, and long-term perspective, and identified risks and opportunities are reviewed annually. In addition, the Company identifies materialities related to environmental conservation initiatives by collecting and analyzing information, identifying issues, examining their importance, identifying risks and opportunities, and formulating priority measures.

As an evaluation process, the Company sets medium- to long-term environmental conservation targets and continuously manages its progress. Medium-term (three to five years) and long-term (five to 15 years) targets are discussed at the ESG Management Strategy Meeting. Each production site prepares a plan, and the Environmental Protection Department monitors their progress annually. After analyzing how close the Company is achieving its targets, the Company is considering key measures and the direction of medium- to long-term initiatives. In addition, the Company promotes responses to climate change in accordance with local conditions through the Environmental Manager Conference.

4) Indicators and targets (Excerpt)

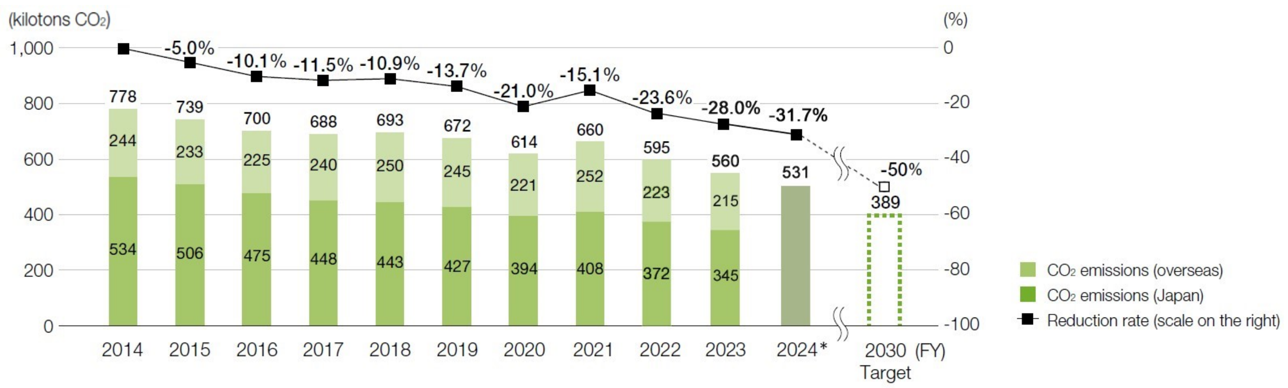
The Company has set Medium- and Long-Term Environmental Conservation Targets aimed at reducing risks and expanding opportunities related to climate change and natural capital, and is committed to achieving these targets. Furthermore, the Company calculates and discloses performance data on CO2 emissions (Scopes 1 and 2) at the Company's global sites and upstream and downstream CO2 emissions (Scope 3). The Company has obtained third-party assurance for key disclosed data, and is working to improve its accuracy.

Action item	Management indicator	Base fiscal year	Fiscal year 2024 actual (%) (Note 3) (Note 4)	Fiscal year 2025 target (%) (Note 4)	Fiscal year 2030 target (%) (Note 4)
Reduce CO2 emissions (Scopes 1 and 2)	CO2 emissions (Note 1)	2014	(31.7)	—	(50)
	CO2 emissions per unit of production (Note 2)	2014	(46.4)	(45)	(60)
	Ratio of renewable energy usage (Note 1)	—	13.1	20% or more	60% or more
Conserve water resources	Water withdrawal per unit of production (Note 2)	2014	(40.4)	(35)	(40)

(Notes)

1. Global business sites of the Company are in scope.
2. Global production sites of the Company are in scope and indicators per unit of production represent the environmental impacts per unit of output.
3. *Fiscal year 2024 actual* indicate preliminary figures as of March 6, 2025.
4. Figures in parentheses indicate negative figures.

Trends in CO2 Emissions (Scopes 1 and 2)



(Note)

Figures for the fiscal year 2024 are preliminary as of March 6, 2025.

3. Risk Factors

The Company considers the following risks may adversely affect the Company's financial position, results of operations, and cash flows (hereinafter, the "results of operations"). Forward-looking statements contained in this section are made based on the assumptions and judgments of the Company as of December 31, 2024.

(1) Economic Conditions

Industrial and capital goods make up a substantial portion of the Company's products. Accordingly, the Company may face reduced demand resulting from declines in general economic conditions, including private-sector capital expenditures, construction investment, and domestic public investment. In addition, the agricultural policies set by the government may adversely affect the sales of agricultural-related products. In the overseas markets, especially in North America and Europe, sales of the Company's products, such as utility/compact tractors, may decrease due to declines in general economic conditions, including personal consumption and residential construction investment in those regions. As a result, there is a possibility that the Company's results of operations may be adversely affected significantly.

(2) Soaring Raw Materials Prices and Difficulties in Procurement of Raw Materials

The Company purchases substantial raw materials and parts from third-party suppliers. With the globalization of the business, procurement at overseas production bases is increasing and the Company is promoting procurement at the optimal locations by building a global procurement network. However, if the prices of raw materials and parts substantially increase due to the supply and demand gap and changes in the market conditions, and if such a rise is prolonged, they may have an adverse effect on the Company's profitability. In addition, if the Company has difficulties in procuring adequate supplies of raw materials and parts, there may be a material adverse effect on the Company's results of operations as production and sales activities may be disrupted.

(3) The Risks Associated with International Operations

The Company's businesses that have substantial overseas operations are exposed to the risks inherent in conducting business in those markets. If such risks materialize, the Company may face difficulties in stable production and sales of products, and may decrease revenue and increase procurement and transport costs, which affect the Company's results of operations, and this may hinder growth of the Company. Material risks include:

1) Risks associated with changes in government licensing and subsidy policies in key markets
2) Risks associated with unexpected changes in tariffs and import/export quotas due to changes in international trade policies
3) Risks associated with unforeseen changes in laws and regulations in various countries
4) Geopolitical risks
5) Unstable labor relations in developing countries
6) Difficulties in retaining qualified human resources
7) Risks associated with supply chain and logistics disruptions
8) Risks associated with unexpected changes in the taxation systems of countries
9) Risks associated with unanticipated outcomes in the transfer pricing issues

(4) Fluctuations in Foreign Currency Exchange Rates

The Company has a number of overseas manufacturing, sales, and financial leasing subsidiaries that contribute significantly to the Company's results of operations. The financial statements of overseas subsidiaries denominated in its local currency are reflected in the consolidated financial statements of the Company after translation into yen. In addition, Kubota Corporation exports to overseas subsidiaries or external customers that are generally denominated in their local currency, and the foreign currency earned is converted into yen. Therefore, fluctuations in the exchange rate between the local currency and the yen have an impact on the Company's results of operations. In general, the appreciation of the yen against other currencies has a negative impact on the results of operations of the Company. In order to mitigate the negative impact of exchange rate fluctuations, the Company has been transferring its production bases to overseas in accordance with "local production for local consumption" principle. Also, the Company utilizes foreign exchange forward contracts and other derivative instruments. Despite the Company's efforts to mitigate such risks, fluctuations in foreign currency exchange rates may adversely affect the Company's results of operations.

(5) Interest Rate Fluctuation Risk

The Company has interest-bearing liabilities, which are subject to fixed or variable interest rates. If interest rates rise, interest expenses will increase along with incentive costs related to financial leasing business, especially in the United States. The Company utilizes swap contracts and other derivative instruments to mitigate the impact of fluctuations of interest rates. However, despite the Company's efforts to mitigate such risks, fluctuations in interest rates may adversely affect the Company's results of operations.

(6) Stock Market Fluctuation Risk

The Company holds marketable securities, most of which are equity securities, and the fair value of these securities may fluctuate significantly depending on stock market. In addition, plan assets related to the retirement benefit plan may decrease due to a decline in stock market. The investment policy for plan assets is to achieve the best possible investment results under acceptable risk. In order to diversify risks, the Company balances its portfolio by carefully considering the industries, types of companies, and regions in which it invests, taking into consideration factors that affect investment returns, such as interest rate fluctuation risk, economic growth rates, and types of currencies. However, changes in the fair value of securities or a decrease in plan assets could have a significant impact on the Company's results of operations.

(7) Success or Failure of Strategic Alliances, Mergers, Acquisitions, etc., with Third Parties

The Company intends to use strategic alliances, mergers, and acquisitions to generate further growth. The success of these transactions depends on factors, such as business environment, the capabilities of its business counterparts, and whether the Company and its counterparts share common goals. If these transactions are not successful and returns on investments are lower than expected, the Company's profitability may be lower than anticipated and could have a significant impact on the Company's results of operations.

(8) Competition with Other Companies

The Company is exposed to significant competition in each of its businesses. Unless the Company achieves a competitive advantage in areas, such as terms of trade conditions, R&D, and quality of goods and services, the Company's revenues may decrease and could have a significant impact on the Company's results of operations.

(9) Products and Services

The Company strives to maintain and improve quality of products and services through education, efforts to prevent quality issues, and internal quality audits. However, if the Company's products and services are alleged to have serious defects, the Company may incur significant costs related to liability. If such claims are asserted, the Company's reputation and brand value may be damaged, which could cause a decline in demand for the Company's products, resulting in decreased revenues, and could have a significant impact on the Company's results of operations.

(10) Environmental Pollution

In order to ensure compliance with environmental laws and regulations and prevent environmental accidents, the Company has established an environmental management system and is striving to continuously improve rule-based operations and environmental conservation initiatives. However, despite the Company's efforts to mitigate such risks, the Company may incur significant costs and expenditures to take corrective measures or face litigation if the Company causes environmental contamination, including the emission of hazardous materials, air pollution, water pollution, and/or soil contamination. These factors may have a significant impact on the Company's results of operations.

(11) Asbestos-Related Issues

The Company previously manufactured products containing asbestos from 1954 to 2001. The Company may be required to incur additional expenses, including payments to the individuals concerned and expenses arising from litigation of the asbestos-related health hazards. If such expenses become substantial, they may result in a material adverse effect on the Company's results of operations.

(12) Compliance Risk

The Company has declared its intention to conduct its corporate activities in compliance with legal regulations and ethical principles, and to make efforts to ensure that all management and staff of the Company comply with various legal regulations, ethical standards, and internal regulations. However, in the event that compliance issues arise, there is a possibility that the Company may be subject to disciplinary action by government ministries supervising its activities or to lawsuits, or may suffer a loss of public confidence, which may result in a material adverse effect on the Company's results of operations.

(13) IT System and Networks

The Company is exposed to certain IT security risks, including threats to the confidentiality, availability, and integrity of its data and systems. In order to manage such risks, the Company has implemented the information security system, an integrated set of policies, processes, methodologies, teams, and technologies aimed at ensuring appropriate protection of the data. Despite such efforts, if the Company's IT system and networks are disrupted or experience a security breach, the Company may suffer from an opportunity loss due to production downtime, be subject to litigation or threat of litigation for information leakage, or the Company's intellectual property may be infringed. All of which in turn may cause the Company to incur significant costs. If such security breaches and other disruptions occur, the Company's reputation and brand value may also be damaged, and may lead to a decline in demand for its products and revenues. As a result, there is a possibility that the Company's results of operations may be adversely affected significantly.

(14) Environmental Laws and Regulations

The Company is subject to various environmental laws and regulations that apply to its products and business activities. If these environmental laws and regulations, such as greenhouse gas emission controls, exhaust emission controls, and usage restrictions for certain materials used in the Company's products, are strengthened or newly established, the Company may be required to incur considerable expenses in order to comply with such laws and regulations. Such expenses may have a material adverse effect on the Company's results of operations.

(15) Damages Caused by Natural Disasters and Other Unpredictable Events

The Company conducts business activities in Japan, North America, Europe, Asia, and other regions. If unpredictable events, such as earthquakes, tsunamis, floods, typhoons, droughts, pandemics, wars, terrorist attacks, fires, information system or communication network breakdowns, and power outage or shortage, occur in countries and regions in which the Company operates, the Company's production, distribution, and sales activities may be disrupted. Global warming and climate change have increased the risk of disasters around the world recently. Furthermore, Japan is one of the most earthquake-prone countries in the world and can be subject to severe earthquakes or tsunamis.

(16) Human Rights Risk

In recent years, with the growing social concerns over human rights, legislation for the protection of human rights has been progressively enacted, particularly in Europe. Violations of human rights in the value chain of the Company, including suppliers, subcontractors, and other business partners, could have a significant impact on the Company's results of operations through social criticism, boycotts of the Company's products, or the imposition of penalties under laws and regulations.

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

Forward-looking statements contained in this section are made based on the assumptions and judgments of the Company as of December 31, 2024.

(1) Analysis and Consideration of Results of Operations from Management's Point of View

The analysis and consideration of the Company's results of operations for the year ended December 31, 2024, are as follows:

1) Results of Operations

For the year ended December 31, 2024, revenue of the Company decreased by ¥4.4 billion [0.1%] from the prior year to ¥3,016.3 billion.

Domestic revenue decreased by ¥10.7 billion [1.7%] from the prior year to ¥632.5 billion because of decreased revenue from Farm & Industrial Machinery, Water & Environment and Other.

Overseas revenue increased by ¥6.2 billion [0.3%] from the prior year to ¥2,383.8 billion because of increased revenue from Farm & Industrial Machinery and Water & Environment. As a result, overseas revenue accounted for 79.0% of consolidated revenue, which increased by 0.3 percentage points from the prior year.

Operating profit decreased by ¥13.2 billion [4.0%] from the prior year to ¥315.6 billion mainly due to decreased sales mostly in Europe and North America of Farm & Industrial Machinery and increased cost in sales incentive although there were some positive factors such as favorable effects from price increase and exchange rate fluctuation. Profit before income taxes decreased by ¥7.0 billion [2.0%] from the prior year to ¥335.3 billion. Profit for the year decreased by ¥0.3 billion [0.1%] to ¥259.7 billion, reflecting income tax expenses of ¥80.7 billion and share of profits of investments accounted for using the equity method of ¥5.1 billion. Profit attributable to owners of the parent decreased by ¥8.0 billion [3.4%] from the prior year to ¥230.4 billion.

Revenues from external customers and operating income by each reportable segment were as follows:

Farm & Industrial Machinery

Farm & Industrial Machinery segment mainly manufactures and sells farm equipment, agricultural-related products, engines, and construction machinery.

Revenue in this segment was ¥2,636.9 billion, same level as the prior year, which accounted for 87.4% of consolidated revenue.

Domestic revenue decreased by 1.2% from the prior year to ¥311.9 billion mainly due to decreased sales of farm equipment and construction machinery.

Overseas revenue increased by 0.2% from the prior year to ¥2,325.0 billion with positive effect from fluctuation of foreign exchange rates. In North America, although the sales of construction machinery increased with steady demand for infrastructure development by the government, the Company struggled with tractor business due to stagnation in the residential market and crop prices decline. In Europe, sales of construction machinery and engines decreased as the market had continued to decline due to economic stagnation. Tractor business was also sluggish due to weak demand. In Thailand, although the effect of the flood has remained partially, sales of farm equipment recovered mainly in the product for rice market and sales of construction machinery also increased. In India, although the market had shrunk in the first half of the current consolidated fiscal year due to the drought and the effect of the general election, the market turned toward recovery in the second half of the current consolidated fiscal year thanks to sufficient rainfall and harvest.

Operating profit in this segment decreased by 2.4% from the prior year to ¥347.4 billion mainly due to the loss caused by sales decrease mainly in Europe and North America and increased cost in sales incentive although there were some positive factors, such as favorable effects from price increase and fluctuation of foreign exchange rates.

Water & Environment

Water & Environment segment manufactures and sells products related to pipe systems (ductile iron pipes, plastic pipes, and other products), industrial products (reformer and cracking tubes, spiral welded steel pipes, air-conditioning equipment, and other products), and environment (environmental control plants, pumps, and other products).

Revenue in this segment decreased by 0.5% from the prior year to ¥362.6 billion, which accounted for 12.0% of consolidated revenue.

Domestic revenue decreased by 1.3% from the prior year to ¥303.8 billion due to decreased sales mainly in pipe system business although sales of industrial products business increased.

Overseas revenue increased by 3.9% from the prior year to ¥58.8 billion due to increased sales mainly in environment business.

Operating profit in this segment decreased by 2.9% from the prior year to ¥29.7 billion mainly due to an increase in expenses although there were some positive factors, such as favorable effects from price increase and material price decline.

Other

Other segment mainly offers a variety of services.

Revenue in this segment decreased by 14.0% from the prior year to ¥16.8 billion and accounted for 0.6% of consolidated revenue.

Operating profit in this segment decreased by 36.1% from the prior year to ¥1.0 billion.

2) Assets, Liabilities, and Equity

Assets

Total assets as of December 31, 2024, were ¥6,018.7 billion, an increase of ¥659.4 billion from the prior fiscal year end. With respect to assets, finance receivables increased mainly in North America business and property, plant, and equipment also increased due to capital expenditure for enhancement of the production system and disaster management.

Liabilities

Total liabilities also increased from the prior fiscal year end due to an increase in bonds and borrowings as a result of bond issue in North America business mainly. Equity increased mostly due to an improvement in other components of equity along with fluctuations mainly in foreign exchange rates and the accumulation of retained earnings.

Equity

The ratio of equity attributable to owners of the parent to total assets stood at 41.2%, 0.6 percentage points higher than the prior fiscal year end.

3) Cash Flows

Net cash provided by operating activities during the year ended December 31, 2024, was ¥282.1 billion, an increase of ¥299.4 billion in net cash inflow compared with the prior year. This increase resulted from improvement of working capital mainly.

Net cash used in investing activities was ¥208.9 billion, an increase of ¥35.4 billion in net cash outflow compared with the prior year. This increase resulted mainly from the expenditure for the acquisition of property, plant, and equipment due to capital expenditure and acquisition of intangible assets.

Net cash used by financing activities was ¥26.3 billion, a decrease of ¥204.7 billion in net cash inflow compared with the prior year mostly due to a decrease in funding.

As a result of the above and after taking into account the effects of exchange rate changes, cash and cash equivalents as of December 31, 2024, were ¥295.1 billion, an increase of ¥73.0 billion from the beginning of the fiscal year.

(2) Liquidity and Capital Resources

The Company's financial policy is to ensure adequate financing and liquidity for its operations and to strengthen the health of its consolidated statements of financial position.

Through efficient management of working capital, the Company intends to optimize the efficiency of capital utilization throughout its business operations. The Company seeks to improve its group cash management by centralizing cash management among Kubota Corporation and its overseas financing subsidiaries.

The Company's internal sources of funds include cash flows generated by operating activities and cash and cash equivalents. In addition, the Company raises funds by borrowings from financial institutions, financing by securitization of receivables, and issuance of bonds and commercial paper (CP) in capital markets, if necessary. The Company's policy is to finance working capitals and capital expenditures primarily by internally generated funds and, to a lesser extent, by funds raised through borrowings from financial institutions, etc. Bonds and borrowings were primarily used for sales financing, capital investment, and working capital in the year ended December 31, 2024. Regarding bonds and borrowings, refer to Notes to Consolidated Financial Statements, Note 16. BONDS AND BORROWINGS.

At present, the Company expects no difficulties in raising funds for business operations and investments given its strong financial foundation and ability to generate stable cash flow.

(3) Production, Orders Received, and Revenue

1) Production

Consolidated production results by reportable segment for the year ended December 31, 2024, were as follows:

Reportable segment		Amount (millions of yen)	Change from the prior year (%)
Farm & Industrial Machinery	¥	2,535,695	(0.2)
Water & Environment		371,354	(3.5)
Other		16,764	(12.0)
Total	¥	2,923,813	(0.7)

(Notes)

1. Intersegment transfers are eliminated.
2. Amounts are recorded at sales price.

2) Orders Received

Consolidated orders received by reportable segment for the year ended December 31, 2024, were as follows:

Except for certain products, Farm & Industrial Machinery products and some Water & Environment and Other products are not made-to-order.

Reportable segment		Amount (millions of yen)	Change from the prior year (%)		Balance (millions of yen)	Change from the prior year (%)
Farm & Industrial Machinery	¥	5,568	(19.8)	¥	3,144	(30.9)
Water & Environment		257,769	(12.8)		298,860	(6.8)
Other		335	(81.5)		366	(77.2)
Total	¥	263,672	(13.4)	¥	302,370	(7.5)

(Note)

Intersegment transfers are eliminated.

3) Revenue

Consolidated revenue by reportable segment for the year ended December 31, 2024, were as follows:

Reportable segment		Amount (millions of yen)	Change from the prior year (%)
Farm & Industrial Machinery	¥	2,636,874	0.0
Water & Environment		362,631	(0.5)
Other		16,776	(14.0)
Total	¥	3,016,281	(0.1)

(Notes)

1. Intersegment transfers are eliminated.
2. There were no customers whose revenue exceeded 10% or more of the Company’s total consolidated revenue for the years ended December 31, 2024 and 2023.

(4) Significant Accounting Estimates and Assumptions

The Company prepares its consolidated financial statements in accordance with IFRS Accounting Standards, which requires the application of accounting policies and the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those accounting estimates and assumptions. 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.

With regard to significant accounting estimates and assumptions, refer to Note 2. BASIS OF FINANCIAL STATEMENTS, Significant Accounting Judgments, Estimates, and Assumptions; and Note 3. MATERIAL ACCOUNTING POLICIES of the Notes to Consolidated Financial Statements.

5. Material Contracts

Not applicable.

6. Research and Development Activities

The Company considers food, water, and the environment as a singular theme, and aims to realize a sustainable society through a proper cycle of these elements utilizing technology and solutions. The Company aims to be a good corporate citizen by envisioning the social issues that could arise in the near future and developing products, services, and businesses in anticipation of these issues. Being motivated by this mission, the Company's R&D department takes the initiative to develop products and technologies that are directly linked to each business, while pursuing medium- to long-term R&D that supports the Company's sustainable growth.

As one of the main themes for Mid-Term Business Plan 2025, the Company has taken up "initiatives to secure candidates of growth drivers for the next generation." The Company is establishing the foundation for realizing GMB2030 and is actively investing resources in R&D to succeed in global competition and realize sustainable growth.

The total R&D expenses for the year ended December 31, 2024, were ¥111.8 billion, and the R&D expenses and major achievements by reportable segment are as follows. The R&D expenses for "Other" segment and basic research expenses that are difficult to link to a particular reportable segment are collectively reported in "Other and Corporate" section.

(1) Farm & Industrial Machinery

R&D departments in this segment are engaged in product development of farm equipment, agricultural-related products, engines and construction machinery, as well as related advanced research. Major achievements are as follows:

Development of "M7-4 Series" agricultural tractors

Developed a remodeled version of the "M7 Series" tractor, which has been well received in the field crop markets of Europe and the United States, as well as in Hokkaido, Japan. The main features are as follows:

(Feature 1) Two types of transmissions are offered: Powershift (conventional automatic transmission) and Kubota Variable Transmission (KVT) (continuously variable transmission). Three grades are available according to the operation purpose: Standard, Premium, and Premium High.

(Feature 2) The Premium High grade, which uses KVT, can travel at ultra-low speeds of less than 0.5 kilometer per hour (km/h), enabling smooth operations such as digging of yams. The "parking switch function" has been installed to allow the parking brake to be operated with a switch at hand. An automatic parking brake function that automatically activates when the driver leaves the tractor has also been installed for added safety.

(Feature 3) The Standard and Premium grades with Powershift also feature an "Express Restart Function" that enables stopping and starting without clutch. This function allows the driver to stop and start with ease and reduces the risk of stalling.

(Feature 4) The GoFlexible specification, an automatic steering function, has evolved to enable auto steering to start at a minimum vehicle speed of 0.1 km/h, with improved accuracy on curved paths, inclined terrain, and extended driving time.

(Feature 5) A KSAS compatible direct communication unit, a rear hatch half-opening mechanism, and electric heated mirrors are standard. Work lights are all LEDs.

Development of DRH1200A-A Agri Robo, unmanned autonomous combine harvester

The DRH1200A-A, unmanned autonomous combine harvester with Level 2 of autonomous operations (partial automation with manned monitoring), has been developed ahead of the industry. The main features are as follows:

(Feature 1) Equipped with an artificial intelligence (AI) camera and millimeter wave radar, the perimeter monitoring system accurately detects people and objects other than crops, weeds, birds, etc. existing in the field as obstacles during harvesting operations. The combine harvester automatically stops when it detects people and other obstacles during unmanned, autonomous operation, enhancing safety.

(Feature 2) Equipped with an automatic reel control function and an automatic jamming release function that automatically removes jams when a rice or wheat jam is detected during unmanned, autonomous operation. Since the combine harvester automatically removes jams and resumes operation, the supervisor does not have to go to the machine for removing jams, minimizing the time loss caused by the blockage.

(Feature 3) By reducing the number of laps of manual operation required to one, autonomous operation is possible in more than 90% of the field areas (*1). By driving the outermost lap to harvest, the machine automatically creates the optimal harvesting route. From the second lap, unmanned, autonomous operation is possible under the supervision of the user.

(Feature 4) A laser sensor and RTK-GNSS (*2) antenna are used to detect the height and position of the footing and, if the footing is low, a portion of the machine is pushed out to make an efficient turn.

(Feature 5) A manned model is also available. The manned model requires the operator to check the surroundings and operate the harvesting section according to crop conditions, but as with the unmanned model, a map of the field can be created by making a single outermost lap, and from the second lap, the machine can be operated automatically.

(Notes)

1. Calculation conditions: 1 hectare (100 meters x 100 meters) of field, header size of 2.6 meters
2. The Global Navigation Satellite System (GNSS) with the Real Time Kinematic (RTK) technique is a positioning method that simultaneously observes two points: a reference point and an observation point.

Development of the BEV (*3) zero turn mower, “Ze Series”

As one of the Company’s efforts to achieve carbon neutrality, the Company has developed an environmentally friendly product, the BEV zero turn mower, “Ze Series” (a ride-on mower), for professional users in the European market, where interest in electrification is high. The main features are as follows:

(Feature 1) The lithium-ion battery-driven system and environmentally friendly electric system control technology have improved energy efficiency (carbon dioxide emissions) by more than 50% compared to conventional gasoline engine models.

(Feature 2) The mower is designed to allow easy replacement of a battery pack, which weighs approximately 90 kilograms, in a short period of time. The battery pack can be recharged either with the battery pack mounted in the mower or detached from the mower, allowing for a full day operation (six to eight hours per day) as required by professional users.

(Feature 3) By adopting a laminated battery module with a good volume energy density and output characteristics, a compact (approximately 64 liter), high-power (maximum of 10 kilowatt), and long-life (1,500 hours with three-year warranty) battery pack is developed. The battery pack complies with recommendations on the transport by United Nations and various battery standards, such as EU Battery Regulation, to ensure safety, reliability, and durability.

(Feature 4) Smooth electric driving and high operability and mowing performance are realized by adopting coordinated control technology of multiple motors.

(Note)

3. Abbreviation for Battery Electric Vehicle.

The R&D expenses in this segment totaled ¥73.0 billion.

(2) Water & Environment

R&D departments in this segment are engaged in product development related to pipe system (ductile iron pipes, plastic pipes, and other products), industrial products (reformer and cracking tubes, spiral welded steel pipes, air-conditioning equipment and other products), and environment (environmental control plants, pumps, and other products), as well as related advanced research. Major achievements are as follows:

Development of the GENEX metal seated valves (nominal diameter of 300 mm)

In addition to the GENEX metal seated valves with nominal diameters of 75 mm to 250 mm, which have been well received by many customers, a new valve with the nominal diameter of 300 mm has been developed and added to the product lineup. The main features are as follows:

(Feature 1) The integrated structure of the earthquake proof joints enables flangeless structure even for pipelines with metal seated valves.

(Feature 2) C-protection, an external corrosion-resistant coating, coated on the outer surface of the valve box provides the same longevity as that of GX-type straight and irregularly shaped pipes.

(Feature 3) The combination of a rigid valve box and a flexible valve plug enables water sealing performance of the seat to be sustained during seismic motion and other external forces.

Development of the inspection streamlining technology that utilizes MR (*4) devices

With the aim of improving the efficiency of inspection at drainage pump stations, which play a role in preventing flood damage, and to pass on the know-how of inspection workers, the Company has developed the inspection streamlining technology that utilizes MR devices. The main features are as follows:

(Feature 1) By utilizing 3D point cloud data and MR technology, inspection points can be visualized in the worker's field of vision, allowing the worker to accurately identify the inspection points at the drainage pump station.

(Feature 2) An input method utilizing the MR device's spatial recognition has been established so that an inspection record table can be displayed by touching the flag on the inspection point displayed on the MR device, and input can be made by touching the record column. No separate device is required for recording, allowing hands-free inspection and recording at the same time, ensuring safety and workability equal to or better than smart devices such as tablets.

(Feature 3) The system standardizes the operation of skilled workers and provides functions to assist workers with work procedures, work areas, etc., so that even unskilled workers can work in the same amount of time as skilled workers.

(Feature 4) A remote assist function has been built to provide a remote assistance in the event of a breakdown during an inspection. The remote technician can display the necessary information on the worker's MR device based on the situation and give accurate instructions and advice, thus reducing lost time.

(Feature 5) The introduction of this inspection streamlining technology has resulted in a time reduction of approximately 37% compared to inspections prior to the introduction of this technology.

(Note)

4. Abbreviation for Mixed Reality

The R&D expenses in this segment totaled ¥6.7 billion.

(3) Other and Corporate

The Company is promoting K-ESG management, and in the area of R&D, the Company is accelerating its effort to create innovations that contribute to solving environmental and social issues. In terms of carbon neutrality, R&D of new power sources for farm equipment and construction machinery is progressing. BEV tractors were launched in 2023, and in 2024, the Company has introduced BEV mini excavators and BEV zero turn mowers (riding lawnmowers). In addition, the Company is committed to the realization of new power sources, such as fuel cells and hydrogen.

The Company continues to focus on R&D efforts to improve fuel efficiency, including improvement of combustion efficiency, and to improve the content of biodiesel. Furthermore, the Company aims to achieve carbon neutrality by bringing together various initiatives, such as work loss reduction and optimal energy-saving operation through the autonomous driving technology and the application of biomass (agricultural and food residues).

With regard to smart agriculture, the Company has already established, ahead of competitors, the autonomous driving technology for tractors, combine harvesters, and rice transplanters. In order to make the machine even easier to use, the Company is advancing initiatives, such as research on the use of AI and advanced sensors. The Company is also progressing systematically with field demonstrations of data-driven agriculture initiatives, including the use of weather information, growth models, and remote sensing.

The Company is also continuing to advance R&D related to the collaboration of KSAS agricultural support system; WATARAS farm water management system; and KSIS water environment platform, including research on a smart rice paddy dam.

The R&D expenses in this segment totaled ¥32.1 billion.

3. Property, Plant, and Equipment

1. Summary of Capital Investment

Capital investment by the Company is focused on investments to expand manufacturing capacity to meet growing demand, rationalization investments to strengthen market competitiveness, IT investments to promote Digital Transformation, and investments to strengthen R&D capabilities for business expansion. The Company also invests in environmental conservation, safety and health, and BCP measures.

Capital investment for the year ended December 31, 2024, totaled ¥215,449 million. The breakdown is as follows:

	For the year ended December 31, 2024 (millions of yen)	For the year ended December 31, 2023 (millions of yen)	Change from the prior year (%)
Farm & Industrial Machinery	¥ 175,577	¥ 117,530	149.4
Water & Environment	17,039	12,271	138.9
Other	312	1,015	30.7
Corporate	22,521	16,160	139.4
Total	¥ 215,449	¥ 146,976	146.6

The details of major investments are as follows:

Farm & Industrial Machinery

Investments were made for BCP measures in Japan and for expansion of manufacturing capacity in Japan and North America.

Water & Environment

Investments were made for environmental conservation and rationalization.

Corporate

Investments were made to strengthen the IT infrastructure in Japan.

For the year ended December 31, 2024, no property, plant, and equipment were sold, disposed, or damaged that would have a material impact on manufacturing capacity.

Losses on sale and disposal of property, plant, and equipment for routine upgrades amounted to ¥5,273 million and ¥6,307 million for the years ended December 31, 2024 and 2023, respectively.

2. Major Property, Plant, and Equipment

Major property, plant, and equipment of the Company as of December 31, 2024, are as follows:

The *Machinery and equipment and others* column includes machinery, equipment, tools, furniture, fixtures, motor vehicles, and transport equipment.

Carrying amounts are amounts presented in the statement of financial position of each company.

(1) Kubota Corporation

(As of December 31, 2024)

Facility (Main location)	Reportable segment	Production items or business operations	Carrying amount (millions of yen)						Number of employees
			Buildings and structures	Machinery and equipment and others	Land		Construction in progress	Total	
					Area (㎡ in thousands)	Amount			
Hanshin Plant (Amagasaki-shi, Hyogo, JAPAN)	Water & Environment	Ductile iron pipes	2,865	5,608	(4) 365	1,930	2,425	12,828	579
Keiyo Plant (Funabashi-shi, Chiba, JAPAN)	Water & Environment	Ductile iron pipes	3,704	3,243	445	10,664	438	18,049	356
Ichikawa Plant (Ichikawa-shi, Chiba, JAPAN)	Water & Environment	Spiral welded steel pipes	606	1,905	(19) 62	513	169	3,193	126
Okajima Business Center (Taisho-ku, Osaka, JAPAN)	Farm & Industrial Machinery and Water & Environment	Casting parts	6,385	11,786	(1) 82	53	585	18,809	375
Kubota Global Institute of Technology (Sakai-shi, Osaka, JAPAN)	Farm & Industrial Machinery and Corporate	R&D	58,937	13,076	(3) 657	23,479	1,114	96,606	3,025
Sakai Plant (Sakai-shi, Osaka, JAPAN)	Farm & Industrial Machinery	Farm equipment, engines and construction machinery	40,136	35,843	(21) 395	8,725	12,681	97,385	3,082
Utsunomiya Plant (Utsunomiya-shi, Tochigi, JAPAN)	Farm & Industrial Machinery	Farm equipment	1,575	2,570	(7) 146	188	773	5,106	449
Tsukuba Plant (Tsukubamirai-shi, Ibaraki, JAPAN)	Farm & Industrial Machinery	Farm equipment and engines	23,133	24,614	(22) 490	6,857	9,147	63,751	2,352
Hirakata Plant (Hirakata-shi, Osaka, JAPAN)	Farm & Industrial Machinery and Water & Environment	Construction machinery, pumps, valves and steel castings	9,479	8,688	304	672	2,136	20,975	1,795
Shiga Plant (Konan-shi, Shiga, JAPAN)	Water & Environment	Wastewater treatment plant (Johkasou)	1,133	148	178	1,032	1,205	3,518	61
Kyuhoji Business Center (Yao-shi, Osaka, JAPAN)	Farm & Industrial Machinery	Precision equipment	223	291	38	1,521	107	2,142	201
Head Office, Tokyo Head Office, Other regional offices, etc. (Naniwa-ku, Osaka, JAPAN, etc.) (Note 2)	Farm & Industrial Machinery, Water & Environment, and Corporate	Administration, sales, R&D, etc.	16,674	3,593	1,620	25,569	1,623	47,459	3,071

(Notes)

1. Kubota Corporation leases part of its land and buildings. The related rental expenses amounted to ¥1.4 billion for the year ended December 31, 2024. Figures in parentheses are the areas of leased land. Leased land and buildings are mainly used for storage yards and sales bases.
2. Land is used for factories, distribution and sales bases, recreation facilities, and other purposes.

(2) Domestic subsidiaries

(As of December 31, 2024)

Company name	Facility (Main location)	Reportable segment	Production items or business operations	Carrying amount (millions of yen)						Number of employees
				Buildings and structures	Machinery and equipment and others	Land		Construction in progress	Total	
						Area (㎡ in thousands)	Amount			
Kubota ChemiX Co., Ltd.	Head office, regional offices, factories (Amagasaki-shi, Hyogo, JAPAN, etc.)	Water & Environment	Plastic pipes and fittings	373	6,163	(95) —	—	899	7,435	706

(Note)
The figure in parentheses is the area of leased land. The leased land is primarily used as manufacturing bases.

(3) Overseas subsidiaries

(As of December 31, 2024)

Company name	Facility (Main location)	Reportable segment	Production items or business operations	Carrying amount (millions of yen)						Number of employees
				Buildings and structures	Machinery and equipment and others	Land		Construction in progress	Total	
						Area (㎡ in thousands)	Amount			
Kubota North America Corporation	Head office (Delaware, USA)	Farm & Industrial Machinery	Administration	14,949	427	3,095	7,661	107	23,144	141
KUBOTA TRACTOR CORPORATION	Head office and regional offices (Texas, etc., USA)	Farm & Industrial Machinery	Administration, sales, etc.	23,779	3,013	721	2,575	3,832	33,199	1,205
Kubota Manufacturing of America Corporation	Head Factory (Georgia, USA)	Farm & Industrial Machinery	Tractors, outdoor power equipment, construction machinery, and implements	10,242	10,302	511	542	27,714	48,800	2,973
Great Plains Manufacturing Inc. and 16 subsidiaries	Head office and factory (Kansas, USA)	Farm & Industrial Machinery	Implements and construction machinery	9,678	12,287	1,790	900	21,127	43,992	2,177
SIAM KUBOTA Corporation Co., Ltd.	Head office and factories (Pathumthani, etc., THAILAND)	Farm & Industrial Machinery	Tractors, combine harvesters, implements, and horizontal type diesel engines	8,332	8,372	498	3,752	2,198	22,654	2,789
Escorts Kubota Ltd. and 6 subsidiaries	Head office and factories (Haryana, India, etc.)	Farm & Industrial Machinery	Tractors and construction machinery	4,710	13,216	(365) 556	19,561	2,431	39,918	4,598

(Note)
The figure in parentheses is the area of leased land. The leased land is primarily used as manufacturing bases.

3. Plans for Capital Investment and Disposals of Property, Plant, and Equipment

The Company develops capital investment plans based on comprehensive consideration of future business demand, cash flows, and other factors.

Planned capital investment for the year ending December 31, 2025, is approximately ¥160.0 billion. The Company intends to fund its capital investment primarily through internally generated funds and partially through borrowings from financial institutions.

The following are plans for material capital investments:

(As of December 31, 2024)

Company name (Location)	Reportable segment	Description	Estimated amount of expenditures: Total amount of expenditures	Estimated amount of expenditures: Amount already paid	Schedule: Commenced	Schedule: To be completed
Kubota Corporation Okajima Business Center (Taisho-ku, Osaka, JAPAN)	Farm & Industrial Machinery	Investments for improving productivity of high value-added casting and implementing BCP	(millions of JPY) 29,850	(millions of JPY) 15,784	October 2019	December 2028
Kubota Corporation Head Office (Naniwa-ku, Osaka, JAPAN)	Farm & Industrial Machinery	Investments for establishing enterprise resource planning system	(millions of JPY) 53,610	(millions of JPY) 34,529	December 2019	December 2026
Kubota Corporation Sakai Plant (Sakai-shi, Osaka, JAPAN)	Farm & Industrial Machinery	Investments for implementing BCP	(millions of JPY) 29,200	(millions of JPY) 26,815	January 2021	October 2026
Kubota Corporation Tsukuba Plant (Tsukubamirai-shi, Ibaraki, JAPAN)	Farm & Industrial Machinery	Investments for implementing BCP and constructing training facilities	(millions of JPY) 15,000	(millions of JPY) 10,580	March 2021	December 2025
Great Plains Manufacturing, Inc. (Kansas, USA)	Farm & Industrial Machinery	Investments in equipment to expand production of compact construction machinery	(millions of USD) 124	(millions of USD) 98	April 2022	June 2025
Kubota Manufacturing of America Corporation (Georgia, USA)	Farm & Industrial Machinery	Investments in equipment to expand production of implements	(millions of USD) 190	(millions of USD) 152	June 2022	April 2025
Kubota Corporation Hirakata Plant (Hirakata-shi, Osaka, JAPAN)	Farm & Industrial Machinery	Investments in equipment to expand production of compact construction machinery	(millions of JPY) 16,950	(millions of JPY) 689	July 2022	December 2026
Great Plains Manufacturing, Inc. (Kansas, USA)	Farm & Industrial Machinery	Investments in equipment to expand production of compact construction machinery	(millions of USD) 85	(millions of USD) 29	January 2024	June 2026
Kubota Corporation Hirakata Plant (Hirakata-shi, Osaka, JAPAN)	Water & Environment	Investments for upgrading production facilities of reformer and cracking tubes and implementing BCP	(millions of JPY) 10,790	(millions of JPY) —	August 2024	March 2031

There are no material plans for disposals of property, plant, and equipment.

4. 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) (December 31, 2024)	Number of shares issued as of filing date (shares) (March 21, 2025)	Stock exchange on which Kubota Corporation is listed	Description
Common shares	1,150,896,846	1,150,896,846	Tokyo Stock Exchange (the Prime Market)	The number of shares per unit is 100 shares.
Total	1,150,896,846	1,150,896,846	—	—

(2) Information on Stock Option Plans

1) Details of Stock Option Plans

Not applicable.

2) Information on Shareholder Right Plans

Not applicable.

3) Information on other Stock Option Plans

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)
October 30, 2020 (Note)	(12,000)	1,208,576	¥ —	¥ 84,130	¥ —	¥ 73,117
December 30, 2021 (Note)	(8,330)	1,200,246	¥ —	¥ 84,130	¥ —	¥ 73,117
September 30, 2022 (Note)	(9,240)	1,191,006	¥ —	¥ 84,130	¥ —	¥ 73,117
July 31, 2023 (Note)	(9,930)	1,181,076	¥ —	¥ 84,130	¥ —	¥ 73,117
December 28, 2023 (Note)	(4,410)	1,176,666	¥ —	¥ 84,130	¥ —	¥ 73,117
December 27, 2024 (Note)	(25,770)	1,150,896	¥ —	¥ 84,130	¥ —	¥ 73,117

(Note)

The decrease is due to the retirement of treasury shares.

(5) Shareholders Composition

(As of December 31, 2024)

Class of shareholders	Status of shares (one unit of shares: 100 shares)								Number of shares less than one unit (shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other institutions	Overseas shareholders		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders	—	139	52	1,046	850	367	99,496	101,950	—
Share Ownership (units)	—	5,321,426	398,472	358,053	4,292,788	1,820	1,129,207	11,501,766	720,246
Ownership percentage of shares (%)	—	46.27	3.46	3.11	37.32	0.02	9.82	100.00	—

(Notes)

1. Treasury shares of 26,971 shares (269 units) are included in the *Individuals and others* column, and 71 shares are included in the *Number of shares less than one unit* column. Treasury shares do not include 1,122,522 shares (11,225 units) of Kubota Corporation held by the trust in connection with the stock compensation plan. The same applies hereinafter in *4. Information on Kubota Corporation* section.
2. The *Other institution* column includes 10 units registered in the name of Japan Securities Depository Center, Incorporated.

(6) Major Shareholders

(As of December 31, 2024)

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)	8-1, Akasaka 1-chome, Minato-ku, Tokyo, JAPAN	179,028	15.56
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	67,431	5.86
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	62,542	5.43
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN	59,929	5.21
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	28,967	2.52
BNYM AS AGT/CLTS NON TREATY JASDEC (Standing proxy: MUFG Bank, Ltd.)	240 Greenwich Street, New York, NY, 10286, USA (4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN)	26,960	2.34
Mizuho Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo, JAPAN	25,347	2.20
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA, 02171, USA (15-1, Konan 2-chome, Minato-ku, Tokyo, JAPAN)	19,757	1.72
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	One Congress Street, Suite 1, Boston, MA, USA (15-1, Konan 2-chome, Minato-ku, Tokyo, JAPAN)	19,228	1.67
MOXLEY & CO LLC (Standing proxy: Mizuho Bank, Ltd.)	270 Park Avenue, New York, NY, 10017, USA (15-1, Konan 2-chome, Minato-ku, Tokyo, JAPAN)	18,197	1.58
Total	—	507,390	44.09

(Notes)

1. Treasury shares, which are deducted when calculating the ownership percentage to the total number of issued shares, do not include 1,122 thousand shares of Kubota Corporation held by the trust in connection with the stock compensation plan.
2. The shares held by The Master Trust Bank of Japan, Ltd. (Trust account) and Custody Bank of Japan, Ltd. (Trust account) are invested as their fiduciary services.
3. The large shareholding report by Sumitomo Mitsui DS Asset Management Company, Ltd. dated June 5, 2020, is available for public inspection. However, the information in the report is not stated in the preceding table, except for Sumitomo Mitsui Banking Corporation, since Kubota Corporation has not confirmed the actual status of shareholdings as of the record date for the exercise of voting rights. A summary of the report 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

4. The change report pertaining to the large shareholding report by Mizuho Bank, Ltd. dated April 22, 2022, is available for public inspection. However, the information in the report is not stated in the preceding table, except for Mizuho Bank, Ltd., since Kubota Corporation has not confirmed the actual status of shareholdings as of the record date for the exercise of voting rights. A summary of the report 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

5. The change report pertaining to the large shareholding report by BlackRock Japan Co., Ltd. dated November 4, 2022, is available for public inspection. However, the information in the report is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of the record date for the exercise of voting rights. A summary of the report as of October 31, 2022, is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
BlackRock Japan Co., Ltd.	20,655	1.73
Aperio Group, LLC	1,371	0.12
BlackRock (Netherlands) B.V.	2,885	0.24
BlackRock Fund Managers Ltd.	3,705	0.31
BlackRock Asset Management Ireland Ltd.	10,445	0.88
BlackRock Fund Advisors	17,612	1.48
BlackRock Institutional Trust Company, N.A.	13,938	1.17
BlackRock Investment Management (UK) Ltd.	1,900	0.16
Total	72,515	6.09

6. The change report pertaining to the large shareholding report by Massachusetts Financial Services Company dated December 22, 2022, is available for public inspection. However, the information in the report is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of the record date for the exercise of voting rights. A summary of the report as of December 15, 2022, is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Massachusetts Financial Services Company	44,811	3.76
MFS Investment Management K.K.	1,570	0.13
Total	46,382	3.89

7. The change report pertaining to the large shareholding report by Mitsubishi UFJ Financial Group dated July 29, 2024, is available for public inspection. However, the information in the report is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of the record date for the exercise of voting rights. A summary of the report as of July 22, 2024, is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
MUFG Bank, Ltd.	18,156	1.54
Mitsubishi UFJ Trust and Banking Corporation	28,779	2.45
MUFG Securities EMEA plc	1,400	0.12
Mitsubishi UFJ Asset Management Co., Ltd.	11,115	0.94
Total	59,450	5.05

8. The change report pertaining to the large shareholding report by Sumitomo Mitsui Trust Bank, Ltd. dated August 21, 2024, is available for public inspection. However, the information in the report is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of the record date for the exercise of voting rights. A summary of the report as of August 15, 2024, is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Ltd.	16,714	1.42
Sumitomo Mitsui Trust Asset Management Co., Ltd.	32,889	2.80
Nikko Asset Management Co., Ltd.	27,943	2.37
Total	77,547	6.59

(7) Information on Voting Rights

1) Issued Shares

(As of December 31, 2024)

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: (Crossholding shares) Common shares:	 26,900 718,400	—	—
Shares with full voting rights (others)	Common shares:	1,149,431,300	11,494,313	—
Shares less than one unit	Common shares:	720,246	—	Shares less than one unit (100 shares)
Number of issued shares		1,150,896,846	—	—
Total number of voting rights		—	11,494,313	—

(Note)

Shares with full voting rights (others) column includes 1,000 shares (10 voting rights) registered under the name of Japan Securities Depository Center, Incorporated, as well as 1,122,522 shares (11,225 voting rights) of Kubota Corporation held by the trust in connection with the stock compensation plan.

2) Treasury Shares

(As of December 31, 2024)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
(Treasury shares)					
Kubota Corporation	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN	26,900	—	26,900	0.00
(Crossholding shares)					
Akita Kubota Corporation	295-38, Terauchikamiyashiki, Akita-shi, Akita, JAPAN	41,400	—	41,400	0.00
Minami Tohoku Kubota Corporation	16-1, Takakura Sugishita, Hiwadamachi, Koriyama-shi, Fukushima, JAPAN	102,000	—	102,000	0.01
Hokuriku Kinki Kubota Corporation	956-1, Shimokashiwanomachi, Hakusan-shi, Ishikawa, JAPAN	9,000	—	9,000	0.00
Fukuoka Kyushu Kubota Corporation	11-36, Noma 1-chome, Minami-ku, Fukuoka-shi, Fukuoka, JAPAN	566,000	—	566,000	0.05
Total crossholding shares	—	718,400	—	718,400	0.06
Total	—	745,300	—	745,300	0.06

(Note)

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

(8) Director and Employee Stock Ownership Plan

Kubota Corporation has introduced the stock compensation plan using a trust for Directors, excluding Outside Directors, in accordance with a resolution of the 132nd General Meeting of Shareholders held on March 18, 2022, and for Outside Directors in accordance with a resolution of the 135th General Meeting of Shareholders held on March 21, 2025.

Kubota Corporation has also introduced a stock compensation plan for Senior Executive Officers and Executive Officers.

Under these plans, a trust established by the Company acquires shares of Kubota Corporation's common stock (the "Company shares"), and the Company shares equivalent to the number of points granted by Kubota Corporation to its Directors, Senior Executive Officers, and Executive Officers (collectively, the "Target") are delivered to the Target through this trust. By concluding a transfer restriction agreement between Kubota Corporation and the Target, shares concerned are transfer restricted until their retirement.

A summary of each trust under the Plan is as follows:

	RS Trust for Directors and Senior Management	RS Trust for Executive Officers
Trustor	Kubota Corporation	
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-trust trustee: Custody Bank of Japan, Ltd.)	
Beneficiaries	Directors and Senior Executive Officers who satisfy the beneficiary requirements	Executive Officers who satisfy the beneficiary requirements
Trust administrator	Akasaka International Accounting Co., Ltd.	
Exercise of voting rights	No voting rights pertaining to the shares in the trust shall be exercised throughout the term of the trust	
Type of the trust	Cash in trust other than money trusts (with third-party beneficiaries)	
Trust agreement date	May 19, 2022	
Date entrusted	May 19, 2022	
Number of shares held by the trust (as of submission date of Annual Securities Report)	1,076,636 shares	45,886 shares
Trust termination date	April 30, 2027 (planned)	April 30, 2025 (planned)

2. Information on Acquisition of Treasury Shares

Class of Shares: Acquisition of common shares under Article 155, Items 3 and 7 of the Companies Act of Japan (hereinafter, the “Act”).

(1) Acquisition of Treasury Shares Resolved at the General Meeting of Shareholders

Not applicable.

(2) Acquisition of Treasury Shares Resolved at the Meetings of the Board of Directors

Acquisition of common shares under Article 155, Item 3 of the Act

Classification	Number of shares (shares)		Total amount (Yen)
Details on resolution at the Meeting of the Board of Directors held on April 17, 2024 (Term of validity: from April 18, 2024, to December 16, 2024)	32,000,000	¥	50,000,000,000
Treasury shares acquired before the year ended December 31, 2024	―		―
Treasury shares acquired in the year ended December 31, 2024	25,771,700		49,999,934,500
Treasury shares not acquired in the year ended December 31, 2024	6,228,300		65,500
Percentage of remaining treasury shares not acquired as of December 31, 2024 (%)	19.5		0.0
Treasury shares acquired during the current period	―		―
Percentage of remaining treasury shares not acquired as of filing date (%)	19.5		0.0

(3) Details of Acquisition of Treasury Shares Not Based on the Resolutions of the General Meeting of Shareholders or the Meetings of the Board of Directors

Acquisition of common shares under Article 155, Item 7 of the Act

Classification	Number of shares (shares)		Total amount (Yen)
Treasury shares acquired in the year ended December 31, 2024	1,761	¥	3,733,454
Treasury shares acquired during the current period	261		479,141

(Note)

Treasury shares acquired during the current period do not include shares consisting of less than one unit purchased during the period from March 1, 2025, to the filing date of this Annual Securities Report.

(4) Status of the Disposition and Holding of Acquired Treasury Shares

Classification	Year ended December 31, 2024			Current period		
	Number of shares (shares)		Total disposition amount (Yen)	Number of shares (shares)		Total disposition amount (Yen)
Acquired treasury shares offered to subscribers	―	¥	―	―	¥	―
Acquired treasury shares which were retired	25,770,000		50,004,365,700	―		―
Acquired treasury shares which were transferred due to merger, share exchange, or company split	―		―	―		―
Others (sale of shares less than one unit)	126		284,758	―		―
Total number of treasury shares held	26,971		―	27,232		―

(Note)

Number of shares and *Total disposition amount* during the current period do not include shares consisting of less than one unit acquired or sold during the period from March 1, 2025, to the filing date of this Annual Securities Report.

3. Dividend Policy

Kubota Corporation considers the appropriate return of profits to shareholders to be one of its most important management issue and strive to enhance such returns, while maintaining sound management and responding to the future business environment.

Kubota Corporation's basic dividend policy is to maintain and enhance stable dividends, and to flexibly purchase and retire treasury shares. Kubota Corporation has set a target of 40% or more for the total return ratio (the ratio of the total amount of dividends paid and the amount of treasury shares retired divided by the profit for the year attributable to owners of the parent) and aims to further improve this ratio. The amount of dividends is determined based on comprehensive consideration of business performance trends, financial position, total return ratio, and other factors. Kubota Corporation has adopted a policy of determining the use of surplus in consideration of maintaining sound management and responding to the future business environment.

Based on the above policy, ¥25 per share was declared as the year-end dividend for the year ended December 31, 2024. As a result, the total annual dividend, including the interim dividend of ¥25 per share, will be ¥50 per share.

The Company's basic policy is to pay dividends from surplus twice a year, an interim dividend and a year-end dividend, and the Board of Directors is the decision-making body for these dividends.

Kubota Corporation stipulates in its Articles of Incorporation the possibility of resolution of interim dividends, which is defined under Article 454, paragraph 5 of the Act. For further details, refer to *5. Stock-Related Administration of Kubota Corporation*.

Dividends whose record dates belong to the current fiscal year are as follows:

Date of resolution		Cash dividends (millions of yen)		Cash dividends per share (Yen)
The Meeting of the Board of Directors on August 7, 2024	¥	29,416	¥	25.00
The Meeting of the Board of Directors on February 13, 2025	¥	28,772	¥	25.00

The amount of dividends pursuant to the resolution of the Meeting of the Board of Directors on August 7, 2024, and February 13, 2025, includes dividends of ¥28 million with respect to shares of Kubota Corporation held by the trust in connection with the stock compensation plan.

4. Corporate Governance

(1) Corporate Governance

1) Basic Policy on Corporate Governance

Kubota Corporation considers the long-term and stable growth of corporate value to be the highest management priority, and to achieve this, Kubota Corporation considers it is important to satisfy the stakeholders surrounding the company and enhance the overall value of the company while balancing economic and social values. Especially, in order to achieve the long-term objectives of establishing the Company's brand as GMB Kubota on the basis of the corporate philosophy KGI, Kubota Corporation must be an enterprise that is trusted not just in Japan but also worldwide. In order to further enhance the soundness, efficiency, and transparency of the management, which are essential to be trusted, Kubota Corporation is striving to strengthen the corporate governance.

2) Corporate Governance Structure

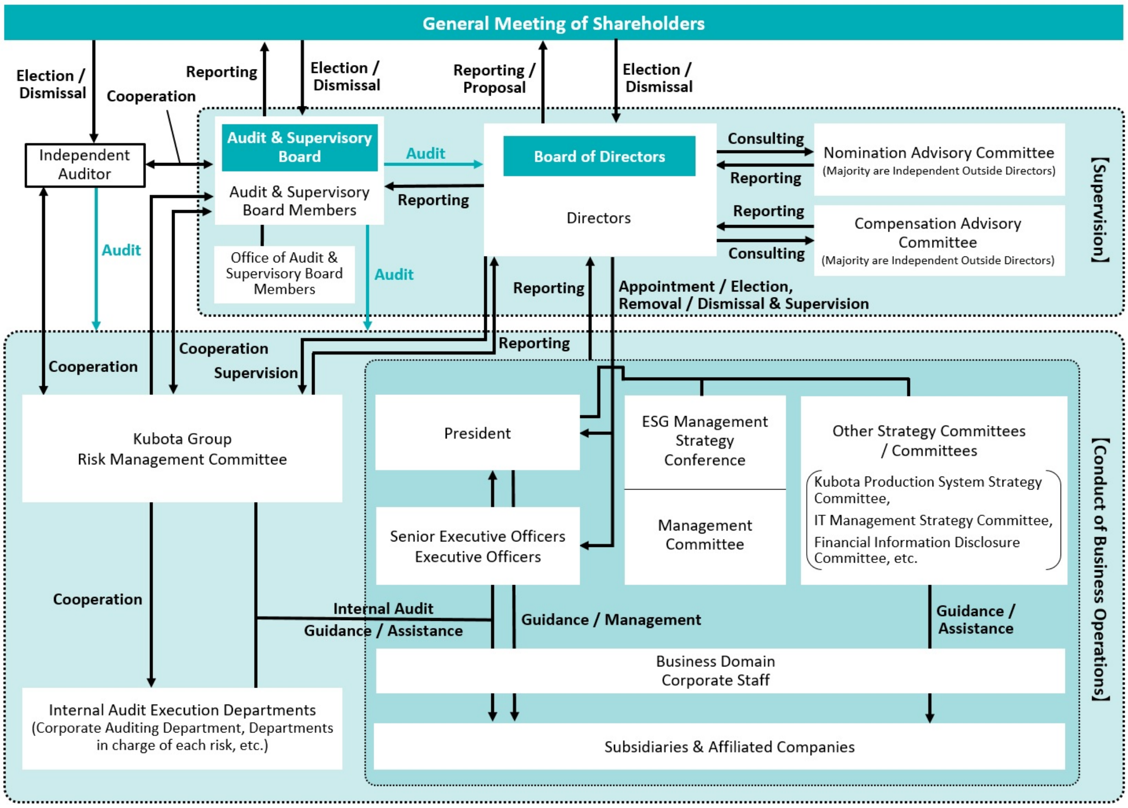
a) Outline of Corporate Governance Structure and Reasons for Such Structure

Kubota Corporation is a company with the Audit & Supervisory Board and established a voluntary Nomination Advisory Committee and Compensation Advisory Committee.

In addition, Kubota Corporation has adopted the Senior Executive Officers and Executive Officers System to strengthen management and supervisory functions, and accelerate decision-making through clarification of responsibility for business execution and the transfer of authority. The Company ensures the separation of supervision and execution by delegating an appropriate range of decision-making authority to Senior Executive Officers and other management personnel at the Management Committee, etc.

Kubota Corporation has a wide range of business domain that includes the areas of food, water, and environment. The Board of Directors, based on the perspectives of internal Directors who are well versed in their respective businesses and the objective viewpoints and wide-ranging knowledge of Outside Directors, makes decisions on major fundamental management policies, and monitors and supervises the execution of duties by Senior Executive Officers and Executive Officers. Audit & Supervisory Board Members, who are legally independent, perform monitoring functions with high audit capabilities. Kubota Corporation has determined that the establishment of the voluntary Nomination Advisory Committee and Compensation Advisory Committee, where a majority of members are Outside Directors, will ensure objectivity and transparency in the personnel affairs and remuneration of the Directors and Senior Management, and promote sustainable growth and enhance its corporate value in the medium to long term, while ensuring sound, efficient, and effective management.

In order to realize aforementioned management structure, Kubota Corporation has adopted the following corporate governance structure as of the submission date of the Annual Securities Report.



The Board of Directors makes strategic decisions and oversees the execution of duties by Directors, Senior Executive Officers and Executive Officers. The Board of Directors meets monthly as a regular meeting and as needed to discuss and make decisions on important management issues based on the annual agenda discussed and set by the Board of Directors, including management planning, financial planning, investment, business restructuring, and governance. In principle, the Board of Directors meets once a year at a site in Japan or overseas that are important for management strategy. In addition to the Board of Directors, Directors also conduct site visits to enhance deliberations by the Board of Directors.

The number of Board of Directors held during the year ended December 31, 2024, was 13, and the attendance of Directors was as follows:

Position	Name	Number of attendances	Attendance rate
President and Representative Director	Yuichi Kitao	13	100%
Representative Director and Executive Vice President	Masato Yoshikawa	13	100%
Director and Executive Vice President	Dai Watanabe	13	100%
Director and Senior Managing Executive Officer	Hiroto Kimura	13	100%
Director and Senior Managing Executive Officer	Eiji Yoshioka	13	100%
Director and Senior Managing Executive Officer	Shingo Hanada	13	100%
Outside Director	Yuzuru Matsuda	13	100%
Outside Director	Yutaro Shintaku	13	100%
Outside Director	Kumi Arakane	13	100%
Outside Director	Koichi Kawana	13	100%

The following is a summary of specific considerations at the Board of Directors in the year ended December 31, 2024, excluding those required by laws and regulations.

Themes	Specific considerations
Management plan	Management policy, management structure
Investment and business restructuring	Business plan, capital investment plan, other important investments and business restructuring
Governance	Evaluation of the effectiveness of the Board of Directors, risk management, assignment of Directors and Audit & Supervisory Board Members, assignment of Senior Executive Officers and Executive Officers, and remuneration of Directors and Senior Management

In addition, the Company regularly holds "Value Up Discussion Meetings" (hereinafter, the "VUDM"), where members of the Board of Directors discuss topics that contribute to the sustainable growth of the Company and the enhancement of its corporate value over the medium to long term. The Company does not position the VUDM as a decision-making body, but rather for the purpose of exchanging views and sharing information, and the content of discussions is communicated to the execution side as appropriate.

The VUDM was held 10 times during the year ended December 31, 2024. The Board of Directors set the annual agenda of the VUDM based on the discussions in the previous year on the "ideal state" of the Board of Directors and the evaluation results of the effectiveness of the Board of Directors, and discussed mainly on the topics listed in the table below. Specifically, active discussions were held on medium- and long-term themes, such as management structure reform, business strategy, financial strategy, and human capital reinforcement, to realize the long-term vision of "GMB2030." In particular, multiple VUDMs were held to discuss management structure reform with member of the project team directly under the President, followed by discussion at the Nomination Advisory Committee and Board of Directors, leading to the management structure being in place from January 2025.

A summary of the discussions at the VUDM during the year ended December 31, 2024, is as follows:

Theme	Specific considerations
Management structure	Management structure reform, progress of the mid-term business plan
Business strategy	Strategies for Farm & Industrial Machinery business, India business, Water & Environment business, and water circulation and resource circulation business
Financial strategy	Financial targets for the upcoming mid-term business plan
Human capital	Human capital reinforcement

Audit & Supervisory Board supervises and audits the execution of business by the Directors. The activities of the Audit & Supervisory Board are described in the section, *(3) Status of Audit 1) Status of Audit by Audit & Supervisory Board Members*.

The Nomination Advisory Committee deliberates on the selection of candidates for the Directors, the Special Corporate Advisors and the Advisors, and discusses the composition and diversity of Board of Directors' members using a skills matrix. Since the year ended December 31, 2022, the Nomination Advisory Committee has added "matters related to the selection and dismissal of the President and the succession plan" to its deliberation agenda, and actively discusses on the qualities and abilities required for the Company's top management, training methods, and other factors.

The Nomination Advisory Committee met seven times during the year ended December 31, 2024, and a summary of discussions is as follows:

Timing	Topics of meetings
January 2024	Deliberation on candidates for the Directors and the evaluation of the President for the year ended December 31, 2023.
March 2024	Deliberation on the Nomination Advisory Committee's annual agenda, setting goals for the President for the year ending December 31, 2024, and the board succession.
April 2024	Deliberation on the board succession.
August 2024	Deliberation on the board succession and the status of management succession planning. Progress report on the goals set for the President for the year ending December 31, 2024.
September 2024	Deliberation on the board succession and the status of management succession planning.
October 2024	Deliberation on candidates for the Directors.
November 2024	Deliberation on the board succession.

The Compensation Advisory Committee deliberates on the consistency of remuneration levels for Directors, Senior Executive Officers, Executive Officers, Special Corporate Advisors and Advisors, as well as the appropriateness of the remuneration system. Under the current remuneration system, in order to realize the ideal state of the Company as set forth in the long-term vision GMB2030, a competitive remuneration level appropriate for a GMB company is adopted, and an evaluation system that is strongly linked to growth of the Company in the short, medium, and long term is also incorporated.

The Compensation Advisory Committee met nine times during the year ended December 31, 2024, and a summary of discussions is as follows:

Timing	Topics of meetings
February 2024	Deliberation on annual bonus for the year ended December 31, 2023, and setting targets for evaluation indicators for the year ending December 31, 2024.
March 2024 (twice)	Deliberations on the content of disclosures and setting targets for evaluation indicators for the year ending December 31, 2024.
April 2024	Deliberation on setting targets for evaluation indicators for Performance Share Units.
July 2024	Deliberation on issues in the current remuneration system and future considerations.
August 2024	Deliberation on the development of a new remuneration system.
October 2024	Deliberation on the selection of comparative companies for remuneration benchmarking and the development of a new remuneration system.
November 2024	Deliberation on the development of a new remuneration system.
December 2024	Deliberation on the policy for determining the remuneration of the Directors and Senior Management, and the amount of remuneration for the year ending December 31, 2025.

In order to incorporate an independent and objective perspective, the Nomination Advisory Committee and the Compensation Advisory Committee, which are advisory bodies to the Board of Directors regarding the selection of candidates for Directors and the remuneration system for Directors and Senior Management, are chaired by the Outside Director and more than half of their members are Outside Directors.

The membership and attendance of the Nominating Advisory Committee and the Compensation Advisory Committee during the year ended December 31, 2024, were as follows. (◎: chairman; ○: member; △: observer)

		Nomination Advisory Committee			Compensation Advisory Committee		
Position	Name	Member	Number of attendances	Attendance rate	Member	Number of attendances	Attendance rate
Outside Director	Yuzuru Matsuda	◎	7	100%	◎	9	100%
Outside Director	Yutaro Shintaku	○	7	100%	○	9	100%
Outside Director	Kumi Arakane	○	7	100%	○	9	100%
Outside Director	Koichi Kawana	○	7	100%	○	9	100%
President and Representative Director	Yuichi Kitao	○	7	100%			
Representative Director and Executive Vice President	Masato Yoshikawa	○	7	100%	○	9	100%
Director and Senior Managing Executive Officer	Shingo Hanada				○	9	100%
Outside Audit & Supervisory Board Member	Yuichi Yamada				△	8	89%

In addition, the Company has established the ESG Management Strategy Conference and the Management Committee to make decisions and deliberate on specific important issues. The ESG Management Strategy Conference formulates policies and evaluates major measures for the realization of the long-term vision of the Company, GMB2030, and the creation of medium- to long-term corporate value. The Management Committee deliberates and make decisions on important management issues, such as investments and loans, in accordance with the mid-term business plan. Of the management issues deliberated by the Management Committee, important issues are reported to the Board of Directors.

The following table presents members of each body as of the filing date of the Annual Securities Report.
(◎: chairman; ○: member; □: attendee; △: observer).

Position	Name	Board of Directors	Nomination Advisory Committee	Compensation Advisory Committee	Audit & Supervisory Board	ESG Management Strategy Conference	Management Committee
President and Representative Director	Yuichi Kitao	◎	○			◎	◎
Representative Director and Executive Vice President	Shingo Hanada	○	○	○		○	○
Director and Senior Managing Executive Officer	Hiroto Kimura	○				○	○
Director	Masato Yoshikawa	○		○			
Director	Dai Watanabe	○					
Director	Eiji Yoshioka	○					
Outside Director (Independent Executive)	Yutaro Shintaku	○	◎	◎			
Outside Director (Independent Executive)	Kumi Arakane	○	○	○			
Outside Director (Independent Executive)	Koichi Kawana	○	○	○			
Outside Director (Independent Executive)	Yuri Furusawa	○	○	○			
Outside Director (Independent Executive)	Yoshinori Yamashita	○	○	○			
Audit & Supervisory Board Member	Yasuhiko Hiyama	□			◎		△
Audit & Supervisory Board Member	Masashi Tsunematsu	□			○		△
Audit & Supervisory Board Member	Kazushi Ito	□			○		△
Outside Audit & Supervisory Board Member (Independent Executive)	Yuichi Yamada	□		△	○		
Outside Audit & Supervisory Board Member (Independent Executive)	Keijiro Kimura	□			○		
Outside Audit & Supervisory Board Member (Independent Executive)	Setsuko Ino	□			○		
Managing Executive Officer	Koichi Yamamoto					○	○
Managing Executive Officer	Junji Ota					○	○
Managing Executive Officer	Hideo Takigawa					○	○
Managing Executive Officer	Wataru Kondo					○	○
Executive Officer	Hiroyuki Tanihara						○
Executive Officer	Shinichi Yamada						○

b) Status of the Development of Internal Control System

As a basis for ensuring the Directors, Senior Executive Officers, Executive Officers, and employees to execute their duties in compliance with laws, regulations, and the Articles of Incorporation, Kubota Corporation established the Kubota Group Charter for Action & Code of Conduct to be followed by all Directors, Senior Executive Officers, Executive Officers, and employees of the Kubota Group.

Under the Kubota Group Risk Management Committee, a department in charge of management risks (hereinafter, “Department in Charge”), which is designated for each risk category, undertakes education and training to ensure compliance with laws, regulations, and ethics and conducts audits. In addition, Kubota Corporation has established the “Kubota Hot Line” as a contact point for whistle-blower and consultation, based on the “Whistleblowing System Operation Rules” of the Business Rules, which stipulates whistle-blower protection, to ensure early detection and prevention of inappropriate actions, such as violations of laws and regulations.

Kubota Corporation has the Financial Information Disclosure Committee in place in order to review and assess the adequacy of important disclosure documents, such as the Annual Securities Report, and the effectiveness of internal controls over financial reporting.

c) Status of Risk Control Structure and Development of Information Risk Control Structure

Under the Kubota Group Risk Management Committee, the Department in Charge or relevant committees are responsible for Group-wide risk management activities by preparing internal rules, regulations, manuals, and other guidelines to deal with business and operational risks of the entire Kubota Group, such as compliance, environment, health and safety, disasters, and quality. In addition, the Kubota Group Risk Management Committee designates a Department in Charge to respond to new risks that arise in Kubota Corporation, and this department is responsible for risk management.

Kubota Corporation properly stores and manages information on the execution of duties by the Directors, Senior Executive Officers and the Executive Officers in accordance with its in-house rules and regulations, such as the regulations on custody of documents. These documents are available for examination as necessary.

d) Status of System to Ensure Appropriateness of Subsidiaries’ Business Performance

To create a Group-wide control environment, Kubota Corporation has established the “Kubota Group Charter for Action” and “Kubota Group Code of Conduct,” and the philosophies contained in this charter and code of conduct are shared throughout the Kubota Group. To ensure proper business operations of the Kubota Group, Kubota Corporation sets its in-house rules and regulations and establishes proper internal control systems. The status of the design and operation of internal control systems related to management risks, including the internal control systems over financial reporting, is audited by the internal auditing department and departments in charge, after self-audits performed by each department of Kubota Corporation and its subsidiaries. The results of audits are reported to the Directors in charge, the Kubota Group Risk Management Committee, the President and Representative Director, the Board of Directors, and the Audit & Supervisory Board Members.

Subsidiaries are managed in accordance with Kubota Corporation’s subsidiary and affiliate management regulations to ensure the appropriateness of their operations. Subsidiaries report their operations and the status of execution of duties by their Directors to the Department in Charge at Kubota Corporation. Kubota Corporation places importance on the business ties between subsidiaries and operating divisions of Kubota Corporation, and ensures the efficiency of the execution of duties of their Directors by designating primary management departments of subsidiaries, receiving reports on management plans and other matters from subsidiaries, and discussing them at the management review committees and other means.

e) Overview of Agreements on Limitation of Liabilities

Pursuant to Article 427, paragraph 1 of the Act, Kubota Corporation enters into agreements with each of the Outside Directors and the Outside Audit & Supervisory Board Members to limit their liabilities for damages. The maximum amount of their liabilities under these agreements is the amount provided for in laws and regulations.

f) Overview of Directors and Officers Liability Insurance

Kubota Corporation has a Directors and Officers Liability Insurance policy, as stipulated in Article 430-3, paragraph 1 of the Act, insuring all Directors (including Outside Directors) and Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members). The insurance cover liability of Directors and Audit & Supervisory Board Members arising in the performance of their duties and damage claims received pertaining to the pursuit of said liability. However, there are certain exemptions, such as no coverage for liability arising from actions taken with the knowledge that they were in violation of laws and regulations. All insurance premiums are paid by Kubota Corporation.

Kubota Corporation also has similar contracts with Senior Executive Officers and Executive Officers as insured persons.

3) Others

a) Quorum of Directors

As of the submission date of this Annual Securities Report, the Articles of Incorporation of Kubota Corporation state that the number of Directors is to be 13 or less.

b) Requirement for the Adoption of Resolutions for Electing Directors

Kubota Corporation stipulates, in its Articles of Incorporation, that the election of a Director shall be made by a majority of the voting rights of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their voting rights at such meetings are present.

c) Acquisition of Treasury Shares

Kubota Corporation stipulates, in its Articles of Incorporation, that the resolutions at the Meetings of the Board of Directors enable Kubota Corporation to acquire its treasury shares under Article 165, paragraph 2 of the Act, which facilitates Kubota Corporation to exercise the acquisition of treasury shares flexibly.

d) Dividend Appropriated from Surplus

Kubota Corporation stipulates, in its Articles of Incorporation, that unless otherwise provided for by laws and regulations, Kubota Corporation, by resolution of Meetings of the Board of Directors, determines dividends of surplus and other matters set forth in Article 459, paragraph 1 of the Act, as to return profits to shareholders in a flexible manner.

e) Interim Dividends

Kubota Corporation stipulates, in its Articles of Incorporation, that interim dividends shall be paid to shareholders of record on June 30 upon resolution of Meetings of the Board of Directors.

f) Requirement for the Adoption of Special Resolution of General Meeting of Shareholders

Kubota Corporation stipulates, in its Articles of Incorporation, that resolutions of a General Meeting of Shareholders as prescribed in Article 309, paragraph 2 of the Act shall be made by at least two-thirds of the voting rights of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their voting rights at such meetings are present. By relaxing the requirements for a quorum for special resolutions of General Meetings of Shareholders, deliberations for those resolutions can be made in a quick and efficient manner.

(2) Directors and Senior Management

1) List of Directors and Senior Management

Male: 14, Female: 3 (percentage of females among Directors and Audit & Supervisory Board Members: 18%)

Position	Responsibility	Name	Date of birth		Business experience	Term of office	Share ownership (thousands of shares)
President and Representative Director of Kubota Corporation		Yuichi Kitao	Jul. 15, 1956	Apr. 1979	Joined Kubota Corporation	Note 3	154
				Apr. 2005	General Manager of Tractor Engineering Dept. of Kubota Corporation		
				Apr. 2009	Senior Executive Officer, General Manager of Tractor Division of Kubota Corporation		
				Jan. 2011	President of KUBOTA TRACTOR CORPORATION		
				Apr. 2013	Managing Executive Officer of Kubota Corporation		
				Oct. 2013	General Manager of Farm and Utility Machinery Division, General Manager of Farm and Utility Machinery International Operations Headquarters of Kubota Corporation		
				Jun. 2014	Director and Managing Executive Officer of Kubota Corporation		
				Apr. 2015	Director and Senior Managing Executive Officer, General Manager of Farm and Industrial Machinery Domain of Kubota Corporation		
				Jan. 2019	Representative Director and Executive Vice President, General Manager of Farm and Industrial Machinery Consolidated Division of Kubota Corporation		
				Jun. 2019	General Manager of Innovation Center of Kubota Corporation		
				Jan. 2020	President and Representative Director of Kubota Corporation (to present)		
Representative Director and Executive Vice President of Kubota Corporation	General Manager of Farm and Industrial Machinery Consolidated Division, General Manager of Innovation Center	Shingo Hanada	Nov. 14, 1963	Apr. 1989	Joined Kubota Corporation	Note 3	17
				Apr. 2015	General Manager of Tractor Planning and Sales Promotion Dept. of Kubota Corporation		
				Jan. 2017	General Manager of Agricultural Tractor Planning and Sales Promotion Dept. of Kubota Corporation		
				Jan. 2018	General Manager of Outdoor Power Equipment Business Unit, General Manager of Outdoor Power Equipment Business Planning and Development Dept. of Kubota Corporation		
				Jan. 2019	Senior Executive Officer, General Manager of Outdoor Power Equipment Division of Kubota Corporation		
				Feb. 2020	General Manager of Outdoor Power Equipment Business Planning and Development Dept. of Kubota Corporation		
				Jan. 2021	President of Kubota Holdings Europe B.V., President of Kverneland AS		
				Jan. 2022	Managing Executive Officer of Kubota Corporation, President of Kubota North America Corporation, President of KUBOTA TRACTOR CORPORATION		
				Mar. 2023	Director and Managing Executive Officer of Kubota Corporation		
				Jan. 2024	Director and Senior Managing Executive Officer, General Manager of Farm and Industrial Machinery Strategy and Operations Headquarters, Deputy General Manager of Planning and Control Headquarters, Deputy General Manager of Innovation Center of Kubota Corporation		
				Jan. 2025	Representative Director and Executive Vice President (to present), General Manager of Farm and Industrial Machinery Consolidated Division (to present), General Manager of Innovation Center (to present) of Kubota Corporation		

Position	Responsibility	Name	Date of birth	Business experience		Term of office	Share ownership (thousands of shares)
Director and Senior Managing Executive Officer of Kubota Corporation	Deputy General Manager of Farm and Industrial Machinery Consolidated Division, General Manager of Research and Development Headquarters, General Manager of Kubota Global Institute of Technology, Deputy General Manager of Innovation Center	Hiroto Kimura	May 6, 1961	Apr. 1984	Joined Kubota Corporation	Note 3	39
				Apr. 2007	General Manager of Rice Transplanter Engineering Dept. of Kubota Corporation		
				Apr. 2010	General Manager of Thai Technical Information Center, Farm and Industrial Machinery Research Dept. of Kubota Corporation		
				Aug. 2010	Vice president of SIAM KUBOTA Corporation Co., Ltd.		
				Jan. 2017	Senior Executive Officer of Kubota Corporation, President of SIAM KUBOTA Corporation Co., Ltd.		
				Sep. 2019	President of Kubota Research and Development Asia Co., Ltd.		
				Jan. 2020	Managing Executive Officer, Deputy General Manager of Innovation Center (to present), Deputy General Manager of Research and Development Headquarters, Deputy General Manager of ASEAN Farm and Industrial Machinery Strategy and Operations Headquarters of Kubota Corporation		
				Jan. 2021	General Manager of Research and Development Headquarters (to present), General Manager of Carbon Neutral Promotion Dept. of Kubota Corporation		
				Mar. 2022	Director and Managing Executive Officer of Kubota Corporation		
				Sep. 2022	General Manager of Kubota Global Institute of Technology of Kubota Corporation (to present)		
				Jan. 2023	Director and Senior Managing Executive Officer of Kubota Corporation (to present)		
				Jan. 2025	Deputy General Manager of Farm and Industrial Machinery Consolidated Division of Kubota Corporation (to present)		
Director of Kubota Corporation	President’s Special Missions	Masato Yoshikawa	Jan. 27, 1959	Apr. 1981	Joined Kubota Corporation	Note 3	87
				Feb. 2008	General Manager of Ductile Iron Pipe Planning Dept. of Kubota Corporation		
				Oct. 2009	General Manager of Pipe Systems Planning Dept. of Kubota Corporation		
				Oct. 2010	General Manager of Corporate Planning and Control Dept. of Kubota Corporation		
				Apr. 2012	Senior Executive Officer of Kubota Corporation		
				Oct. 2013	President of KUBOTA TRACTOR CORPORATION		
				Apr. 2015	Managing Executive Officer of Kubota Corporation		
				Mar. 2017	Director and Managing Executive Officer of Kubota Corporation		
				Jan. 2018	Director and Senior Managing Executive Officer of Kubota Corporation		
				Jan. 2019	General Manager of Planning and Control Headquarters, General Manager of Global IT Management Dept. of Kubota Corporation		
				Apr. 2019	General Manager of Global ICT Headquarters of Kubota Corporation		
				Jan. 2020	Director and Executive Vice President of Kubota Corporation		
				Jan. 2022	Representative Director and Executive Vice President of Kubota Corporation		
				Jan. 2024	General Manager of Human Resources and General Affairs Headquarters, In charge of ESG Promotion, General Manager of Head Office, General Manager of Kubota Technical Training Center of Kubota Corporation		
				Jan. 2025	Director (to present), President’s Special Missions (to present) of Kubota Corporation		

Position	Responsibility	Name	Date of birth		Business experience	Term of office	Share ownership (thousands of shares)
Director of Kubota Corporation	President's Special Missions	Dai Watanabe	Oct. 2, 1958	Apr. 1984	Joined Kubota Corporation	Note 3	104
				Jun. 2008	General Manager of Farm and Industrial Machinery International Planning and Control Dept. of Kubota Corporation		
				Jan. 2012	President of Kubota Europe S.A.S.		
				Apr. 2013	Senior Executive Officer of Kubota Corporation		
				Feb. 2014	President of Kubota Farm Machinery Europe S.A.S.		
				Dec. 2014	President of Kverneland AS		
				Sep. 2016	General Manager of Agricultural Implement Business Unit of Kubota Corporation		
				Jan. 2017	Managing Executive Officer, General Manager of Agricultural Implement Division of Kubota Corporation		
				Oct. 2017	President of Kubota Holdings Europe B.V.		
				Jan. 2018	General Manager of Agricultural Implement Division of Kubota Corporation		
				Jan. 2019	Senior Managing Executive Officer, General Manager of Farm and Industrial Machinery Strategy and Operations Headquarters of Kubota Corporation		
				Mar. 2019	Director and Senior Managing Executive Officer of Kubota Corporation		
				Jun. 2019	Deputy General Manager of Innovation Center of Kubota Corporation		
				Jan. 2020	General Manager of Farm and Industrial Machinery Consolidated Division, General Manager of Innovation Center of Kubota Corporation		
				Jan. 2023	Director and Executive Vice President of Kubota Corporation		
				Jan. 2025	Director (to present), President's Special Missions (to present) of Kubota Corporation		
Director of Kubota Corporation	President's Special Missions	Eiji Yoshioka	Nov. 17, 1958	Apr. 1981	Joined Kubota Corporation	Note 3	41
				Apr. 2005	General Manager of Quality Assurance and Manufacturing Promotion Dept. of Kubota Corporation		
				Apr. 2010	General Manager of Tsukuba Plant of Kubota Corporation		
				Apr. 2013	General Manager of Air Conditioning Equipment Business Unit of Kubota Corporation, President of Kubota Air Conditioner, Ltd.		
				Jan. 2016	Senior Executive Officer, General Manager of Materials Division of Kubota Corporation		
				Jan. 2019	Responsible for Special Tasks Assigned by President of Kubota Corporation		
				Jan. 2020	Managing Executive Officer, General Manager of Pipe Systems and Infrastructure Division of Kubota Corporation		
				Jan. 2022	Senior Managing Executive Officer, General Manager of Water and Environment Infrastructure Consolidated Division, Deputy General Manager of Innovation Center, General Manager of Tokyo Head Office of Kubota Corporation		
				Mar. 2023	Director and Senior Managing Executive Officer of Kubota Corporation		
				Jan. 2025	Director (to present), President's Special Missions (to present) of Kubota Corporation		

Position	Responsibility	Name	Date of birth	Business experience		Term of office	Share ownership (thousands of shares)
Director of Kubota Corporation		Yutaro Shintaku	Sep. 19, 1955	Apr. 1979	Joined Toa Nenryo Kogyo K.K. (currently, ENEOS Corporation)	Note 3	15
				Jan. 1999	Joined Terumo Corporation		
				Jun. 2005	Executive Officer of Terumo Corporation		
				Jun. 2006	Director and Executive Officer of Terumo Corporation		
				Jun. 2007	Director and Senior Executive Officer, In charge of R&D Center, Intellectual Property Dept. and Legal Dept. of Terumo Corporation		
				Jun. 2009	Director and Managing Executive Officer, General Manager of Strategy Planning Dept., In charge of Human Resources Dept. and Accounting & Finance Dept. of Terumo Corporation		
				Jun. 2010	President and Representative Director of Terumo Corporation		
				Apr. 2017	Director and Advisor of Terumo Corporation		
				Jun. 2017	Director of Santen Pharmaceutical Co., Ltd. Director of J-Oil Mills, Inc.		
				Mar. 2018	Director of Kubota Corporation (to present)		
				Apr. 2018	Visiting Professor of Hitotsubashi University Business School		
				Apr. 2019	Special Professor of Hitotsubashi University Business School (to present)		
				Sep. 2019	Director of KOZO KEIKAKU ENGINEERING Inc.		
				Jul. 2024	Director of KOZO KEIKAKU ENGINEERING HOLDINGS Inc. (to present)		
Director of Kubota Corporation		Kumi Arakane	Jul. 4, 1956	Apr. 1981	Joined KOBAYASHI KOSÉ COMPANY LIMITED (currently, KOSÉ Corporation)	Note 3	11
				Mar. 2002	Senior Chief Researcher of R&D Headquarters Advanced Cosmetic Research Laboratories of KOSÉ Corporation		
				Mar. 2004	General Manager of Product Development Dept. of KOSÉ Corporation		
				Mar. 2006	Executive Officer, Deputy Director-General of Marketing Headquarters of KOSÉ Corporation		
				Mar. 2010	General Manager of R&D Laboratories of KOSÉ Corporation		
				Mar. 2011	General Manager of Quality Assurance Dept., Marketing Supervisor-General of KOSÉ Corporation		
				Jun. 2011	Director, in charge of Quality Assurance Dept., Customer Service Center, Purchasing Dept., Product Designing Dept. of KOSÉ Corporation		
				Jun. 2017	Audit & Supervisory Board Member of KOSÉ Corporation		
				Mar. 2019	Audit & Supervisory Board Member of Kubota Corporation		
				Mar. 2020	Director of Kagome Co., Ltd. (to present)		
				Jun. 2020	Director of TODA CORPORATION (to present)		
				Mar. 2021	Director of Kubota Corporation (to present)		

Position	Responsibility	Name	Date of birth	Business experience		Term of office	Share ownership (thousands of shares)
Director of Kubota Corporation		Koichi Kawana	Apr. 23, 1958	Apr. 1982 Jul. 1997 Jul. 2001 May 2004 Jul. 2007 Aug. 2007 Jul. 2009 Jun. 2010 Jul. 2011 Jun. 2012 Jun. 2017 Jun. 2019 Jun. 2020 Dec. 2020 Mar. 2023 Jun. 2023	Joined JGC CORPORATION (currently, JGC HOLDINGS CORPORATION) General Manager, Abu Dhabi Office; General Manager, Kuwait Office of JGC CORPORATION General Manager, London Office of JGC CORPORATION General Manager, Project Business Investment Promotion Dept. of JGC CORPORATION Executive Officer; General Manager, New Business Promotion Division of JGC CORPORATION Senior General Manager, New Business Promotion Division of JGC CORPORATION Managing Director; Senior General Manager, Global Marketing Division of JGC CORPORATION Representative Director, Senior Executive Vice President of JGC CORPORATION Representative Director and President (COO) of JGC CORPORATION Representative Director and President of JGC CORPORATION Director, Vice Chairman of JGC CORPORATION Director of TOKYO ELECTRON DEVICE LIMITED, Director of Bandai Namco Holdings Inc. (to present), Director (Audit and Supervisory Committee Member) of COMSYS Holdings Corporation Director of RENOVA, Inc. Director of ispace, inc. (to present) Director of Kubota Corporation (to present) Director, Chairman of RENOVA, Inc. (part-time, nonexecutive) (to present)	Note 3	5
Director of Kubota Corporation		Yuri Furusawa	Jul. 22, 1963	Apr. 1986 Dec. 2000 Jul. 2004 Jul. 2006 Jul. 2008 Aug. 2011 Jul. 2014 Sep. 2015 Jun. 2016 Jul. 2019 Mar. 2021 Jun. 2022 Mar. 2025	Joined Ministry of Transport (currently, Ministry of Land, Infrastructure, Transport and Tourism) Administrator of Organisation for Economic Co-operation and Development (OECD) Director for International Policy Planning, Ministry of Land, Infrastructure, Transport and Tourism Director for International Affairs and Crisis Management Division, Japan Coast Guard Counsellor of Cabinet Secretariat (Assistant to Assistant Deputy Chief Cabinet Secretary) Deputy General Manager of International Sales Department, Shiseido Company, Limited Assistant Vice-Minister for International Affairs, Ministry of Land, Infrastructure, Transport and Tourism Vice-Commissioner of Japan Tourism Agency Councillor of Cabinet Secretariat, Cabinet Bureau of Personnel Affairs Minister’s Secretariat of Ministry of Land, Infrastructure, Transport and Tourism Audit & Supervisory Board Member of Kubota Corporation Audit & Supervisory Board Member of SUBARU CORPORATION (to present) Director of Kubota Corporation (to present)	Note 3	6

Position	Responsibility	Name	Date of birth		Business experience	Term of office	Share ownership (thousands of shares)
Director of Kubota Corporation		Yoshinori Yamashita	Aug. 22, 1957	Mar. 1980	Joined Ricoh Company, Ltd.	Note 3	—
				Feb. 1995	General Manager of Business Planning Division of Ricoh UK Products Ltd.		
				Apr. 2008	President of Ricoh Electronics, Inc.		
				Apr. 2010	Group Executive Officer of Ricoh Company Ltd.		
				Apr. 2011	Corporate Senior Vice President, General Manager of Corporate Planning Division of Ricoh Company, Ltd.		
				Jun. 2012	Director, Corporate Executive Vice President of Ricoh Company, Ltd.		
				Jun. 2016	Director, Deputy President of Ricoh Company, Ltd.		
				Apr. 2017	Representative Director, President, CEO of Ricoh Company, Ltd.		
				Apr. 2021	Vice Chairperson of Japan Association of Corporate Executives (to present)		
				Oct. 2021	Co-Chair of Japan Climate Leaders' Partnership (JCLP) (to present)		
				Apr. 2023	Representative Director and Chairperson of Ricoh Company, Ltd. (to present)		
				Jun. 2024	Director of Nomura Real Estate Holdings, Inc. (to present) Director of Asahi Kasei Corporation (to present)		
				Mar. 2025	Director of Kubota Corporation (to present)		
Audit & Supervisory Board Member of Kubota Corporation (Full time)		Yasuhiko Hiyama	Dec. 25, 1957	Apr. 1981	Joined Kubota Corporation	Note 4	26
				Apr. 2008	President of Kubota Industrial Equipment Corporation		
				Apr. 2010	General Manager of Tractor Planning and Sales Promotion Dept. of Kubota Corporation		
				Apr. 2012	General Manager of Farm and Utility Machinery Planning and Sales Promotion Dept. of Kubota Corporation		
				Apr. 2014	General Manager of Farm and Utility Machinery Business Unit I, General Manager of Farm and Utility Machinery Planning and Sales Promotion Dept. I, General Manager of Farm and Utility Machinery Planning and Sales Promotion Dept. II of Kubota Corporation		
				Apr. 2015	General Manager of Tractor and Utility Machinery Business Unit of Kubota Corporation		
				Jan. 2016	Executive Officer of Kubota Corporation		
				Jan. 2017	General Manager of Compact Tractor, Turf and Utility Vehicle Business Unit of Kubota Corporation		
				Jan. 2018	Deputy General Manager of Tractor Division of Kubota Corporation		
				Mar. 2018	Audit & Supervisory Board Member of Kubota Corporation (to present)		
Audit & Supervisory Board Member of Kubota Corporation (Full time)		Masashi Tsunematsu	Mar. 10, 1964	Apr. 1986	Joined Kubota Corporation	Note 4	8
				Jun. 2010	General Manager of Water Engineering & Solution Planning Dept. of Kubota Corporation		
				Jan. 2018	General Manager of Environmental Business Planning and Sales Dept. of Kubota Corporation		
				Feb. 2019	General Manager of Water and Environment Infrastructure Management Dept. of Kubota Corporation		
				Mar. 2022	Audit & Supervisory Board Member of Kubota Corporation (to present)		

Position	Responsibility	Name	Date of birth		Business experience	Term of office	Share ownership (thousands of shares)
Audit & Supervisory Board Member of Kubota Corporation (Full time)		Kazushi Ito	Sep. 22, 1963	Apr. 1987	Joined Daiwa Securities Co. Ltd.	Note 5	34
				Apr. 2002	Joined UFJ Capital Markets Securities Co., Ltd., (currently, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)		
				Mar. 2007	Joined Depfa Bank Plc, Tokyo Branch		
				Oct. 2010	Joined Kubota Corporation		
				Apr. 2015	General Manager of Strategic Planning Dept. of Kubota Corporation		
				Jan. 2018	Senior Executive Officer, Deputy General Manager of Planning and Control Headquarters, General Manager of Global Management Promotion Dept. and General Manager of Strategic Planning Dept. of Kubota Corporation		
				Jan. 2020	General Manager of Corporate Planning and Control Dept. of Kubota Corporation		
				Mar. 2024	Audit & Supervisory Board Member of Kubota Corporation (to present)		
Audit & Supervisory Board Member of Kubota Corporation (Part time)		Yuichi Yamada	Mar. 25, 1954	Oct. 1984	Joined Asahi & Co. (currently, KPMG AZSA LLC)	Note 5	7
				Mar. 1988	Registered as a Certified Public Accountant of Japan		
				Aug. 2003	Representative Partner of Asahi & Co. (currently, KPMG AZSA LLC)		
				Jun. 2008	Board Member of KPMG AZSA & Co. (currently, KPMG AZSA LLC)		
				Sep. 2011	Deputy Tokyo Office Managing Partner of KPMG AZSA LLC		
				Jul. 2015	Chairman of Tokyo Partners Meeting of KPMG AZSA LLC		
				Jun. 2016	Audit & Supervisory Board Member of Japan Finance Corporation		
				Jul. 2016	Representative of Yuichi Yamada Certified Public Accountant Firm (to present)		
				Jun. 2017	Audit & Supervisory Board Member of Sumitomo Metal Mining Co., Ltd.		
				Mar. 2020	Audit & Supervisory Board Member of Kubota Corporation (to present)		
Audit & Supervisory Board Member of Kubota Corporation (Part time)		Keijiro Kimura	Apr. 14, 1961	Apr. 1987	Registered as an attorney at law of Japan Joined Showa Law Office	Note 4	4
				Jan. 1994	Registered as an attorney at law of New York State		
				May 1998	Established Kyoei Law Office		
				Jun. 2000	Audit & Supervisory Board Member of Okada Aiyon Corporation		
				Sep. 2007	Audit & Supervisory Board Member of NAGAOKA INTERNATIONAL CORPORATION		
				Jun. 2009	Audit & Supervisory Board Member of CHARLE CO., LTD.		
				Jan. 2011	Representative partner of Kyoei Law Office (to present)		
				Mar. 2015	Audit & Supervisory Board Member of Nippon Electric Glass Co., Ltd.		
				Mar. 2022	Audit & Supervisory Board Member of Kubota Corporation (to present)		
Audit & Supervisory Board Member of Kubota Corporation (Part time)		Setsuko Ino	Mar. 18, 1964	Apr. 1988	Joined Suntory Ltd.	Note 6	—
				Sep. 1994	Joined PepsiCo, Inc.		
				Jul. 2003	Director and General Manager of Accounting & Finance Division of Sun Microsystems Japan K.K.		
				Nov. 2006	CFO and Representative Director of SAP Japan Co, Ltd.		
				Mar. 2012	CFO of Retail Division of Amazon Japan G.K.		
				Jun. 2017	CFO of Asurion Japan K.K.		
				Jan. 2024	Venture Partner of Eight Roads Ventures Japan (to present)		
				Jun. 2024	Audit & Supervisory Board Member of YAMATO HOLDINGS CO., LTD. (to present)		
				Mar. 2025	Audit & Supervisory Board Member of Kubota Corporation (to present)		
				Total			563

(Notes)

1. Among the Directors, Yutaro Shintaku, Kumi Arakane, Koichi Kawana, Yuri Furusawa, and Yoshinori Yamashita are the Outside Directors.
2. Among the Audit & Supervisory Board Members, Yuichi Yamada, Keijiro Kimura, and Setsuko Ino are the Outside Audit & Supervisory Board Members.
3. The term of office will expire at the close of the Ordinary General Meeting of Shareholders for the year ending December 31, 2025, and began with the election at the Ordinary General Meeting of Shareholders for the year ended December 31, 2024.
4. The terms of office will expire at the close of the Ordinary General Meeting of Shareholders for the year ending December 31, 2025, and began with the election at the Ordinary General Meeting of Shareholders for the year ended December 31, 2021.
5. The term of office will expire at the close of the Ordinary General Meeting of Shareholders for the year ending December 31, 2027, and began with the election at the Ordinary General Meeting of Shareholders for the year ended December 31, 2023.
6. The term of office will expire at the close of the Ordinary General Meeting of Shareholders for the year ending December 31, 2028, and began with the election at the Ordinary General Meeting of Shareholders for the year ended December 31, 2024.
7. Kubota Corporation has appointed the substitute Outside Audit & Supervisory Board Member as stipulated in Article 329, paragraph 3 of the Act in preparation for a shortage in the number of Outside Audit & Supervisory Board Member stipulated in the law. Brief professional background of the substitute Outside Audit & Supervisory Board Member is as follows:

Name	Date of birth	Business experience		Share ownership (thousands of shares)
Hogara Iwamoto	Jun. 22, 1969	Apr. 1995	Registered as an attorney at law of Japan	—
		May 2008	Joined Asunaro Law Office	
		May 2010	Representative Partner of Asunaro Legal Professional Corporation, Asunaro Law Office (to present)	
		Apr. 2020	Vice Chairperson of the Osaka Bar Association	

8. Kubota Corporation has adopted the Senior Executive Officer and Executive Officer System and Senior Executive Officers and Executive Officers who do not concurrently serve as the Directors are as follows:

Position	Name	Responsibility
Senior Managing Executive Officer of Kubota Corporation	Nikhil Nanda	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	Nobuyuki Ishii	President of Kubota North America Corporation
Senior Managing Executive Officer of Kubota Corporation	Yoshimitsu Ishibashi	Deputy General Manager of Farm and Industrial Machinery Consolidated Division General Manager of ASEAN Farm and Industrial Machinery Strategy and Operations Headquarters
Senior Managing Executive Officer of Kubota Corporation	Katsuhiko Yukawa	General Manager of Construction Machinery Division
Managing Executive Officer of Kubota Corporation	Yasukazu Kamada	President of Kubota Holdings Europe B.V. Chairman of Kverneland AS
Managing Executive Officer of Kubota Corporation	Koichi Yamamoto	General Manager of Manufacturing Promotion Headquarters
Managing Executive Officer of Kubota Corporation	Hirohiko Arai	General Manager of Procurement Headquarters
Managing Executive Officer of Kubota Corporation	Mampei Yamamoto	General Manager of Health and Safety Promotion Headquarters
Managing Executive Officer of Kubota Corporation	Nobushige Ichikawa	General Manager of Tractor Division Deputy General Manager of Research and Development Headquarters Deputy General Manager of Innovation Center
Managing Executive Officer of Kubota Corporation	Shinichi Fukuhara	General Manager of Environmental Solutions Division
Managing Executive Officer of Kubota Corporation	Takanobu Azuma	Deputy General Manager of Farm and Industrial Machinery Consolidated Division General Manager of Farm and Industrial Machinery Manufacturing Headquarters General Manager of Manufacturing Engineering Unit
Managing Executive Officer of Kubota Corporation	Tomohiro Iitsuka	General Manager of Customer Solutions Division
Managing Executive Officer of Kubota Corporation	Junji Ota	General Manager of Human Resources Headquarters Deputy General Manager of Farm and Industrial Machinery Consolidated Division In charge of ESG Promotion General Manager of Head Office
Managing Executive Officer of Kubota Corporation	Hideo Takigawa	General Manager of Control Headquarters General Manager of Corporate Control Department President of Kubota Data Ground Corporation
Managing Executive Officer of Kubota Corporation	Takashi Ichikawa	General Manager of Pipe Systems Division
Managing Executive Officer of Kubota Corporation	Wataru Kondo	General Manager of Water and Environment Infrastructure Consolidated Company General Manager of Tokyo Head Office

Position	Name	Responsibility
Senior Executive Officer of Kubota Corporation	Koichiro Kan	General Manager of Quality Assurance Headquarters
Senior Executive Officer of Kubota Corporation	Hideki Mori	General Manager of Agricultural Implement Division
Executive Officer of Kubota Corporation	Hiroyuki Tanihara	General Manager of Global ICT Headquarters
Executive Officer of Kubota Corporation	Toshiyuki Taneda	General Manager of Engine Division
Executive Officer of Kubota Corporation	Shiro Watanabe	Deputy General Manager of Research and Development Headquarters General Manager of Farm and Industrial Machinery Customer First Quality Planning and Promotion Headquarters General Manager of Research and Development Promotion Unit
Executive Officer of Kubota Corporation	Todd Stucke	Senior Vice President of Kubota North America Corporation President of KUBOTA TRACTOR CORPORATION
Executive Officer of Kubota Corporation	Hiroyuki Araki	Deputy General Manager of Research and Development Headquarters General Manager of Technology Innovation Research and Development Unit General Manager of Technology Innovation R&D Department I
Executive Officer of Kubota Corporation	Yoshifumi Makino	General Manager of Water and Environmental Solutions Developing and Sales Dept.
Executive Officer of Kubota Corporation	Tadahito Suzui	Deputy General Manager of Tractor Division General Manager of Tractor Engineering Management Unit
Executive Officer of Kubota Corporation	Koichi Nakagawa	President of Kubota Environmental Engineering Corporation
Executive Officer of Kubota Corporation	Kazunori Tani	President of SIAM KUBOTA Corporation Co., Ltd.
Executive Officer of Kubota Corporation	Yuji Kambara	General Manager of Tsukuba Plant General Manager of Tsukuba Training Center
Executive Officer of Kubota Corporation	Shinya Tsuruda	General Manager of Farm Machinery Japan Operation Headquarters President of Kubota Agri Service Corporation
Executive Officer of Kubota Corporation	Sumio Morioka	General Manager of Industrial Products Division
Executive Officer of Kubota Corporation	Shinichi Yamada	General Manager of Corporate Compliance and Risk Management Headquarters
Executive Officer of Kubota Corporation	Hitoshi Sasaki	General Manager of Farm and Industrial Machinery Strategy and Operations Headquarters General Manager of Farm and Industrial Machinery Strategy and Operations Dept. Deputy General Manager of Control Headquarters
Executive Officer of Kubota Corporation	Satoshi Suzuki	Vice President of Kubota Holdings Europe B.V.
Executive Officer of Kubota Corporation	Koji Wada	General Manager of Water and Environmental Infrastructure Strategy and Operations Headquarters
Executive Officer of Kubota Corporation	Masaya Nishiyama	Deputy General Manager of Corporate Compliance and Risk Management Headquarters
Executive Officer of Kubota Corporation	Keishiro Nishi	General Manager of Tractor Business Unit I
Executive Officer of Kubota Corporation	Seiji Fukuoka	Deputy Managing Director of Escorts Kubota Limited
Executive Officer of Kubota Corporation	Junji Takeda	General Manager of Sakai Plant General Manager of Sakai Training Center
Executive Officer of Kubota Corporation	Brian Arnold	Vice President of Kubota North America Corporation President of Kubota Manufacturing of America Corporation
Executive Officer of Kubota Corporation	Yasuaki Shiomi	President of Kubota Machinery Trading Co., Ltd. Deputy General Manager of Procurement Headquarters
Executive Officer of Kubota Corporation	Kuninosuke Iwata	General Manager of Tractor Business Unit III

2) Outside Directors and Outside Audit & Supervisory Board Members

Kubota Corporation has appointed five Outside Directors and three Outside Audit & Supervisory Board Members.

Outside Directors are responsible for supervision of the management based on their practical and objective viewpoints, and high-level insight in order to achieve sustainable growth of the Company and enhance its corporate value. In addition, through appropriate involvement and advice based on their extensive experience and broad knowledge, Outside Directors deliberate on the selection of candidates for Directors, the remuneration structure for Directors, remuneration levels, and other issues at the Nomination Advisory Committee and the Compensation Advisory Committee.

Outside Audit & Supervisory Board Members are responsible for further enhancing auditing services of the Company from an independent standpoint with their diverse experience, knowledge, expertise, and insights.

With regard to the composition of the Board of Directors, the Company maintains an appropriate number of members to enable effective deliberations, while ensuring diversity in terms of business areas, knowledge, experience, and expertise, as well as transparency and soundness of management. As of the date of submission of the Annual Securities Report, five out of 11 Directors are Outside Directors and eight out of 17 attendees at the Board of Directors are Outside Directors and Outside Audit & Supervisory Board Members. More than half of the Audit & Supervisory Board Members are appointed from those who meet the requirements for Independent Executives as defined by the Tokyo Stock Exchange (TSE) and the independent criteria of the Company, and one of the members is appointed from those who have advanced and specialized knowledge and experience in accounting and finance, such as a certified public accountant. As of the date of submission of the Annual Securities Report, three of the six Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members.

Outside Directors and Outside Audit & Supervisory Board Members are selected from among those who satisfy the requirements for Independent Executives as defined by the TSE and the independent criteria of the Company. The independent criteria of the Company are posted on the following website.

https://www.kubota.com/sustainability/governance/governance/index.html

Yutaro Shintaku, during the time as President and Representative Director of Terumo Corporation, took a number of measures to survive in the fierce international competition, including global expansion, mergers and acquisitions, and restructuring of the business portfolio, and has a proven ability and track record as a management who captures current trends. Mr. Shintaku also actively speaks at the Board of Directors of Kubota Corporation from his knowledge of capital policy and plays an appropriate role in the supervision of the Company's management. Mr. Shintaku was appointed as the Outside Director as he is judged to be a continuing benefit to the Company’s sustainable growth and to enhancing the corporate value. There is no particular vested interest between Kubota Corporation and Mr. Shintaku. Kubota Corporation has business transactions with KOZO KEIKAKU ENGINEERING HOLDINGS Inc., at which Mr. Shintaku currently holds an important post; however, however, the amount arising from these transactions for the year ended December 31, 2024, was less than 0.4% of the consolidated revenue of each company. Kubota Corporation has no special relationship with other companies where Mr. Shintaku holds important posts.

Kumi Arakane worked as a researcher at KOSÉ Corporation, where she was engaged in basic research on cosmetics, and later held positions of responsibility in a wide range of areas, including product development, R&D, quality assurance, and procurement, as well as participating in management as a Director. Ms. Arakane has expertise in auditing the execution of duties as a full-time Audit & Supervisory Board Member, and actively voicing her view from various perspectives at the Board of Directors of Kubota Corporation, playing a proper role with respect to management oversight. Ms. Arakane was appointed as the Outside Director as she is judged to be a continuing benefit to the Company’s sustainable growth and to enhancing the corporate value. There is no particular vested interest between Kubota Corporation and Ms. Arakane. Kubota Corporation has business transactions with Kagome Co., Ltd. and TODA CORPORATION, at which Ms. Arakane currently holds important posts; however, the amount arising from these transactions for the year ended December 31, 2024, was less than 0.1% of the consolidated revenue of each company.

Koichi Kawana has extensive knowledge of overseas business, having served as the head of overseas offices at JGC HOLDINGS CORPORATION. He was appointed Representative Director and President in 2011, and has extensive knowledge and experience as a management, including leading the execution of domestic and international megaprojects and business investments in the infrastructure sector. Mr. Kawana was appointed as the Outside Director as he is judged to be a continuing benefit to the Company’s sustainable growth, the enhancement of corporate value, and the strengthening of the supervisory function of the Board of Directors by leveraging his deep insight. There is no particular vested interest between Kubota Corporation and Mr. Kawana. Kubota Corporation also has no business relationships with Bandai Namco Holdings Inc., ispace, inc. and RENOVA, Inc., at which Mr. Kawana holds important posts.

Yuri Furusawa has a broad perspective and extensive knowledge from her experience in various domestic and international positions in the central governmental agencies. Furthermore, she gained global experience through being involved in overseas business development at a company, and she was involved in the promotion of work styles reform, the empowerment of women, and diversity at the center of the government. Ms. Furusawa has served as Outside Audit & Supervisory Board Member of Kubota Corporation since March 2021. In addition to auditing of business execution, she has contributed in enhancing the effectiveness of the Board of Directors by actively speaking out at the Board of Directors from a variety of perspectives. Ms. Furusawa was appointed as the Outside Director as she is judged to be a continuing benefit to the Company's sustainable growth, the enhancement of corporate value, and the strengthening of the supervisory function of the Board of Directors. There is no particular vested interest between Kubota Corporation and Ms. Furusawa. Kubota Corporation also has no business relationships with SUBARU CORPORATION at which Ms. Furusawa currently holds an important post.

Yoshinori Yamashita, as Representative Director, President and CEO of Ricoh Company, Ltd., has extensive experience and broad knowledge as a management and promoted structural reforms and growth strategies on a global scale. He has also contributed to enhancing corporate governance and business management systems, transforming the business structure from an office automation manufacturer into a digital services company, and improving profitability. Mr. Yamashita was appointed as the Outside Director as he is judged to be a benefit to the Company's sustainable growth, the enhancement of corporate value, and the strengthening of the supervisory function of the Board of Directors by leveraging his deep insight. There is no particular vested interest between Kubota Corporation and Mr. Yamashita. Kubota Corporation has business transactions with Ricoh Company, Ltd., Nomura Real Estate Holdings, Inc. and Asahi Kasei Corporation, at which Mr. Yamashita currently holds important posts; however, the amount arising from these transactions for the year ended December 31, 2024, was less than 0.1% of the consolidated revenue of each company. Kubota Corporation has no special relationship with other companies where Mr. Yamashita holds important posts.

Yuichi Yamada has sufficient knowledge of finance and accounting as a certified public accountant. He has gained extensive experience and accomplishments in corporate auditing during his tenure at a major audit firm, and possesses extensive expertise on auditing in general, including experience as an Outside Audit & Supervisory Board Member at other companies. Mr. Yamada, although he has no direct experience in corporate management, was appointed as Outside Audit & Supervisory Board Member based on the judgment that he can contribute to further enhancing auditing processes of Kubota Corporation through his expert viewpoints and from an independent standpoint. There is no particular vested interest between Kubota Corporation and Mr. Yamada. Kubota Corporation has business transactions with Japan Finance Corporation at which Mr. Yamada currently holds an important post; however, the amount arising from these transactions for the year ended December 31, 2024, was less than 0.1% of the consolidated revenue of each company. Kubota Corporation has no special relationship with other companies where Mr. Yamada holds important posts.

Keijiro Kimura, as an attorney, possesses extensive knowledge of legal affairs. He also has an extensive record of practice in corporate legal affairs at attorney offices and considerable experience and knowledge acquired by assuming office as an Outside Audit & Supervisory Board Member at several companies. Mr. Kimura, although he has no direct experience in corporate management, was appointed as Outside Audit & Supervisory Board Member based on the judgment that he can contribute to further enhancement of the Company's audit activities by providing an expert point of view from his wide experience as well as independent standpoint. There is no particular vested interest between Kubota Corporation and Mr. Kimura. Kubota Corporation also has no business relationships with Kyoei Law Office at which Mr. Kimura currently holds an important post.

Setsuko Ino has many years of experience in charge of management planning in the IT industry and at global companies, and has a global perspective as well as extensive knowledge of finance and accounting, and IT. Ms. Ino was appointed as Outside Audit & Supervisory Board Member based on the judgment that she can contribute to further enhancement of the Company's audit activities by providing an expert point of view from her wide experience. There is no particular vested interest between Kubota Corporation and Ms. Ino. Kubota Corporation has business transactions with YAMATO HOLDINGS CO., LTD. at which Ms. Ino currently holds an important post; however, the amount arising from these transactions for the year ended December 31, 2024, was less than 0.1% of the consolidated revenue of each company. Kubota Corporation has no special relationship with other companies where Ms. Ino holds important posts.

Share ownership of Kubota Corporation by the Outside Directors and the Outside Audit & Supervisory Board Members is stated in *1) List of Directors and Senior Management*. There is no material vested interest, which might have a conflict of interest with ordinary shareholders. Kubota Corporation has notified the TSE that all Outside Directors and Audit & Supervisory Board Members are Independent Executives as defined by the TSE.

The Outside Audit & Supervisory Board Members also collaborate with the independent auditor and the internal audit execution departments described in *(3) Status of Audit 2) Status of internal audit*.

(3) Status of Audit

1) Status of Audit by Audit & Supervisory Board Members

As of the submission date of the Annual Securities Report, Kubota Corporation has six Audit & Supervisory Board Members (three are Outside Audit & Supervisory Board Members), and one of the Outside Audit & Supervisory Board Member is a certified public accountant and has adequate knowledge of finance and accounting, including IFRS Accounting Standards.

In accordance with the auditing standards for Audit & Supervisory Board Members established by the Audit & Supervisory Board, as well as the auditing policy, assignment of duties, etc., Audit & Supervisory Board Members endeavor to collect information and establish an environment for auditing by communicating with Directors, internal audit execution departments, and other employees.

In addition, Kubota Corporation has a system to ensure that matters that are deemed to have a significant impact on management are reported to Audit & Supervisory Board Members without delay, and a system to ensure smooth payment of expenses incurred in execution of duties by Audit & Supervisory Board Members.

Audit & Supervisory Board Members of Kubota Corporation also serve as Audit & Supervisory Board Members of major domestic subsidiaries and equity method affiliates, and audits the management execution of each subsidiary and equity method affiliate in accordance with the audit policy and plan determined by the Audit & Supervisory Board of Kubota Corporation. In addition, seven full-time Audit & Supervisory Board Members are assigned to certain domestic subsidiaries to provide support for Audit & Supervisory Board Members of Kubota Corporation and improve internal control of the Company.

Audit & Supervisory Board Members have also conducted on-site audits of major subsidiaries in North America, Europe, Asia, and Australia and also used a web conference format in some cases.

Kubota Corporation has established the Office of Audit & Supervisory Board Members to support Audit & Supervisory Board Members, and has assigned six employees. Independence of these employees is ensured as the employees' appointment and evaluation require a discussion with and consent from the Audit & Supervisory Board Members.

The Audit & Supervisory Board is held once a month on a regular basis and on an ad hoc basis.

The Company held the Audit & Supervisory Board 16 times for the year ended December 31, 2024, and the attendance of each member is as follows:

Position	Name	Number of attendances	Attendance rate
Audit & Supervisory Board Member of Kubota Corporation (Full time)	Yasuhiko Hiyama	16	100%
Audit & Supervisory Board Member of Kubota Corporation (Full time)	Masashi Tsunematsu	16	100%
Audit & Supervisory Board Member of Kubota Corporation (Full time)	Kazushi Ito	12	100% (Note)
Outside Audit & Supervisory Board Member of Kubota Corporation (Part time)	Yuichi Yamada	16	100%
Outside Audit & Supervisory Board Member of Kubota Corporation (Part time)	Yuri Furusawa	16	100%
Outside Audit & Supervisory Board Member of Kubota Corporation (Part time)	Keijiro Kimura	16	100%

(Note)

The attendance rate is calculated for the Audit & Supervisory Board held after assuming office on March 22, 2024.

The primary issues considered by the Audit & Supervisory Board include, but not limited to, the auditing policies and assignment of duties, status of the design and operation of internal control systems, evaluation, appointment and reappointment of the independent auditor, and the audit report. Activities of the Audit & Supervisory Board are as follows.

The results of audits conducted by full-time Audit & Supervisory Board Members are reported to other members at the Audit & Supervisory Board.

Item	Activities	Executor
Attendance to important meetings	Attend the Board of Directors to confirm management decision-making processes and the status of the internal control.	All Audit & Supervisory Board Members
	Attend Management Committees and Investment Councils to confirm the status of efforts to address key management issues.	Full-time Audit & Supervisory Board Members
Conducts audits by Audit & Supervisory Board Members	Review important documents, such as minutes of the Board of Directors and Executive Committees, reports by departments, and performance-related materials.	All Audit & Supervisory Board Members
	On-site audits on a rotation basis at departments, plants, and offices of Kubota Corporation, as well as subsidiaries and equity method affiliates, to confirm the status of internal controls, asset management, and business activities. (Audited seven locations in Japan, five subsidiaries and equity method affiliates in Japan, and 37 overseas subsidiaries.)	Full-time Audit & Supervisory Board Members
	Understand business performance figures at financial results briefings.	All Audit & Supervisory Board Members
	Investigate in accordance with the Kubota Audit & Supervisory Board Member hotline system.	Full-time Audit & Supervisory Board Members
Cooperation with the independent auditor	Exchange opinions with the independent auditor on the audit plan and key audit matters (KAM).	All Audit & Supervisory Board Members
	Regular meetings with the independent auditor to understand the audit findings and financial results for each quarter.	All Audit & Supervisory Board Members
	Verify the independence of the independent auditor and the appropriateness of audits.	All Audit & Supervisory Board Members
Cooperation with Audit & Supervisory Board Member of subsidiaries, internal audit execution departments, etc.	Share issues in internal control and business operations based on audit findings of Corporate Auditing Department.	All Audit & Supervisory Board Members
	Meeting with Audit & Supervisory Members of domestic subsidiaries (annually) and with dedicated Audit & Supervisory Members to share information and confirm the status of internal controls.	All Audit & Supervisory Board Members
	Report from the Department in Charge of risk management.	Full-time Audit & Supervisory Board Members
Exchange of opinions with the Directors	Meetings with the Representative Director (four times a year) to exchange opinions on general management issues.	All Audit & Supervisory Board Members
	Interviews with Directors, etc., regarding the progress of business.	Full-time Audit & Supervisory Board Members

2) Status of internal audit

Internal audit on the Company's internal control over financial reporting is conducted by Corporate Auditing Department, which is independent from all other departments of the Company and made up of 21 employees who have the necessary expertise. Internal audits on other risks are conducted by the relevant Department in Charge, and secondary internal audits are conducted by the independent Corporate Auditing Department in order to ensure the adequacy of preceding internal audits. Internal audits are conducted on site, or remotely, through documentation reviews, based on audit plans approved by the President.

Internal audit execution departments and the independent auditor report their audit plan and audit results to the Audit & Supervisory Board Members periodically. In addition, if required, information is exchanged between internal audit execution departments and the independent auditor to ensure efficient audits.

Audit findings are discussed for improvement by relevant business division and the Department in Charge, and audits are reperformed to ensure that the necessary improvements are being implemented. Risk control activities, such as awareness-raising, educations, audits, identification of issues, improvements, and reperformed audits, are conducted during these audits by business divisions. The results and countermeasures developed are reported to the Kubota Group Risk Management Committee, which is responsible for internal control. This committee reports the status of Kubota Corporation's internal control to the President and the Board of Directors periodically.

The results of the evaluation of the effectiveness of internal control over financial reporting are compiled by Corporate Auditing Department and reported to the President and the Board of Directors.

Through this cycle, the Company is working to establish and strengthen internal controls and improve the quality of business execution.

3) Status of Accounting Audit

a) Name of Independent Auditor

Deloitte Touche Tohmatsu LLC (DTT)

b) The Number of Consecutive Years Involved in the Audit

Since 1968

c) Certified Public Accountants (CPAs) Executing Audits

Mr. Takashige Ikeda, Mr. Yutaka Ito, and Mr. Akira Kimotsuki

d) Composition of Assistants Involved in Audit Work

33 CPAs, 7 junior accountants, and 43 other staff members

e) Policies for Evaluation, Appointment and Reappointment of the Independent Auditor by the Audit & Supervisory Board

The Audit & Supervisory Board confirms and evaluates the structure of auditing by the independent auditor and its independency, audit quality, and appropriateness of a compensation in determining the validity of appointment or reappointment of the independent auditor. Based on the thorough evaluation, Kubota Corporation has reappointed DTT as its independent auditor for the year ended December 31, 2024.

In the case that the independent auditor falls under any of the items of Article 340, paragraph 1 of the Act, the Audit & Supervisory Board may dismiss the independent auditor by unanimous approval of the Audit & Supervisory Board Members.

In the case that the independent auditor lacks the qualifications to serve as an accounting auditor, such as falling under any of the disqualification grounds pursuant to the Article 337, paragraph 3 of the Act, or in the case that the Audit & Supervisory Board determines that it is appropriate not to reappoint the independent auditor taking into consideration the status of duties executed and other circumstances, the Audit & Supervisory Board may propose to dismiss or not to reappoint the independent auditor by the resolution of the Audit & Supervisory Board.

4) Details of Audit Fees and Other Matters

a) Details of Fees to the Independent Auditor

	Year ended December 31, 2024		Year ended December 31, 2023	
Company	Fees for auditing services (millions of yen)	Fees for non-auditing services (millions of yen)	Fees for auditing services (millions of yen)	Fees for non-auditing services (millions of yen)
Kubota Corporation	¥ 327	¥ 16	¥ 375	¥ 20
Subsidiaries	29	—	39	3
Total	¥ 356	¥ 16	¥ 414	¥ 23

Non-auditing services in fiscal years 2024 and 2023 include preparation of the comfort letter for bond issuance.

b) Details of Fees to the Same Network Firm as the Independent Auditor (DTT) (not including the above table)

Company	Year ended December 31, 2024 Fees for auditing services (millions of yen)	Year ended December 31, 2024 Fees for non-auditing services (millions of yen)	Year ended December 31, 2023 Fees for auditing services (millions of yen)	Year ended December 31, 2023 Fees for non-auditing services (millions of yen)
Kubota Corporation	¥ —	¥ 20	¥ 5	¥ 20
Subsidiaries	1,036	310	897	324
Total	¥ 1,036	¥ 330	¥ 902	¥ 344

Non-auditing services in fiscal years 2024 and 2023 include tax-related services and various advisory services.

c) Details of Other Significant Fees for Auditing Services

Not applicable.

d) Policy for Determining Audit Fees

Audit fees are determined based on a number of days required for audit and other factors. In making a decision, independency of certified public accounting firm is carefully considered and obtained consent of the Audit & Supervisory Board.

e) The Reasons to Agree on the Compensation to the Independent Auditor

The Audit & Supervisory Board, after receiving the necessary documents and reports from the Directors, relevant divisions of Kubota Corporation and the independent auditor, considered audit plans, appropriateness of the status of the duties executed on audit, and the basis for estimating a compensation. After deliberating on these matters, the Audit & Supervisory Board judged that they were appropriate and therefore agreed to the amount of compensation to the independent auditor.

(4) Remuneration of Directors and Senior Management

1) Policy for Determination of Remuneration for Directors and Senior Management and Calculation Method

Kubota Corporation is committed to shift to business operations with ESG positioned at the core of management to realize the long-term vision “GMB2030.” Under these circumstances, Kubota Corporation has established the following basic principles regarding remuneration for the Directors with aim of further strengthening the supervisory function of the Board of Directors.

(Basic policy for determination of remuneration for the Directors)

a) The purpose of the remuneration for the Directors, excluding Outside Directors (hereinafter, the “Inside Directors”), is to encourage the Inside Directors to take the lead for sustainable growth, while fulfilling social responsibilities as a company aiming to become a GMB.

- Motivate the Directors to achieve performance targets by reflecting in their remuneration quantitative and objective evaluation based on financial performance indicators.
- Accelerate K-ESG management initiatives by reflecting evaluation results of the progress of the K-ESG in remuneration of the Directors.
- Encourage the Directors to continuously hold shares of Kubota Corporation during their tenure and make them aware of the need to sustainably improve corporate value through a remuneration system that is closely linked to shareholder value.
- Set the remuneration level and performance linkage so that the Directors receive remuneration that is equivalent to, or higher than, the standard remuneration at other GMB companies defined by Kubota Corporation, in line with the achievement of the performance and K-ESG targets, and improvement of corporate value.

b) To achieve the purpose of the remuneration, transparency and objectivity must be ensured in the administration of the remuneration plan.

- Decisions on the development and administration of remuneration policies shall be made by resolution of the Board of Directors after deliberation by the Compensation Advisory Committee, where the majority of members are Outside Directors.
- Disclosures shall be made to promote shareholders' understanding and dialogue with shareholders, not limiting to the scope required by laws and regulations, in order to fulfill accountability to shareholder precisely.

(Remuneration structure)

a) Inside Directors

The remuneration for the Inside Directors consists of basic remuneration, which is fixed remuneration, and performance-linked remuneration.

The composition ratio of basic remuneration to performance-linked remuneration for the President and Representative Director is generally set at 1:2, to secure a high level of performance linkage suitable for a competitive remuneration level. As for the remuneration structure for the Directors, other than the President and Representative Director, the Directors at a higher corporate rank earn a greater portion of performance-linked remuneration, given the level of responsibilities, etc., of each corporate rank. The performance-linked remuneration consists of annual bonuses intended to encourage the Directors to achieve the business size and profitability targets of each fiscal year, and stock compensation (restricted stock unit and performance share unit) intended to share shareholder value and promote the maximization of medium- to long-term corporate value. The ratio of annual bonuses to stock compensation is generally set at 1:1.

In accordance with the above *(Basic policy for determination of remuneration for the Directors)*, the Company reviews the remuneration levels and linkages to performance to ensure that remuneration is equal to or higher than the standard level in GMB companies. The ratio of basic remuneration and performance-linked remuneration for the President and Representative Director is set at approximately 1:3 from the year ending December 31, 2025. The ratio of annual bonuses to stock compensation for the Inside Directors who concurrently serve as Senior Executive Officers, including the President and Representative Director, is set at approximately 1:1 to 1:2, with the higher the position, the greater the ratio of stock compensation.

Following is an overview of the elements of remuneration:

Type of remuneration	Overview
Basic remuneration	[Fixed remuneration set according to the level of responsibilities of each corporate rank, etc.] - The individual amount of basic remuneration shall be decided at the Board of Directors after confirmation and deliberation by the Compensation Advisory Committee. The total amount of basic remuneration divided by 12 is paid monthly on the same pay day as employees' salary.
Annual bonus	[Cash remuneration intended to encourage the achievement of business size and profitability targets set for each fiscal year and accelerate K-ESG management efforts] - Consists of a portion linked to company-wide performance (50-70% of the annual bonus depending on a corporate rank), a portion of individual evaluation (10-30%), and a portion of K-ESG evaluation (20%). - The portion linked to company-wide performance changes between 0% and 200% of the base amount depending on the degree of achievement of consolidated revenue and consolidated operating profit margin, which are key indicators under the Mid-Term Business Plan 2025. - The portion of individual evaluation changes between 0% and 200% of the base amount depending on the degree of achievement of targets, such as company-wide strategic target set at the beginning of the fiscal year, specific targets under the Mid-Term Business Plan 2025, and financial targets for the area(s) target person is in charge of. - The portion of K-ESG evaluation changes between 0% and 200% of the base amount depending on the degree of achievement in K-ESG promotion targets set at the beginning of the fiscal year. - The target and the evaluation result of each evaluation category shall be decided at the Board of Directors after confirmation and deliberation by the Compensation Advisory Committee. Annual bonus is paid annually in March, in principle.

Type of remuneration	Overview
Restricted stock unit	[Stock compensation intended to encourage continued shareholding during the tenure and share and improve shareholder value] - The trust that sets Kubota Corporation as trustee delivers a certain number of restricted stocks as determined by corporate rank, generally after the closing of each fiscal year. In principle, transfer restriction of shares delivered shall be lifted at the time of retirement (which means the point of time when they are no longer Directors or Senior Executive Officers of Kubota Corporation; the same applies hereinafter).
Performance share unit	[Stock compensation intended to encourage improvement of the shareholder value by achieving the medium- to long-term performance target] - The trust that sets Kubota Corporation as trustee delivers restricted stocks after the end of each performance evaluation period, depending on the financial evaluation results of the three-year performance evaluation period. In principle, the transfer restriction of shares delivered shall be lifted at the time of retirement. - Return on invested capital (ROIC) based on a profit of the year attributable to owners of the parent is used as a financial evaluation indicator to encourage maximization of corporate value over the medium to long term through efficient profit generation on invested capital. The number of shares to be delivered in proportion to the degree of achievement changes between 0% and 200%. Beginning from the year ending December 31, 2025, for the purpose of incentivizing sustainable corporate value enhancement, the Company will adopt, in addition to ROIC, total shareholder return (TSR) as a financial evaluation indicator for the President and Representative Director and Inside Directors who concurrently serve as Senior Executive Officers. The number of shares to be delivered varies between 0 and 200% depending on the TSR's rank in the group of comparative competitors.

(Notes)

1. The policies regarding evaluation indicators and targets for annual bonuses and performance share units are continuously reviewed through deliberations by the Compensation Advisory Committee in response to changes in the management environment, etc.
2. Remuneration for Inside Directors who do not concurrently serve as Senior Executive Officers consists of basic remuneration, annual bonus (individual evaluation portion only), and restricted stock units, and the details of remuneration, etc. are determined by the Board of Directors after deliberation by the Compensation Advisory Committee.

b) Outside Directors

The only remuneration for the Outside Directors is basic remuneration, which is a fixed remuneration, as the role of the Outside Directors is to supervise the Board of Directors and provide objective advice on management from positions independent from the conduct of business.

With the aim of further sharing value with shareholders, restricted stock units, which are stock compensation not linked to performance, will be granted in addition to fixed remuneration of basic remuneration, beginning from the year ending December 31, 2025. The ratio of basic remuneration to stock compensation will be set to be approximately 1:0.2.

(Remuneration level)

In order to properly secure competitiveness in terms of remuneration suitable for a GMB company, Kubota Corporation sets remuneration level for the Inside Directors according to their corporate ranks and duties, using an objective data on executive remuneration surveys conducted by the external professional institution (“Executive Compensation Database” by Willis Towers Watson (WTW)), etc., to identify a group of companies whose size, profitability, type of business, overseas networks, etc., are comparable to Kubota Corporation for comparison.

(Shareholding guideline)

For the purpose of deepening the level of value sharing with shareholders, Kubota Corporation encourages the Inside Directors to hold shares of Kubota Corporation as follows:

- President and Representative Director: Shares worth three times the basic remuneration by five years from taking office
- Other Directors: Shares worth 2.4 to 2.7 times the basic remuneration by five years from taking office

(Clawback / recovery of remuneration, etc. (malus and clawback clauses))
Kubota Corporation has compensation clawback clauses (i.e., malus and clawback clauses) for the restricted stock unit and the performance share unit granted to the Directors. If an incident of misconduct, etc., involving the Directors (including those retired) of Kubota Corporation arises or such a fact comes to light, Kubota Corporation may claim the return of all, or part, of preissued points to receive shares, delivered restricted shares, and shares after the transfer restriction is lifted. The decision on claims for return and their details shall be deliberated by the Compensation Advisory Committee before being determined by the Board of Directors' resolution.

(Remuneration determination process)
Kubota Corporation's policy on the decision of the details of remunerations for the Directors and the details of individual remuneration, etc., shall be decided by the resolution of the Board of Directors based on the result of objective deliberation by the Compensation Advisory Committee, of which a majority of members are Outside Directors. The deliberation by the Compensation Advisory Committee may be, if necessary, attended, or observed, by a remuneration advisor from WTW, an external specialized institution, for the purpose of providing an objective point of view as well as expert knowledge and information concerning remuneration plans.

A summary of discussions in the Compensation Advisory Committee during the year ended December 31, 2024, is described in *(1) Corporate Governance 2) Corporate Governance Structure*.

(Determination of individual remuneration)
Remuneration of the individual Director for the current fiscal year was determined by a resolution of the Board of Directors based on the objective deliberations of the Compensation Advisory Committee. Therefore, the Board of Directors has determined that the details of remuneration of the individual Directors are in line with the policy.

(Remuneration amount for the Directors)
In accordance with the resolution of the 132nd General Meeting of Shareholders held on March 18, 2022, the amount of monetary remuneration payable to the Directors is ¥900 million or less per year for the basic remuneration (¥160 million or less for the Outside Directors) and ¥1,060 million or less for the annual bonus. The number of the Directors subject to the remuneration as of the close of the same General Meeting of Shareholders was 10, including four Outside Directors, for the basic remuneration and six (no Outside Directors included) for the annual bonuses.

The amount of stock compensation for the Inside Directors resolved at the same General Meeting of Shareholders is ¥160 million or less (140 thousand shares or less) for the restricted stock unit, which is the fixed portion of the stock compensation, and ¥740 million or less (630 thousand shares or less) for the performance share unit, which is linked to business performance. The number of the Directors subject to stock compensation as of the close of the same General Meeting of Shareholders was six (no Outside Directors included).

The amount of stock compensation for the Outside Directors resolved at the 135th General Meeting of Shareholders held on March 21, 2025 is ¥50 million or less (20 thousand shares or less) for the restricted stock unit, which is the fixed portion of the stock compensation. The number of the Outside Directors subject to stock compensation as of the close of the same General Meeting of Shareholders was five.

(Remuneration for the Audit & Supervisory Board Members)
The remuneration for the Audit & Supervisory Board Members consists solely of the basic remuneration due to the roles they play and the need to preserve their independence. Within the range of the maximum amount of remuneration approved at the General Meeting of Shareholders, remuneration is determined through consultation among Audit & Supervisory Board Members, taking into consideration their roles and duties.

The amount of remuneration for the Audit & Supervisory Board Members resolved at the 132nd General Meeting of Shareholders held on March 18, 2022, is ¥250 million or less per year. The number of the Audit & Supervisory Board Members subject to remuneration as of the close of the same General Meeting of Shareholders was six, including three Outside Audit & Supervisory Board Members.

2) Remuneration by Position

The total amount of remuneration paid by Kubota Corporation for the year ended December 31, 2024, to the Directors and the Audit & Supervisory Board Members was as follows:

Position	Number of persons	Total amount of remuneration (millions of yen)	Total amount by type of remuneration (millions of yen)			
			Basic remuneration	Bonus	Restricted stock unit	Performance share unit
Directors (excluding Outside Directors)	6	¥ 868	¥ 337	¥ 303	¥ 83	¥ 145
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	4	132	132	—	—	—
Outside Directors	5	85	85	—	—	—
Outside Audit & Supervisory Board Members	3	50	50	—	—	—

(Notes)

1. The amounts of the restricted stock unit and the performance share unit are the amounts recognized as expenses during the year ended December 31, 2024, and they are non-monetary remuneration.
2. The above amount includes remuneration for one Inside Audit & Supervisory Board Member and one Outside Director who resigned at the conclusion of the 134th General Meeting of Shareholders held on March 22, 2024.

3) Consolidated Remuneration by Directors and Audit & Supervisory Board Members

The total amount of remuneration paid by the Company for the year ended December 31, 2024, to the Directors and the Audit & Supervisory Board Members was as follows:

Name	Total amount of consolidated remuneration (millions of yen)	Position	Company	Total amount by type of remuneration (millions of yen)			
				Basic remuneration	Bonus	Restricted stock unit	Performance share unit
Yuichi Kitao	¥ 280	Director	Kubota Corporation	¥ 100	¥ 96	¥ 29	¥ 54
Masato Yoshikawa	151	Director	Kubota Corporation	55	56	13	26
Dai Watanabe	143	Director	Kubota Corporation	52	53	13	24

(Note)

The above information is limited to Directors and Audit & Supervisory Board Members whose total amount of consolidated remuneration is ¥100 million or more.

4) Targets and Results of Performance-Linked Remuneration Evaluation Indicators for the Current Fiscal Year

Type of remuneration (Note 1)	Indicators		Range of payment coefficient	Target (Note 1)		Result	Payment coefficient
Annual Bonus	Consolidated Revenue		0 to 200%	Upper limit	¥3,500 billion	¥3,016 billion	96%
				Baseline	¥3,050 billion		
				Lower limit	¥2,600 billion		
	Consolidated operating profit margin			Upper limit	12.60%	10.46%	99%
				Baseline	10.49%		
				Lower limit	8.40%		
	K-ESG evaluation	(Note 2)			—	—	92%
	Individual evaluation	(Note 3)			—	—	75 to 175%
Performance Share Unit	ROIC	(Note 4)		Upper limit	7.80%	5.17%	0%
				Baseline	6.90%		
				Lower limit	6.00%		

(Notes)

1. The upper limit, baseline, and lower limit are indicators for which the payment coefficients upon achievement are 200%, 100%, and 50%, respectively, while the payment coefficient is 0% when the achievement is below the lower limit
2. With regards to the K-ESG evaluation for the current fiscal year, an evaluation sheet was prepared covering all materiality, and the Compensation Advisory Committee evaluated the progress made as of the end of the fiscal year against the medium- to long-term targets. As a result of the deliberations, the payment coefficient was set at 92% in light of the delay in progress on some items.
3. The Compensation Advisory Committee assessed the degree of achievement of company-wide strategic targets set at the beginning of the fiscal year, specific targets for initiatives in the medium-term business plan, and financial targets for the areas under their responsibility.
4. ROIC (profit attributable to owners of the parent divided by invested capital) performance in the year ended December 31, 2024, is used as an indicator for the Performance Share Unit for the evaluation period covering fiscal years 2022 through 2024.

(5) Information on Shareholdings

1) Criteria for Classification of Investment Securities

Kubota Corporation classifies investment securities into the following two categories. The investment securities that are held for the purpose of being benefited exclusively through share price fluctuations and dividends are classified as investment securities for pure investment purpose. The rest of investment securities are classified as investment securities held for purposes other than pure investment.

2) Investment Securities Held for Purposes Other than Pure Investment

a) Policy for Holding Shares, Examination Methods to Verify the Rationality of Holding Shares, and Details of Verification at the Board of Directors Concerning Appropriateness of Holding Each Shares

Kubota Corporation believes it is necessary to cooperate with various companies in every business process, such as product development, manufacturing, distribution, sales, service, and funding to succeed in global competition, realize its sustainable growth, and achieve medium- to long-term improvement in corporate value. From this perspective, Kubota Corporation maintains cross-shareholdings based on comprehensive consideration of business relationships and the business strategies.

Each individual share of cross-shareholdings is examined annually at the Board of Directors in order to verify appropriateness of holding these shares, taking into consideration the purpose of holding, benefits and risks associated, and other factors. If it is determined that maintaining certain shares are no longer appropriate, shareholdings are gradually decreased, in light of the market environment and other factors. In the fiscal year ended December 31, 2024, Kubota Corporation has sold ¥26,198 million of cross-shareholdings.

b) Number of Issues and Amount Recorded in the Balance Sheets

	Number of issues (issuers)	Total amount recorded in balance sheets (millions of yen)
Unlisted shares	43	¥ 13,600
Other than unlisted shares	28	64,932

Increase in the number of shares held for the year ended December 31, 2024

	Number of issues (issuers)	Total amount acquired due to increase in number of shares held (millions of yen)	Reasons of increase
Unlisted shares	6	¥ 1,762	Investment to promote open innovation in collaboration with external partners, etc.
Other than unlisted shares	—	—	—

(Note)
Increase due to reclassification from investments in capital, stock splits and initial public offerings, etc., are not included.

Decrease in the number of shares held for the year ended December 31, 2024

	Number of issues (issuers)	Total amount sold due to decrease in number of shares held (millions of yen)
Unlisted shares	2	¥ 32
Other than unlisted shares	8	26,166

(Note)
Decrease due to reclassification to investments in affiliates and initial public offerings, etc., are not included.

c) Information on the Issues, the Number of Shares, and the Amount of Specified Investment Securities and Deemed Shareholdings Recorded in the Balance Sheets

Specified Investment Securities

Issue	As of December 31, 2024	As of December 31, 2023	Purpose of holding, outline of business alliance, etc., quantitative effect of holding, and reason for increase in the number of shares held	Ownership of Kubota Corporation share: (Y/N)
	Number of shares (thousands of shares) / Balance sheet amount (millions of yen)	Number of shares (thousands of shares) / Balance sheet amount (millions of yen)		
Shin-Etsu Chemical Co., Ltd.	2,323	2,323	Maintaining and enhancing stable procurement relationships in pipe system	Y
	12,302	13,745		
Osaka Gas Co., Ltd.	3,125	3,125	Maintaining and enhancing business relationships as a sales partner in pipe system	Y
	10,815	9,205		
Sumitomo Mitsui Trust Group, Inc.	2,828	2,261	Maintaining stable funding	N (*)
	10,443	12,240		
Sumitomo Mitsui Financial Group, Inc.	1,741	1,745	Maintaining stable funding	N (*)
	6,553	12,011		
Toho Gas Co., Ltd.	1,439	1,439	Maintaining and enhancing business relationships as a sales partner in pipe system	Y
	6,118	4,239		
Mitsubishi UFJ Financial Group, Inc.	2,416	6,062	Maintaining stable funding	N (*)
	4,460	7,345		

Issue	As of December 31, 2024 Number of shares (thousands of shares) Balance sheet amount (millions of yen)	As of December 31, 2023 Number of shares (thousands of shares) Balance sheet amount (millions of yen)	Purpose of holding, outline of business alliance, etc., quantitative effect of holding, and reason for increase in the number of shares held	Ownership of Kubota Corporation share: (Y/N)
Nihon Suido Consultants Co., Ltd.	2,370 3,308	— —	Establishing relationships to expand Water & Environment business	N
Mitsubishi Estate Co., Ltd.	1,052 2,314	1,052 2,044	Maintaining and enhancing business relationships as a sales partner in pipe system	Y
Denyo Co., Ltd.	500 1,495	500 1,162	Maintaining and enhancing business relationships as a sales partner in farm equipment and engines	Y
Yamazen Corporation	1,055 1,472	1,055 1,258	Maintaining and enhancing business relationships as a sales partner and stable procurement relationships in pipe system	Y
SAIBU GAS HOLDINGS CO., LTD.	586 1,015	586 1,147	Maintaining and enhancing business relationships as a sales partner in pipe system	Y
Nankai Electric Railway Co., Ltd.	366 909	366 1,049	Maintaining and enhancing relationships with the local economy	Y
Keihanshin Building Co., Ltd.	447 739	447 635	Maintaining and enhancing relationships with the local economy	Y
Keneka Corporation	138 520	138 496	Maintaining stable procurement relationships in pipe system	Y
Wakita & Co., LTD.	300 504	300 480	Maintaining and enhancing business relationships as a sales partner in construction machinery	N
SHINTOKOGIO, LTD.	485 459	485 517	Maintaining stable procurement relationships in farm equipment and engines	Y
YOROZU CORPORATION	250 303	250 207	Maintaining stable procurement relationships in farm equipment and engines	Y
Takakita Co., Ltd.	660 246	660 333	Maintaining stable procurement relationships in farm equipment and engines	Y
MARUYAMA MFG. CO., INC.	95 201	95 247	Maintaining stable procurement relationships in farm equipment and engines	Y
SHIMIZU CORPORATION	138 172	138 129	Maintaining and enhancing business relationships as a sales partner in pipe system and industrial products	Y
YUASA TRADING CO., LTD.	27 121	27 130	Maintaining and enhancing business relationships as a sales partner in construction machinery	N
NIKKATO CORPORATION	200 100	200 112	Maintaining stable procurement relationships in the environment business	Y
HOKUETSU INDUSTRIES CO., LTD.	50 90	50 126	Maintaining and enhancing business relationships as a sales partner in farm equipment and engines	N
TODA CORPORATION	84 80	84 78	Maintaining and enhancing business relationships as a sales partner in pipe system and industrial products	Y
Daido Metal Co., Ltd.	120 63	120 66	Maintaining stable procurement relationships in Farm & Industrial Machinery	Y

Issue	As of December 31, 2024 Number of shares (thousands of shares) Balance sheet amount (millions of yen)	As of December 31, 2023 Number of shares (thousands of shares) Balance sheet amount (millions of yen)	Purpose of holding, outline of business alliance, etc., quantitative effect of holding, and reason for increase in the number of shares held	Ownership of Kubota Corporation share: (Y/N)
OKAYA & CO., LTD.	8	4	Maintaining and enhancing business relationships as a sales partner in the environment business	Y
	56	51		
ASIA PILE HOLDING CORPORATION	55	55	Maintaining and enhancing business relationships as a sales partner in industrial products	N
	46	38		
Kitagawa Corporation	11	11	Maintaining stable procurement relationships in the Farm & Industrial Machinery	Y
	13	15		
FUJITEC CO., LTD.	—	322	All shares sold as a result of examination	N
	—	1,151		
Mizuho Financial Group, Inc.	—	428	All shares sold as a result of examination	N (*)
	—	1,034		
Kansai Paint Co., Ltd.	—	246	All shares sold as a result of examination	N
	—	592		
NOK CORPORATION	—	246	All shares sold as a result of examination	N
	—	463		
DAIICHI JITSUGYO CO., LTD.	—	72	All shares sold as a result of examination	N
	—	141		

(Notes)

1. Although quantitative holding effects are difficult to describe, the appropriateness of holding share is verified for each individual issue in the manner described in the section, *a) Policy for Holding Shares, Examination Methods to Verify the Rationality of Holding Shares, and Details of Verification at the Board of Directors Concerning Appropriateness of Holding Each Shares*.
2. "N (*)" in *Ownership of Kubota Corporation share* indicates that the issuer does not hold shares of Kubota Corporation, but its subsidiary does.
3. Shares of Sumitomo Mitsui Trust Group, Inc., Sumitomo Mitsui Financial Group, Inc. and OKAYA & CO., LTD. increased due to a stock split in the year ended December 31, 2024.
4. Shares of Nihon Suido Consultants Co., Ltd. is included in the above table due to the initial public offering in the year ended December 31, 2024.

Deemed Shareholdings

Issue	As of December 31, 2024	As of December 31, 2023	Purpose of holding, outline of business alliance, etc., quantitative effect of holding, and reason for increase in the number of shares held	Ownership of Kubota Corporation share: (Y/N)
	Number of shares (thousands of shares)	Number of shares (thousands of shares)		
	Balance sheet amount (millions of yen)	Balance sheet amount (millions of yen)		
Shin-Etsu Chemical Co., Ltd.	3,100	3,100	Restriction on exercising its voting rights	Y
	16,417	18,342		
Sumitomo Mitsui Financial Group, Inc.	1,925	641	Restriction on exercising its voting rights	N (*)
	7,248	4,416		
Mizuho Financial Group, Inc.	1,720	1,720	Restriction on exercising its voting rights	N (*)
	6,661	4,149		
Mitsubishi UFJ Financial Group, Inc.	3,344	3,344	Restriction on exercising its voting rights	N (*)
	6,173	4,051		
Kaneka Corporation	207	207	Restriction on exercising its voting rights	Y
	780	744		

(Notes)

1. Although quantitative holding effects are difficult to describe, the appropriateness of holding share is verified for each individual issue in the manner described in the section, *a) Policy for Holding Shares, Examination Methods to Verify the Rationality of Holding Shares, and Details of Verification at the Board of Directors Concerning Appropriateness of Holding Each Shares*.
2. Deemed shareholdings are held through a retirement benefit trust. The amounts stated in the *Balance sheet amount* column are calculated by multiplying market price as of the balance sheet date by the number of shares of related securities. The details of rights that Kubota Corporation holds to related securities are stated in the Purpose of holding column.
3. "N (*)" in *Ownership of Kubota Corporation share* indicates that the issuer does not hold shares of Kubota Corporation, but its subsidiary does.
4. Shares of Sumitomo Mitsui Financial Group, Inc. increased due to a stock split in the year ended December 31, 2024.

3) Equity Securities Held for Pure Investment

Not applicable.

5. Stock-Related Administration of Kubota Corporation

Fiscal year:	From January 1 to December 31
Ordinary General Meeting of Shareholders:	During March
Record date:	December 31
Record date for dividend distribution of surplus:	June 30 and December 31
Number of shares per unit of shares:	100 shares
Purchase and sale of shares less than one unit:	
Handling office:	(Special account) 5-33, Kitahama 4-chome, Chuo-ku, Osaka, Japan Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Dept.
Transfer agent:	(Special account) 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Trust Bank, Limited
Forward office:	—
Purchasing and selling fee:	Amount equivalent to fees for entrusting sale or purchase of stock
Method of public notice:	Kubota Corporation carries out its public notifications through electronic public notice. However, if the Company cannot use the above-mentioned method of public notice due to an accident or other inevitable reasons, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper). The electronic public notice is posted on the website of Kubota Corporation at the following URL: *http://www.kubota.co.jp*
Special benefit for shareholders:	Not applicable

(Note)

A holder of shares of Kubota Corporation representing less than one unit can only execute the following rights:

1) Rights under each item of Article 189, paragraph 2 of the Act,

2) Rights to claim under Article 166, paragraph 1 of the Act,

3) Rights to receive an allocation of share offerings and stock acquisition rights in proportion to the number of shares held, and

4) Rights to claim for the sale of shares by combining a share representing less than one unit.

6. Reference Information on Kubota Corporation

1. Information on Parent Company of Kubota Corporation

Kubota Corporation has no parent company.

2. Other Reference Information

The following documents were filed between the beginning of the year ended December 31, 2024, and the filing date of the Annual Securities Report.

(1) Annual Securities Report and the attachments thereto, and Confirmation Letter	Fiscal Year (the 134th business term)	From January 1, 2023, to December 31, 2023	Filed with the Director of the Kanto Local Finance Bureau on March 22, 2024
(2) Internal Control Report and the attachments thereto	Fiscal Year (the 134th business term)	From January 1, 2023, to December 31, 2023	Filed with the Director of the Kanto Local Finance Bureau on March 22, 2024
(3) Quarterly Report and Confirmation Letter	(First Quarter of the 135th business term)	From January 1, 2024, to March 31, 2024	Filed with the Director of the Kanto Local Finance Bureau on May 15, 2024
(4) Semiannual Securities Report and Confirmation Letter	(First Half of the 135th business term)	From January 1, 2024, to June 30, 2024	Filed with the Director of the Kanto Local Finance Bureau on August 9, 2024
(5) Extra Ordinary Report	Pursuant to Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (Results of Execution of Voting Rights at the General Meeting of Shareholders)		Filed with the Director of the Kanto Local Finance Bureau on March 25, 2024
	Pursuant to Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (Change to the Representative Director)		Filed with the Director of the Kanto Local Finance Bureau on November 8, 2024
(6) Amended Shelf Registration Statements (Bonds)			Filed with the Director of the Kanto Local Finance Bureau on the following dates: March 25, 2024 November 11, 2024
(7) Status Report of Acquisition of Treasury Stock			Filed with the Director of the Kanto Local Finance Bureau on the following dates: May 10, 2024 June 5, 2024 July 3, 2024 August 5, 2024 September 4, 2024 October 3, 2024 November 6, 2024 December 4, 2024 January 8, 2025

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Consolidated Financial Statements
Kubota Corporation and Its Subsidiaries

(1) Consolidated Statement of Financial Position

(Unit: millions of yen)

December 31:	Note		2024		2023
ASSETS					
Current assets:					
Cash and cash equivalents	6	¥	295,130	¥	222,118
Trade receivables	7		985,228		945,490
Finance receivables	8, 15		643,757		552,419
Other financial assets	9		103,791		83,018
Contract assets			49,567		47,669
Inventories	10		692,276		668,048
Income taxes receivable			10,741		5,763
Other current assets	19		63,544		55,846
Assets held for sale	11		23,424		—
Total current assets			2,867,458		2,580,371
Noncurrent assets:					
Investments accounted for using the equity method	12		51,664		46,523
Finance receivables	8, 15		1,548,746		1,349,047
Other financial assets	9		194,210		188,654
Property, plant, and equipment	13, 15		861,840		727,061
Goodwill	14		143,325		145,715
Intangible assets	14		203,863		187,000
Deferred tax assets	27		105,460		96,091
Other noncurrent assets	21		42,099		38,785
Total noncurrent assets			3,151,207		2,778,876
Total assets		¥	6,018,665	¥	5,359,247

(Unit: millions of yen)

December 31:	Note		2024		2023
LIABILITIES AND EQUITY					
Current liabilities:					
Bonds and borrowings	16	¥	903,143	¥	663,294
Trade payables	17		274,743		300,902
Other financial liabilities	15, 18		105,653		93,270
Insurance contract liabilities	19		59,970		51,333
Income taxes payable			24,774		29,706
Provisions	20		83,062		77,191
Contract liabilities			39,084		33,043
Other current liabilities	22		282,910		244,323
Liabilities directly associated with assets held for sale	11		2,019		—
Total current liabilities			1,775,358		1,493,062
Noncurrent liabilities:					
Bonds and borrowings	16		1,374,934		1,326,913
Other financial liabilities	15, 18		49,301		44,701
Retirement benefit liabilities	21		17,207		15,907
Deferred tax liabilities	27		54,262		55,653
Other noncurrent liabilities	20, 22		7,837		6,944
Total noncurrent liabilities			1,503,541		1,450,118
Total liabilities			3,278,899		2,943,180
Equity:					
Equity attributable to owners of the parent:	23				
Share capital			84,130		84,130
Share premium			96,646		97,377
Retained earnings			1,832,348		1,693,681
Other components of equity			466,937		303,794
Treasury shares			(2,747)		(3,209)
Total equity attributable to owners of the parent			2,477,314		2,175,773
Noncontrolling interests			262,452		240,294
Total equity			2,739,766		2,416,067
Total liabilities and equity		¥	6,018,665	¥	5,359,247

See notes to consolidated financial statements.

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

Consolidated Statement of Profit or Loss

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

Years ended December 31:	Note		2024	%		2023	%
Revenue	24	¥	3,016,281	100.0	¥	3,020,711	100.0
Cost of sales	10, 13, 14, 21		(2,088,301)			(2,144,242)	
Selling, general, and administrative expenses	13, 14, 21		(597,007)			(538,621)	
Other income	25		23,471			22,174	
Other expenses	25		(38,808)			(31,193)	
Operating profit			315,636	10.5		328,829	10.9
Finance income	26		26,305			18,713	
Finance costs	26		(6,644)			(5,253)	
Profit before income taxes			335,297	11.1		342,289	11.3
Income tax expenses	27		(80,732)			(84,402)	
Share of profits of investments accounted for using the equity method	12		5,099			2,111	
Profit for the year		¥	259,664	8.6	¥	259,998	8.6

Profit attributable to:							
Owners of the parent		¥	230,437	7.6	¥	238,455	7.9
Noncontrolling interests		¥	29,227	1.0	¥	21,543	0.7

Earnings per share attributable to owners of the parent:	28						
Basic		¥	197.61		¥	201.74	
Diluted		¥	—		¥	—	

Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

Years ended December 31:	Note		2024		2023
Profit for the year		¥	259,664	¥	259,998
Other comprehensive income, net of income tax:	23				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit pension plans			2,381		4,244
Net change in fair value of financial assets measured at fair value through other comprehensive income			12,853		15,925
Items that may be reclassified subsequently to profit or loss:					
Exchange rate differences on translating foreign operations			185,934		126,890
Total other comprehensive income, net of income tax			201,168		147,059
Comprehensive income for the year		¥	460,832	¥	407,057

Comprehensive income attributable to:					
Owners of the parent		¥	409,490	¥	367,470
Noncontrolling interests		¥	51,342	¥	39,587

See notes to consolidated financial statements.

(3) Consolidated Statement of Changes in Equity

(Unit: millions of yen)

		Equity attributable to owners of the parent							
	Note	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares	Total equity attributable to owners of the parent	Noncontrolling interests	Total equity
Balance as of January 1, 2023		¥ 84,130	¥ 79,247	¥ 1,529,248	¥ 185,422	¥ (3,557)	¥ 1,874,490	¥ 227,998	¥ 2,102,488
Profit for the year				238,455			238,455	21,543	259,998
Total other comprehensive income, net of income tax	23				129,015		129,015	18,044	147,059
Comprehensive income for the year				238,455	129,015		367,470	39,587	407,057
Transfer to retained earnings				10,429	(10,429)		—		—
Dividends paid	23			(54,483)			(54,483)	(9,610)	(64,093)
Purchases and sales of treasury shares						(29,620)	(29,620)		(29,620)
Retirement of treasury shares				(29,968)		29,968	—		—
Share-based payments transactions			96				96		96
Changes in ownership interests in subsidiaries			18,034		(214)		17,820	(17,681)	139
Balance as of December 31, 2023		¥ 84,130	¥ 97,377	¥ 1,693,681	¥ 303,794	¥ (3,209)	¥ 2,175,773	¥ 240,294	¥ 2,416,067
Profit for the year				230,437			230,437	29,227	259,664
Total other comprehensive income, net of income tax	23				179,053		179,053	22,115	201,168
Comprehensive income for the year				230,437	179,053		409,490	51,342	460,832
Transfer to retained earnings				15,829	(15,829)		—		—
Dividends paid	23			(57,595)			(57,595)	(30,492)	(88,087)
Purchases and sales of treasury shares						(49,542)	(49,542)		(49,542)
Retirement of treasury shares				(50,004)		50,004	—		—
Share-based payment transactions			217				217		217
Changes in ownership interests in subsidiaries			(948)		(81)		(1,029)	1,308	279
Balance as of December 31, 2024		¥ 84,130	¥ 96,646	¥ 1,832,348	¥ 466,937	¥ (2,747)	¥ 2,477,314	¥ 262,452	¥ 2,739,766

See notes to consolidated financial statements.

(4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

Years ended December 31:	Note	2024	2023
Cash flows from operating activities:			
Profit for the year		¥ 259,664	¥ 259,998
Depreciation and amortization		120,461	107,270
Loss from disposal of property, plant, and equipment and intangible assets, net		4,259	3,141
Finance income and costs		(17,657)	(11,068)
Income tax expenses		80,732	84,402
Share of profits of investments accounted for using the equity method		(5,099)	(2,111)
Decrease (increase) in trade receivables		6,524	(135,656)
Increase in finance receivables		(92,909)	(92,461)
Decrease in inventories		22,115	21,952
Increase in other assets		(7,533)	(20,608)
Decrease in trade payables		(38,923)	(168,591)
Increase in other liabilities		39,232	35,320
Net changes in retirement benefit assets and liabilities		1,144	(6,855)
Other, net		(684)	(171)
Interest received		20,807	13,231
Dividends received		3,072	2,549
Interest paid		(5,747)	(4,218)
Income taxes paid, net		(107,374)	(103,397)
Net cash provided by (used in) operating activities		282,084	(17,273)
Cash flows from investing activities:			
Payments for acquisition of property, plant, and equipment		(181,171)	(149,882)
Payments for acquisition of intangible assets		(32,826)	(22,598)
Proceeds from sales of property, plant, and equipment		6,600	5,417
Payments for acquisition of securities		(14,906)	(6,816)
Proceeds from sales and redemptions of securities		33,355	11,637
Payments for acquisition of subsidiaries		(2,097)	(1,626)
Payments for acquisition of investments accounted for using the equity method		(34)	(339)
Payments for loans receivable to associates		(27,900)	(20,650)
Collection of loans receivable from associates		28,600	20,050
Payments for time deposits		(63,212)	(18,486)
Proceeds from withdrawal of time deposits		49,327	12,851
Net decrease in restricted cash		39	200
Payments for acquisition of short-term investments		(2,731)	(10,371)
Proceeds from sales and redemptions of short-term investments		—	8,293
Other, net		(1,923)	(1,121)
Net cash used in investing activities		(208,879)	(173,441)

(Unit: millions of yen)

Years ended December 31:	Note	2024	2023
Cash flows from financing activities:			
Funding from bonds and long-term borrowings	29	665,109	777,403
Redemptions of bonds and repayments of long-term borrowings	29	(524,084)	(449,942)
Net decrease in short-term borrowings	29	(5,496)	(36,813)
Repayments of lease liabilities	29	(22,112)	(17,379)
Net (decrease) increase in deposits from Group financing (within three months)	29	(4,286)	989
Deposits from Group financing received (over three months)	29	21,415	18,981
Repayments of deposits from Group financing (over three months)	29	(18,834)	(18,202)
Dividends paid	23	(57,595)	(54,483)
Dividends paid to noncontrolling interests		(30,492)	(9,610)
Purchases of treasury shares		(50,004)	(30,003)
Other, net		103	(2,537)
Net cash (used in) provided by financing activities		(26,276)	178,404
Effect of exchange rate changes on cash and cash equivalents		26,083	8,629
Net increase (decrease) in cash and cash equivalents		73,012	(3,681)
Cash and cash equivalents, at the beginning of the year	6	222,118	225,799
Cash and cash equivalents, at the end of the year	6	¥ 295,130	¥ 222,118

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Kubota Corporation and Its Subsidiaries

1. REPORTING ENTITY

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

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

2. BASIS OF FINANCIAL STATEMENTS

Compliance with IFRS Accounting Standards

The consolidated financial statements of the Company are prepared in accordance with IFRS Accounting Standards, as permitted by the provision of Article 312 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (the “Ordinance”), since the Company is fully qualified as a *Specified Company under Designated International Financial Reporting Standards* pursuant to the provision of Article 1-2 of the Ordinance.

Functional Currency and Presentation Currency

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

Significant Accounting Judgments, Estimates, and Assumptions

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

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

The judgments made in applying accounting policies, which could have a material impact on the Company’s consolidated financial statements, are as follows:

(a) Scope of consolidated subsidiaries, associates, and joint ventures (refer to Note 3. MATERIAL ACCOUNTING POLICIES, Basis of Consolidation)

(b) Classification of financial instruments (refer to Note 3. MATERIAL ACCOUNTING POLICIES, Financial Instruments)

(c) Timing of satisfaction of performance obligations (refer to Note 3. MATERIAL ACCOUNTING POLICIES, Revenue Recognition)

The information related to risks and uncertainties arising from assumptions and estimates that could result in material adjustments after the financial statement date is as follows:

(a) Measurement of intangible assets and goodwill acquired through business combination (refer to Note 3. MATERIAL ACCOUNTING POLICIES, Business Combination, Goodwill and Intangible Assets; Note 5. BUSINESS COMBINATION; and Note 14. GOODWILL AND INTANGIBLE ASSETS)

(b) Impairment of financial assets measured at amortized cost (refer to Note 3. MATERIAL ACCOUNTING POLICIES, Financial Instruments and Note 30. FINANCIAL INSTRUMENTS)

(c) Impairment of nonfinancial assets (refer to Note 3. MATERIAL ACCOUNTING POLICIES, Impairment of Nonfinancial Assets; Note 13. PROPERTY, PLANT, AND EQUIPMENT; and Note 14. GOODWILL AND INTANGIBLE ASSETS)

(d) Measurement of insurance contracts (refer to Note 3. MATERIAL ACCOUNTING POLICIES, Insurance Contracts and Note 19. INSURANCE CONTRACTS)

(e) Measurement of provisions (refer to Note 3. MATERIAL ACCOUNTING POLICIES, Provisions and Note 20. PROVISIONS)

(f) Measurement of defined benefit liabilities (refer to Note 3. MATERIAL ACCOUNTING POLICIES, Postemployment Benefits and Note 21. EMPLOYEE BENEFITS)

(g) Contingent liabilities (refer to Note 33. COMMITMENTS AND CONTINGENT LIABILITIES)

Changes in Presentation

Consolidated Statement of Cash Flows

"Loss from disposal of property, plant, and equipment and intangible assets, net" previously included in "Other, net" in cash flows from operating activities is presented separately from the year ended December 31, 2024, as the amount became material. To reflect this change in presentation, the comparative information has been retrospectively adjusted. As a result, net cash inflow of ¥2,970 million presented as "Other, net" in cash flows from operating activities in the year ended December 31, 2023, is separately presented as net cash inflow of ¥3,141 million for "Loss from disposal of property, plant, and equipment and intangible assets, net" and net cash outflow of ¥171 million for "Other, net."

"Dividends paid to noncontrolling interests" previously included in "Other, net" in cash flows from financing activities is presented separately from the year ended December 31, 2024, as the amount became material. To reflect this change in presentation, the comparative information has been retrospectively adjusted. As a result, net cash outflow of ¥12,147 million presented as "Other, net" in cash flows from financing activities in the year ended December 31, 2023, is separately presented as net cash outflow of ¥9,610 million for "Dividends paid to noncontrolling interests" and net cash outflow of ¥2,537 million for "Other, net."

3. MATERIAL ACCOUNTING POLICIES

Basis of Consolidation

(1) Subsidiaries and structured entities

Subsidiaries are entities that are controlled by the Company. Having control is defined as having power over an entity, being exposed to changes in returns resulting from involvement in the entity, and having the ability to influence returns through power over the entity. Existence of control over the entity is determined by comprehensive evaluation of various factors that indicate the possibility of control, such as the status of voting rights or similar rights, the nature of contracts, and whether the majority of the board of directors of the entity are dispatched officers and employees of the Company.

The financial statements of subsidiaries are included in the consolidated financial statements from the date when the Company obtains control over the subsidiary until the date when it loses control. Adjustments are made to the financial statements of subsidiaries if their accounting policies differ from those of the Company. Balances of receivables and payables, and unrealized profit or loss arising from intercompany transactions are eliminated in the consolidated financial statements. Any change in ownership interests in a subsidiary that does not result in a loss of control is accounted for as an equity transaction. When control is lost, the investment retained after the loss of control is remeasured at fair value as of the date of the loss of control, and gains or losses arising from remeasurement are recognized in profit or loss.

Structured entities are entities designed so that voting or similar rights are not the dominant factor in deciding whether control exists. Upon financing through securitization, the Company transfers a portion of financing receivables to newly established structured entities. Subsequent to the transfer, the Company manages past due and default receivables and also retains a residual interest in structured entities. Therefore, the Company has the ability to direct the activities that most significantly affect the economic performance of structured entities and has the obligation to bear potentially significant losses, and therefore, the Company consolidates such structured entities.

(2) Associates and joint ventures

Associates are entities over which the Company has a significant influence over financial and operating policies, but does not have control or joint control. If the Company holds, directly or indirectly, 20% or more and less than 50% of the voting rights of the entity, it is presumed that the Company has significant influence over the entity, unless it can be clearly demonstrated that this is not the case.

Joint ventures are joint arrangements, whereby the parties, including the Company, that have joint control of the arrangements have rights to the net assets of the arrangements. Joint arrangements are arrangements in which two or more parties have joint control, and joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method from the date when the investees are determined as associates or joint ventures until the date it is determined not to be. When an entity no longer meets the criteria for an associate or joint venture and the application of the equity method is discontinued, the investment retained after the discontinuation of the equity method is remeasured at fair value, and gains or losses arising from remeasurement are recognized in profit or loss, unless the entity meets the criteria for a subsidiary.

If there is any objective evidence of impairment on investments in associates or joint ventures, the Company conducts impairment tests on those investments as one asset group.

Business Combination

Business combinations are accounted for by the acquisition method and acquisition-related costs that are attributable to a business combination are expensed as incurred. Consideration for acquisition is measured as the sum of the acquisition date fair values of the assets transferred, liabilities assumed, and equity instruments issued by the Company in exchange of control over the acquired company. If consideration for acquisition exceeds the fair value of identifiable assets and liabilities, such excess is recorded as goodwill in the consolidated statement of financial position. Conversely, if the consideration turns out to be less than the fair value, the difference is immediately recognized in profit or loss in the consolidated statement of profit or loss.

For each business combination, the Company chooses whether noncontrolling interests are measured at fair value or at the proportion of the fair value of the identifiable assets and liabilities of the acquiree.

Acquisition of additional noncontrolling interests after control is obtained is accounted for as an equity transaction and no goodwill arising from such a transaction is recognized.

Business combinations under common control (i.e., transactions in which all of the combining entities and/or businesses are ultimately controlled by the same party or parties both before and after the business combination and the common control is not transitory) are accounted for at carrying amount.

If the initial accounting for the business combination is incomplete by the end of the fiscal year in which the business combination occurs, the business combination is accounted for using the provisional amounts. Provisional amounts are retrospectively adjusted when new information about facts and circumstances that existed at the acquisition date becomes available during the measurement period which shall not exceed one year from the acquisition date.

When a business combination is achieved in stages, previously held interest in the acquiree by the Company is remeasured at fair value as of the date of obtaining control and resulting gains or losses are recognized in profit or loss, or other comprehensive income.

Foreign Currency Translation

(1) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each company using the exchange rate at the date of the transactions or a rate that approximates such rate.

At the end of each reporting period, monetary items denominated in foreign currencies are translated into the functional currency using the closing rate, and nonmonetary items denominated in foreign currencies measured at fair value are translated into the functional currency using the exchange rate at the date when the fair value is measured. Exchange differences arising from the translation or settlement are recognized in profit or loss.

(2) Translation of foreign operations

Assets and liabilities of foreign operations are translated at the closing rate, while their income and expenses are translated at the average rate during the period. Exchange differences arising from translation are recognized in other comprehensive income.

When control or significant influence of foreign operations is lost due to the disposal of those operations, cumulative translation differences arising from those operations are reclassified to profit or loss at the time of disposal as part of gain or loss on the disposal of foreign operations.

Financial Instruments

(1) Financial assets (excluding derivatives)

<u>Initial recognition</u>

The Company initially recognizes trade receivables and other receivables on the date such receivables arise and recognizes other financial assets as of the transaction date, on which the Company becomes a party to the agreement, at the fair value, plus transaction costs that are directly attributable to the acquisition. However, trade receivables that do not include significant financial components are measured at the transaction price.

<u>Classification and subsequent measurement</u>

Financial assets are classified as financial assets measured at amortized cost, debt financial assets measured at fair value through other comprehensive income, equity financial assets measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss.

Financial assets measured at amortized cost

Financial assets are subsequently measured at amortized cost using the effective interest method if both of the following conditions are met. Specifically, the amount measured at initial recognition is reduced by repayment of principal by adjusting for the accumulated amortized amount, which is calculated by the effective interest method on the differences between initially recognized amount and maturity amount. This amount is also adjusted by an allowance for doubtful accounts for related financial assets.

(a) The financial assets are held within a business model with the objective of collecting contractual cash flows, and

(b) The contractual terms of the financial assets provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Debt financial assets measured at fair value through other comprehensive income

Financial assets are classified as debt financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

(a) The financial assets are held within a business model with the objective of both collecting contractual cash flows and selling financial assets, and

(b) The contractual terms of the financial assets provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Equity financial assets measured at fair value through other comprehensive income

With regard to equity financial assets, the Company has elected to recognize changes in fair value in other comprehensive income.

The accumulated amounts of net changes in the fair value of the equity financial assets are transferred to retained earnings, not to profit or loss, when the equity financial assets are derecognized or the fair value of equity financial assets declines from the acquisition cost and its decline is deemed to be more than temporary.

Dividends on equity financial assets measured at fair value through other comprehensive income are recognized in profit or loss as finance income, unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial assets measured at fair value through profit or loss

Financial assets that are not classified as financial assets measured at amortized cost, debt financial assets measured at fair value through other comprehensive income, or equity financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss. Subsequent changes in fair value related to financial assets measured at fair value through profit or loss are recognized in profit or loss.

Derecognition

Financial assets are derecognized when contractual rights to cash flows from the financial assets expire or when contractual rights to receive the cash flows are transferred and, substantially, all risks and rewards of ownership of the financial assets are transferred.

Impairment of financial assets measured at amortized cost

The Company evaluates and recognizes an allowance for doubtful accounts for expected credit losses on financial assets measured at amortized cost at the end of each reporting period, reflecting the collection status of these financial assets, historical credit loss experience, economic trends, customers’ ability to repay, collateral values, and other factors. If the credit risk on financial assets is determined to be low at the end of the reporting period, such credit risk is deemed not to have significantly increased since initial recognition, and an allowance for doubtful accounts is recognized for the 12-month expected credit losses. The Company considers that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due and recognizes an allowance for doubtful accounts for the lifetime expected credit losses, unless there is reasonable contradictory evidence. With regard to trade receivables, contract assets, and long-term trade accounts receivables, an allowance for doubtful accounts is always recognized for the lifetime expected credit losses. The provision of an allowance for doubtful accounts or reversal of a previously recognized allowance is recognized in profit or loss, and included within selling, general, and administrative expenses. The Company directly writes off the gross carrying amount of receivables when the Company has no reasonable expectation of recovering the contractual cash flows. The Company defines a default on financial assets as a loss of the debtor’s ability to repay.

(2) Financial liabilities (excluding derivatives)

Initial recognition

The Company initially recognizes financial liabilities on the transaction date, which is when the Company becomes party to an agreement, at fair value, less directly attributable transaction costs.

Classification and subsequent measurement

Financial liabilities are classified as financial liabilities measured at amortized cost. They are subsequently measured at amortized cost using the effective interest method. Amortization is calculated using the effective interest method and gains or losses arising from derecognition are recognized in profit or loss.

Derecognition

Financial liabilities are derecognized when they are extinguished due to satisfaction of contractual obligations related to the financial liabilities.

(3) Derivatives and hedge accounting

In order to hedge foreign currency risk and interest rate risk, the Company uses derivative financial instruments, such as foreign exchange forward contracts and interest rate swap contracts. Since these derivatives do not meet the requirements for hedge accounting, hedge accounting is not applied. The Company initially recognizes these derivatives at fair value at the date the contracts are entered into and subsequently remeasures them at fair value. Changes to the fair value of these derivatives are recognized in profit or loss.

(4) Fair value measurements

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits withdrawable at any time, and short-term investments with a maturity of three months or less from the acquisition date that are readily convertible to cash and are subject to insignificant risk of changes in value.

Inventories

Inventories are stated at the lower of cost or net realizable value. Costs include purchase costs, direct labor costs, other direct costs, related production overheads based on the normal capacity of the production facilities, and all expenses required to bring the inventories to the present location and condition, principally determined by the moving average method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and those necessary to sell the inventories.

Assets held for sale

A noncurrent asset or disposal group for which the carrying amount is expected to be recovered principally through a sale transaction instead of through continuing use is classified as held for sale, if the sale is highly probable within one year from the date of classification, the non-current asset or disposal group is available for immediate sale in its present condition, and the management of the Company is committed to a plan to sell.

The non-current asset or disposal group that is classified as held for sale is measured at the lower of carrying amount and fair value less costs to sell, and is not depreciated or amortized after being classified as held for sale.

Property, Plant, and Equipment

Property, plant, and equipment are measured based on the cost model and are stated at cost, less accumulated depreciation and accumulated impairment losses. Costs include the costs directly attributable to the acquisition of assets; costs of dismantling, removing, and restoration of assets; and borrowing costs that meet certain criteria for capitalization.

Property, plant, and equipment, except land and construction in progress, are principally depreciated using the straight-line method based on the estimated useful lives of the assets. The estimated useful lives range from 10 to 50 years for buildings and structures, and from two to 14 years for machinery and other equipment. Estimated useful lives, the depreciation method, and residual value of the assets are reviewed at least at each fiscal year end. Any changes in the useful life, depreciation method, and residual value are accounted for prospectively as a change in estimates.

Goodwill and Intangible Assets

(1) Goodwill

Goodwill is not amortized and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating unit (CGU), or groups of CGUs, that are expected to benefit from the synergies of a business combination. Goodwill is tested for impairment annually, regardless of whether there is any indication of impairment, or whenever there is an indication of impairment or circumstances change. Impairment losses on goodwill are recognized in profit or loss and are not subsequently reversed.

The measurement of goodwill on initial recognition is described in *Business Combination* section.

(2) Intangible assets

Intangible assets are measured based on the cost model and are stated at cost, less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are stated at cost, less accumulated impairment losses.

Intangible assets acquired separately are measured at cost on initial recognition. Intangible assets acquired in a business combination, such as customer relationships, trademarks, and technology know-how, are measured at fair value at the acquisition date based on assumptions, such as estimated future cash flows and discount rates.

Intangible assets with definite useful lives are amortized by the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the main intangible assets are as follows: primarily 5-10 years for software for internal use, 5 years for capitalized development costs, 8-18 years for customer relationships, 10-20 years for trademarks, and 8-14 years for technology know-how. Estimated useful lives and the amortization method are reviewed at least at each fiscal year end. Any changes in the useful life and amortization method are accounted for prospectively as a change in estimates.

Intangible assets with indefinite useful lives are not amortized. They are tested for impairment annually or whenever there is an indication that the asset may be impaired or circumstances change.

Expenditures on development activities are recognized as intangible assets only if they meet all of the following requirements:

(a) technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) the Company’s intention to complete the intangible asset and use or sell it;
(c) the Company’s ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits;
(e) the availability of adequate technical, financial, and other resources to complete development and to use or sell the intangible asset; and
(f) the Company’s ability to measure reliably the expenditures attributable to the intangible asset during its development.

Expenditures on development activities that do not meet the above conditions are expensed as incurred.

Leases

(1) As lessee

The Company recognizes a right-of-use asset and a lease liability at the commencement date of lease contract.

As for short-term leases (with a lease term of 12 months or less) and leases of low-value assets, the Company does not recognize a right-of-use asset and a lease liability. Instead, the Company elects to recognize related expenses in profit or loss by using the straight-line method over the lease term.

The Company applies a cost model and measures the right-of-use asset at cost, less any accumulated depreciation and any accumulated impairment losses, and the amounts are included in property, plant, and equipment in the consolidated statement of financial position. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct costs incurred by the lessee, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset. The Company depreciates the right-of-use assets using the straight-line method from the commencement date to the shorter of the end of lease term or the end of estimated useful life of the underlying asset.

The Company measures the lease liability at the present value of the lease payments that are not paid by discounting with the lessee's incremental borrowing rate at the commencement date. At the commencement date, the lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, the exercise price of a purchase option, and payments of penalties for terminating the lease term. After the commencement date, the Company recognizes a constant periodic rate of interest on the lease liability in profit or loss and measures the lease liability by reducing the carrying amount to reflect the lease payments made. Lease liabilities are included in other financial liabilities (current) and other financial liabilities (noncurrent) in the consolidated statement of financial position.

The lease term is determined as the noncancelable period of a lease together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

After the commencement date, the Company remeasures the lease liability by discounting the revised lease payments using a revised discount rate. Remeasurement takes place when there has been either a change in the lease term or a change in the Company's assessment of an option to purchase the underlying asset.

As a practical expedient, the Company elects, by class of underlying asset, not to separate nonlease components from lease components, and instead accounts for each lease component and any associated nonlease components as a single-lease component.

(2) As lessor

The Company classifies a lease as a finance lease if it transfers, substantially, all the risks and rewards of ownership of an underlying asset. All other leases are classified as operating leases.

The Company recognizes assets held under a finance lease and present them as a receivable at an amount equal to the net investment in the lease. The Company recognizes finance income over the lease term in the consolidated statement of profit or loss based on a pattern that reflects the contractual periodic rate of return on the lessor's net investment in the lease.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets other than inventories and deferred tax assets are assessed whether or not there is any indication of impairment at the level of individual asset or CGU to which the asset belongs at the end of each reporting period. If such an indication exists, a recoverable amount of the asset or CGU is estimated.

Goodwill, intangible assets with indefinite useful lives, and intangible assets that are not yet available for use are tested for impairment annually, regardless of whether there is any indication of impairment, or whenever there is an indication of impairment or circumstances change.

The recoverable amount of an individual asset or a CGU is the higher of the fair value, less costs of disposal and value in use. The fair value, less costs of disposal is calculated based on the quoted price in the active market, with the control premium estimated based on market transactions and other factors. In allocating the fair value to each CGU, the projected earnings before interest, taxes, depreciation, and amortization (EBITDA) composition by business is considered. Value in use is determined by discounting the estimated future cash flows expected to be derived from an individual asset or CGU to its present value, using a pretax discount rate that reflects the time value of money and risks specific to that individual asset or CGU.

A CGU is determined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the CGU to which the asset belongs is determined.

Since corporate assets do not generate separate cash inflows, if there are any indications of impairment, they are tested for impairment based on the recoverable amount of the CGU to which the corporate assets belong.

If the recoverable amount of the asset or CGU is less than its carrying amount, the carrying amount is reduced to the recoverable amount, and the difference between the recoverable amount and the carrying amount is recognized as an impairment loss in profit or loss. Impairment losses recognized in relation to the CGU are allocated first to reduce the carrying amount of goodwill allocated to such CGU, and then to each asset, pro-rated across the respective carrying amounts of each asset within that CGU.

Individual assets other than goodwill or CGUs for which impairment losses were recognized in prior periods are assessed to determine whether or not there is any indication that such impairment losses may no longer exist or may have decreased at the end of each reporting period. If such an indication exists, the recoverable amount of the asset or the CGU is estimated, and if the recoverable amount exceeds the carrying amount of the asset or CGU, the impairment loss is reversed. In such cases, the impairment loss is reversed up to the carrying amount of the asset or CGU, net of amortization or depreciation, as if there had been no impairment loss recognized for the asset or CGU in prior periods.

Insurance Contracts

(1) Classification and Level of Aggregation

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

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

(2) Recognition

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

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

(3) Measurement

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

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

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

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

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

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

(4) Derecognition

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

Provisions

Provisions are recognized when the Company has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations.

Provisions are measured based on the best estimate of expenditure required to settle the present obligation at the end of the reporting period. When the effect of the time value of money is material, a provision is measured at the present value of the expenditures required to settle the obligation.

Postemployment Benefits

The Company has defined benefit pension plans and defined contribution pension plans as postemployment benefits for employees.

(1) Defined benefit pension plans

The Parent Company and most subsidiaries mainly located in Japan have defined benefit corporate pension plans and/or lump-sum severance indemnity plans. The net defined benefit liability and asset in the consolidated statement of financial position is measured as the difference between the present value of the defined benefit obligation and the fair value of plan assets.

If the defined benefit pension plan has a surplus, the asset ceiling is the present value of any future economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Defined benefit obligations are calculated using the projected unit credit method, and the present value is calculated by discounting future estimated cash outflows. The discount rate is determined based on market yields on high-quality corporate bonds as of the end of the reporting period, reflecting the estimated timing and amount of benefit payment.

Prior service costs resulting from plan amendments are recognized in profit or loss when the plan is amended.

Remeasurement of the net defined liability and asset is recognized in other comprehensive income when such remeasurement is made and transferred immediately to retained earnings.

(2) Defined contribution pension plans

The Parent Company and certain subsidiaries have defined contribution plans. Contributions to defined contribution plans for the period when employees render the related services are recognized as employee benefit expenses in profit or loss.

Revenue Recognition

(1) Revenue from contracts with customers

The Company recognizes revenue, excluding income from retail finance and finance leases, and insurance revenue, from contracts with customers based on the following five steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when the entity satisfies a performance obligation

The Company engages in various fields of businesses and industries by providing products and services as described in Note 1. REPORTING ENTITY.

The Company has determined that control over the products is transferred to customers and that the performance obligation is satisfied when the products are delivered to customers, considering indicators of the transfer of control, such as the transfer of significant risks and rewards of physical possession and ownership of products. Accordingly, revenue from sales of products is recognized at that point in time.

The Company has construction contracts with customers. The Company considers that its satisfaction of performance obligations under the contracts does not create an asset with an alternative use to the Company, the Company has an enforceable right to payment for performance completed to date, and it transfers the control over the assets to customers over time. Accordingly, revenue is recognized over the construction period based on its progress toward complete satisfaction of performance obligations measured at the end of the reporting period. Since the Company considers that it is possible to develop reasonable estimates of the total contract cost and to reasonably estimate the extent of progress toward complete satisfaction of performance obligations under the contracts, the Company uses the input method to measure the extent of progress toward completion based on the costs incurred relative to the total expected costs by contract.

Revenue is measured at the consideration promised in contracts with customers, less discounts, rebates depending on sales volume, and other items. Variable consideration, including discounts, rebates, and other payments, is estimated considering all the information (historical, current, and forecast) that is reasonably available to the Company, and revenue is recognized only to the extent that it is highly probable that a significant reversal of recognized revenue will not occur.

When two or more performance obligations are identified in the contract, the transaction price is primarily allocated to each of the performance obligations on a relative observable stand-alone selling price basis.

(2) Income from retail finance and finance leases

The Company provides retail finance and finance leases to end users who purchase the Company’s products, such as farm equipment, etc., through dealers.

With regard to finance receivables arising from retail finance operations, interest income is recognized using the effective interest method over the contractual period and included in revenue in the consolidated statement of profit or loss.

(3) Insurance revenue

The Company provides insurance contract services.

The insurance revenue from the group of insurance contracts represents the total changes of the liability for the remaining coverage that relate to services for which the Company expects to receive consideration. Insurance revenue consists of the release of the contractual service margins measured based on coverage units provided during the reporting period, changes in the risk adjustment for non-financial risk relating to current services, insurance service expenses (measured at the amount expected at the beginning of the reporting period) incurred during the reporting period, and allocation of the insurance acquisition cash flows in a systematic way based on the passage of time. Insurance revenue is included in “Revenue” in the consolidated statement of profit or loss.

The Company applies the premium allocation approach for certain insurance contracts with a coverage period of one year or less at initial recognition. Insurance revenue from such group of insurance contracts is the amount of expected premium receipts allocated to each reporting period of the insurance contract services provided on the basis of the passage of time. Since this group does not cover customers of the Company, insurance revenue is included in “Other income” in the consolidated statement of profit or loss.

Income Taxes

Income taxes, which is composed of current taxes and deferred taxes, are recognized in profit or loss, except to the extent that they relate to business combinations or items recognized in other comprehensive income or directly in equity.

Current taxes are measured at the expected amount of income taxes payable to, or recoverable from, the tax authorities, using the tax rates and tax laws and regulations that have been enacted, or substantively enacted, by the end of the reporting period.

Deferred taxes are recognized based on temporary differences between the carrying amount of assets or liabilities in the consolidated statement of financial position and the tax bases of the assets or liabilities, and carryforwards of unused tax losses and tax credits.

Deferred tax assets are recognized only to the extent that it is probable that taxable profits will be available against the deductible temporary differences, unused tax losses, and unused tax credits. Deferred tax liabilities are recognized essentially for all taxable temporary differences.

However, deferred tax liabilities for taxable temporary differences related to investments in subsidiaries, associates, and joint ventures are not recognized if the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. Deferred tax assets for deductible temporary differences related to investments in subsidiaries, associates, and joint ventures are recognized to the extent that it is probable that taxable profits will be available against which the temporary differences can be utilized, and the differences will reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the assets are realized or the liabilities are settled, based on the tax rates and tax laws and regulations that have been enacted, or substantively enacted, by the end of the reporting period.

The Company reviews the carrying amount of deferred tax assets at the end of the reporting period and does not recognize the deferred tax assets to the extent that it is no longer probable that taxable profits will be sufficient to allow the benefit of part or all of those deferred tax assets to be realized.

Deferred tax assets and deferred tax liabilities are offset only when the Company has a legally enforceable right to offset current tax assets against current liabilities, and the same taxation authority levies income taxes either on the same taxable entity or on different taxable entity, which intends either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously.

The Company reflects the effect of uncertainty in determining the related taxable profit, etc., if the Company concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

The Company has adopted the exceptions to the recognition and disclosure of deferred tax assets and deferred tax liabilities for income taxes arising from tax laws enacted, or substantively enacted, to implement the Pillar Two Model Rules released by the Organisation for Economic Co-operation and Development (OECD).

Earnings per Share

Basic earnings per share attributable to owners of the parent are calculated based on profit attributable to common shareholders of the parent by the weighted average number of issued common shares during the period. Diluted earnings per share attributable to owners of the parent are calculated by adjusting the effects of all dilutive potential common share.

New Accounting Standards and Interpretations Not Yet Adopted

The following table presents principal accounting standards and interpretations newly issued or amended prior to the approval date of the consolidated financial statements that are not yet adopted by the Company as of December 31, 2024.

Standards and interpretations	Effective date (from the fiscal year beginning on or after)	Scheduled adoption by the Company	Description of new or amended standards and interpretations
IFRS 18 *Presentation and Disclosure in Financial Statements*	January 1, 2027	Year ending December 31, 2027	- More structured income statement - Disclosed and audited management performance measures - Greater disaggregation of information
IFRS 19 *Subsidiaries without Public Accountability: Disclosures*	January 1, 2027	Year ending December 31, 2027	Eligible subsidiaries are allowed to apply reduced disclosure requirements of IFRS Accounting Standards.

The Company is currently evaluating the impact of IFRS 18 on the consolidated financial statements and therefore is not able to estimate the impact.

The Company is expecting the impact of IFRS 19 on the consolidated financial statements to be not material.

4. SEGMENT INFORMATION

The Company provides a wide variety of products and services across its three reportable segments: Farm & Industrial Machinery, Water & Environment, and Other. Farm & Industrial Machinery mainly manufactures and sells farm equipment, agricultural-related products, engines, and construction machinery. Water & Environment mainly manufactures and sells products related to pipe systems (ductile iron pipes, plastic pipes, and other products), industrial products (reformer and cracking tubes, spiral welded steel pipes, air-conditioning equipment, and other products), and environment (environmental control plants, pumps, and other products). Other segment mainly offers a variety of services.

These three reportable segments represent the Company’s organizational structure, which is principally based on the nature of products and services, and the financial information by reportable segment is reviewed periodically by the chief operating decision-maker in determining allocation of resources and evaluating performance. The accounting policies for the reportable segments are consistent with the accounting policies used in the Company’s consolidated financial statements.

Information by Reportable Segment

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Year ended December 31, 2024:					
Revenue:					
External customers	¥ 2,636,874	¥ 362,631	¥ 16,776	¥ —	¥ 3,016,281
Intersegment	247	19	29,421	(29,687)	—
Total	¥ 2,637,121	¥ 362,650	¥ 46,197	¥ (29,687)	¥ 3,016,281
Operating profit	¥ 347,390	¥ 29,665	¥ 966	¥ (62,385)	¥ 315,636
Depreciation and amortization	89,327	9,233	7,670	14,231	120,461
Addition to noncurrent assets	197,127	18,007	10,332	23,912	249,378
December 31, 2024:					
Assets	¥ 5,243,464	¥ 340,851	¥ 93,176	¥ 341,174	¥ 6,018,665
Investments accounted for using the equity method	14,807	5,929	30,928	—	51,664
Year ended December 31, 2023:					
Revenue:					
External customers	¥ 2,636,727	¥ 364,469	¥ 19,515	¥ —	¥ 3,020,711
Intersegment	205	48	31,044	(31,297)	—
Total	¥ 2,636,932	¥ 364,517	¥ 50,559	¥ (31,297)	¥ 3,020,711
Operating profit	¥ 355,788	¥ 30,547	¥ 1,512	¥ (59,018)	¥ 328,829
Depreciation and amortization	80,530	8,112	6,208	12,420	107,270
Addition to noncurrent assets	139,948	13,581	10,733	18,416	182,678
December 31, 2023:					
Assets	¥ 4,669,912	¥ 318,553	¥ 83,745	¥ 287,037	¥ 5,359,247
Investments accounted for using the equity method	14,361	5,568	26,594	—	46,523

(Notes)

1. *Adjustments* include items, such as the elimination of intersegment transfers, corporate expenses, and corporate assets, which are not allocated to any particular reportable segment. The corporate expenses included in *Adjustments* amounted to ¥62,385 million and ¥59,018 million for the years ended December 31, 2024 and 2023, respectively, which consist mainly of administration department expenses, basic research expenses, and foreign exchange gains or losses incurred by the Parent Company. The corporate assets included in *Adjustments* amounted to ¥388,531 million and ¥321,286 million as of December 31, 2024 and 2023, respectively, which consist mainly of cash and cash equivalents, securities, and corporate properties held or used by the administration department of the Parent Company.
2. The aggregated amounts of operating profit are equal to those presented in the consolidated statement of profit or loss. Refer to the 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.
4. Noncurrent assets do not include financial instruments, deferred tax assets, nor net defined benefit assets.

Revenue from External Customers by Product Group

Information about revenue from external customers by product group is summarized as follows:

(Unit: millions of yen)

Years ended December 31:		2024		2023
Farm & Industrial Machinery:				
Farm equipment and engines	¥	1,989,268	¥	1,995,603
Construction machinery		647,606		641,124
Subtotal		2,636,874		2,636,727
Water & Environment:				
Pipe system		137,575		145,756
Industrial products		77,806		73,129
Environment		147,250		145,584
Subtotal		362,631		364,469
Other		16,776		19,515
Total	¥	3,016,281	¥	3,020,711

Geographic Information

Information about revenue from external customers by location is summarized as follows:

(Unit: millions of yen)

Years ended December 31:		2024		2023
Japan	¥	632,476	¥	643,144
North America		1,272,503		1,252,213
Europe		334,079		418,302
Asia outside Japan		680,514		600,598
Other areas		96,709		106,454
Total	¥	3,016,281	¥	3,020,711

(Notes)

1. Revenue from North America includes that from the United States of ¥1,158,909 million and ¥1,115,337 million for the years ended December 31, 2024 and 2023, respectively.
2. There were no sales to specific customers that exceed 10% of consolidated revenue of the Company.

Information about noncurrent assets based on physical location is summarized as follows:

(Unit: millions of yen)

December 31:		2024		2023
Japan	¥	566,072	¥	499,525
North America		237,557		177,116
Europe		99,512		93,094
Asia outside Japan		324,948		308,815
Other areas		4,608		3,018
Total	¥	1,232,697	¥	1,081,568

(Notes)

1. Noncurrent assets do not include financial instruments, deferred tax assets, and net defined benefit assets.
2. Noncurrent assets of North America include those in the United States of ¥224,037 million and ¥165,004 million at December 31, 2024 and 2023, respectively. Noncurrent assets of Asia outside Japan include those in India of ¥232,714 million and ¥235,445 million at December 31, 2024 and 2023, respectively.

5. BUSINESS COMBINATION

Year ended December 31, 2024

No material matters.

Year ended December 31, 2023

Finalization of the provisional accounting for the business combination

The allocation of acquisition cost of Escorts Limited (currently, Escorts Kubota Limited; hereinafter, "EKL"), which the Company acquired on April 11, 2022, was not completed as of December 31, 2022, and therefore, the provisional accounting for the business combination was applied. However, the allocation of acquisition cost has been completed during the six months ended June 30, 2023, and the amount of goodwill has been adjusted as follows based on the determined allocation of acquisition cost.

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

(Unit: millions of yen)

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

(Notes)

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

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are composed of the following:

Cash and cash equivalents are categorized as financial assets measured at amortized cost.

(Unit: millions of yen)

December 31:		2024		2023
Cash and deposits	¥	234,856	¥	168,221
Short-term investments		60,274		53,897
Total	¥	295,130	¥	222,118

(Note)

The balance of cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows is equal.

7. TRADE RECEIVABLES

Trade receivables are composed of the following:

Trade receivables are categorized as financial assets measured at amortized cost.

(Unit: millions of yen)

December 31:		2024		2023
Trade notes	¥	74,849	¥	80,723
Trade accounts receivable		916,176		869,924
Allowance for doubtful accounts		(5,797)		(5,157)
Total	¥	985,228	¥	945,490

8. FINANCE RECEIVABLES

Finance receivables are composed of the following:

Finance receivables are categorized as financial assets measured at amortized cost.

(Unit: millions of yen)

December 31:		2024		2023
Retail finance receivables	¥	1,691,596	¥	1,460,081
Finance lease receivables		532,656		466,029
Allowance for doubtful accounts		(31,749)		(24,644)
Total	¥	2,192,503	¥	1,901,466
Current assets		643,757		552,419
Noncurrent assets		1,548,746		1,349,047

9. OTHER FINANCIAL ASSETS

Other financial assets are composed of the following:

(Unit: millions of yen)

December 31:		2024		2023
Financial assets measured at amortized cost:				
Long-term trade accounts receivable	¥	37,170	¥	36,507
Time deposits		40,296		23,532
Restricted cash (Note)		6,019		5,381
Debt financial assets		61,750		52,201
Others		25,533		23,727
Financial assets measured at fair value through other comprehensive income:				
Equity financial assets		75,857		84,099
Financial assets measured at fair value through profit or loss:				
Debt financial assets		50,901		40,023
Derivatives		475		6,202
Total	¥	298,001	¥	271,672
Current assets		103,791		83,018
Noncurrent assets		194,210		188,654

(Note)
Deposits pledged as collateral that are restricted from withdrawal and advances received for public works that are restricted from usage.

The Company holds equity financial assets mainly for the purpose of maintaining and enhancing business relationships and have been classified as equity financial assets measured at fair value through other comprehensive income. Fair value of equity financial assets measured at fair value through other comprehensive income by issue is as follows:

(Unit: millions of yen)

Issue				
December 31:		2024		2023
Shin-Etsu Chemical Co., Ltd.	¥	12,303	¥	13,745
Osaka Gas Co., Ltd.		10,815		9,205
Sumitomo Mitsui Trust Group, Inc.		10,450		12,245
Sumitomo Mitsui Financial Group, Inc.		6,554		12,011
Toho Gas Co., Ltd.		6,119		4,239
Mitsubishi UFJ Financial Group, Inc.		4,460		7,345
Nihon Suido Consultants Co., Ltd.		3,309		1,422
XING Technology Inc.		2,922		2,902
Hulic Co., Ltd.		2,740		2,953
AKTIO Corporation		2,389		1,718
Others	¥	13,796	¥	16,314

The Company sold and derecognized certain equity financial assets measured at fair value through other comprehensive income, primarily as a result of review of its business relationships. Fair values as of derecognition date and the accumulated gains or losses before tax effect adjustments on their disposal are as follows:

(Unit: millions of yen)

Years ended December 31:		2024		2023
Fair value as of derecognition	¥	33,355	¥	11,637
Accumulated gains (losses)		20,762		9,003

10. INVENTORIES

Inventories are composed of the following:

(Unit: millions of yen)

December 31:		2024		2023
Finished products	¥	414,422	¥	386,103
Spare parts		100,797		90,187
Work in process		69,906		71,354
Raw materials and supplies		107,151		120,404
Total	¥	692,276	¥	668,048

Inventories recognized as an expense for the years ended December 31, 2024 and 2023, were ¥1,861,178 million and ¥1,941,326 million, respectively. The write-downs of inventories recognized as an expense for the years ended December 31, 2024 and 2023, were ¥4,980 million and ¥2,897 million, respectively.

11. ASSETS HELD FOR SALE

Assets held for sale and liabilities directly associated with assets held for sale are composed of the following:

(Unit: millions of yen)

December 31:		2024		2023
Assets held for sale:				
Trade receivables	¥	2,591	¥	—
Inventories		2,495		—
Property, plant, and equipment		2,644		—
Goodwill		13,949		—
Intangible assets		1,313		—
Others		432		—
Total	¥	23,424	¥	—
Liabilities directly associated with assets held for sale:				
Trade payables	¥	1,288	¥	—
Deferred tax liabilities		309		—
Others		422		—
Total	¥	2,019	¥	—

In the year ended December 31, 2024, the Company has decided to divest Railway Equipment Business Division (hereinafter, “RED”) of EKL, belonging to Farm & Industrial Machinery. Accordingly, assets belonging to RED and liabilities directly associated with such assets have been classified as held for sale as of December 31, 2024. They are expected to be divested within one year from December 31, 2024.

Investments in and Loans Receivable from Associates and Transactions with Associates

The following table presents trade receivables (trade notes and trade accounts receivable), loans receivable, investments, and deposits received related to transactions with associates:

(Unit: millions of yen)

December 31:		2024		2023
Trade receivables	¥	19,886	¥	20,043
Loans receivable		2,150		2,785
Investments		20,707		19,901
Deposits received		7,741		5,911

Aggregate revenue from associates was ¥49,047 million and ¥53,094 million for the years ended December 31, 2024 and 2023, respectively.

There are no associates that are individually material to the Company. The Company’s share of profit of associates that are not individually material was ¥1,264 million and ¥1,078 million for the years ended December 31, 2024 and 2023, respectively.

Investments in and Loans Receivable from Joint Ventures and Transactions with Joint Ventures

The following table presents trade receivables (trade notes and trade accounts receivable), loans receivable, investments, and deposits received related to transactions with joint ventures:

(Unit: millions of yen)

December 31:		2024		2023
Trade receivables	¥	476	¥	456
Loans receivable		—		—
Investments		30,957		26,622
Deposits received		6,674		11,353

Aggregate revenue from joint ventures was ¥4,863 million and ¥4,883 million for the years ended December 31, 2024 and 2023, respectively.

There are no joint ventures that are individually material to the Company. The Company’s share of profit related to joint ventures that are not individually material was ¥3,835 million and ¥1,033 million for the years ended December 31, 2024 and 2023, respectively.

13. PROPERTY, PLANT, AND EQUIPMENT

Reconciliation

The following table presents reconciliation of acquisition cost, accumulated depreciation and accumulated impairment losses, and balances of the carrying amount of the Company's property, plant, and equipment:

Acquisition Costs

(Unit: millions of yen)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
January 1, 2023	¥ 139,866	¥ 542,592	¥ 699,377	¥ 42,368	¥ 1,424,203
Acquisition	528	26,438	26,204	105,257	158,427
Sales or disposal	(810)	(15,905)	(32,200)	(326)	(49,241)
Acquisition through business combination	—	59	29	19	107
Exchange rate differences on foreign currencies	3,896	14,641	20,400	931	39,868
Transfers between accounts	1,649	36,310	53,247	(91,206)	—
Others	(1)	65	34	(766)	(668)
December 31, 2023	¥ 145,128	¥ 604,200	¥ 767,091	¥ 56,277	¥ 1,572,696
Acquisition	3,498	28,336	27,929	158,902	218,665
Sales or disposal	(501)	(14,979)	(38,623)	(1,453)	(55,556)
Transfers to assets held for sale	(1,126)	(1,002)	(2,133)	(224)	(4,485)
Acquisition through business combination	—	3	14	—	17
Exchange rate differences on foreign currencies	5,148	20,702	31,044	3,958	60,852
Transfers between accounts	3,898	40,352	62,012	(106,262)	—
Others	—	(1,039)	(17)	(809)	(1,865)
December 31, 2024	¥ 156,045	¥ 676,573	¥ 847,317	¥ 110,389	¥ 1,790,324

Accumulated Depreciation and Accumulated Impairment Losses

(Unit: millions of yen)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
January 1, 2023	¥ 2,355	¥ 264,453	¥ 513,149	¥ 1	¥ 779,958
Depreciation	499	31,542	50,930	—	82,971
Impairment losses	—	887	1,711	4	2,602
Sales or disposal	(195)	(11,774)	(27,393)	—	(39,362)
Exchange rate differences on foreign currencies	31	5,626	13,696	—	19,353
Others	9	14	91	(1)	113
December 31, 2023	¥ 2,699	¥ 290,748	¥ 552,184	¥ 4	¥ 845,635
Depreciation	553	37,452	56,317	—	94,322
Impairment losses	—	70	364	—	434
Sales or disposal	(75)	(10,506)	(28,819)	—	(39,400)
Transfers to assets held for sale	—	(692)	(1,149)	—	(1,841)
Exchange rate differences on foreign currencies	68	7,898	21,321	—	29,287
Others	—	45	6	(4)	47
December 31, 2024	¥ 3,245	¥ 325,015	¥ 600,224	¥ —	¥ 928,484

Balances of Carrying Amount

(Unit: millions of yen)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
January 1, 2023	¥ 137,511	¥ 278,139	¥ 186,228	¥ 42,367	¥ 644,245
December 31, 2023	¥ 142,429	¥ 313,452	¥ 214,907	¥ 56,273	¥ 727,061
December 31, 2024	¥ 152,800	¥ 351,558	¥ 247,093	¥ 110,389	¥ 861,840

The depreciation expense for property, plant, and equipment is included in cost of sales as well as in selling, general, and administrative expenses in the consolidated statement of profit or loss. Impairment losses on property, plant, and equipment are included in other expenses in the consolidated statement of profit or loss.

14. GOODWILL AND INTANGIBLE ASSETS

The following table presents reconciliation of acquisition cost, accumulated amortization and accumulated impairment losses, and balances of carrying amount of the Company's goodwill and intangible assets:

Acquisition Costs

(Unit: millions of yen)

		Intangible assets				
	Goodwill	Software	Intangible assets recognized in business combination	Capitalized development costs	Other	Total
January 1, 2023	¥ 139,162	¥ 102,807	¥ 118,216	¥ 43,706	¥ 4,042	¥ 268,771
Acquisition	—	14,408	—	—	1,130	15,538
Internal development	—	1,972	—	6,784	—	8,756
Sales and disposal	—	(3,747)	—	(173)	(394)	(4,314)
Acquisition through business combination	1,566	2	373	16	—	391
Exchange rate differences on foreign currencies	10,545	3,001	7,574	1,106	1,108	12,789
Others	(523)	(2,650)	—	(1,434)	89	(3,995)
December 31, 2023	¥ 150,750	¥ 115,793	¥ 126,163	¥ 50,005	¥ 5,975	¥ 297,936
Acquisition	—	26,799	—	—	392	27,191
Internal development	—	1,474	—	4,630	1,441	7,545
Sales and disposal	—	(6,900)	—	(148)	(330)	(7,378)
Transfers to assets held for sale	(13,949)	(86)	(2,009)	(85)	(50)	(2,230)
Acquisition through business combination	2,309	1	—	—	—	1
Exchange rate differences on foreign currencies	11,885	4,145	10,735	513	502	15,895
Others	—	(116)	—	(1,130)	(311)	(1,557)
December 31, 2024	¥ 150,995	¥ 141,110	¥ 134,889	¥ 53,785	¥ 7,619	¥ 337,403

Accumulated Amortization and Accumulated Impairment Losses

(Unit: millions of yen)

	Goodwill	Intangible assets: Software	Intangible assets: Intangible assets recognized in business combination	Intangible assets: Capitalized development costs	Intangible assets: Other	Intangible assets: Total
January 1, 2023	¥ 4,565	¥ 31,757	¥ 28,197	¥ 21,066	¥ 3,460	¥ 84,480
Amortization	—	11,858	5,230	6,203	1,008	24,299
Sales and disposal	—	(2,835)	—	(47)	(648)	(3,530)
Exchange rate differences on foreign currencies	470	1,050	2,518	634	531	4,733
Others	—	(1,534)	—	2,348	140	954
December 31, 2023	¥ 5,035	¥ 40,296	¥ 35,945	¥ 30,204	¥ 4,491	¥ 110,936
Amortization	—	12,864	7,239	4,741	451	25,295
Impairment losses	2,309	10	—	—	—	10
Sales and disposal	—	(6,672)	—	(142)	(325)	(7,139)
Transfers to assets held for sale	—	(62)	(781)	(74)	—	(917)
Exchange rate differences on foreign currencies	326	1,382	3,169	401	181	5,133
Others	—	(17)	—	1,136	(897)	222
December 31, 2024	¥ 7,670	¥ 47,801	¥ 45,572	¥ 36,266	¥ 3,901	¥ 133,540

Balances of Carrying Amount

(Unit: millions of yen)

	Goodwill	Intangible assets: Software	Intangible assets: Intangible assets recognized in business combination	Intangible assets: Capitalized development costs	Intangible assets: Other	Intangible assets: Total
January 1, 2023	¥ 134,597	¥ 71,050	¥ 90,019	¥ 22,640	¥ 582	¥ 184,291
December 31, 2023	¥ 145,715	¥ 75,497	¥ 90,218	¥ 19,801	¥ 1,484	¥ 187,000
December 31, 2024	¥ 143,325	¥ 93,309	¥ 89,317	¥ 17,519	¥ 3,718	¥ 203,863

Intangible assets acquired through business combination include customer relationships, trademarks, and technology know-how.

The amortization expense for intangible assets is included in cost of sales as well as in selling, general, and administrative expenses in the consolidated statement of profit or loss.

The following table presents the expenditures relating to R&D that were expensed:

(Unit: millions of yen)

Years ended December 31:	**2024**	**2023**
Amounts incurred	¥ 111,763	¥ 100,686
Amounts transferred to capitalized development costs	(4,630)	(6,784)
Capitalized development costs amortized	4,741	6,203
Total	¥ 111,874	¥ 100,105

Acquisition through business combination and *Others* in the preceding tables include intangible assets with indefinite useful lives. Intangible assets with indefinite useful lives included in *Acquisition through business combination* are the brand related to farm equipment and other trademarks recognized in connection with the business combination of EKL. Since the trademark will continue to exist as long as the business continues to operate, the Company has determined that the useful life is indefinite. The amount of intangible assets with indefinite useful lives in *Others* is not material.

The following table presents the carrying amount of goodwill allocated to CGUs:

(Unit: millions of yen)

December 31:			2024		2023
Farm & Industrial Machinery	India	¥	110,576	¥	115,152
	Europe		21,592		20,547
	North America		9,922		8,917
	Others		1,235		1,099
Total		¥	143,325	¥	145,715

The following table presents the carrying amount of intangible assets with indefinite useful lives allocated to CGUs:

(Unit: millions of yen)

December 31:			2024		2023
Farm & Industrial Machinery	India	¥	26,226	¥	24,252
Total		¥	26,226	¥	24,252

CGUs to which goodwill and intangible assets with indefinite useful lives are allocated are tested for impairment annually or whenever there is an indication of impairment.

Goodwill and intangible assets with indefinite useful lives for India were recognized in connection with the acquisition of EKL and are allocated to several CGUs of EKL. Goodwill and intangible assets with indefinite useful lives allocated to the CGU related to farm equipment were ¥110,576 million and ¥26,226 million, respectively. Goodwill of ¥13,949 million allocated to the CGU related to RED was reclassified as held for sale as of December 31, 2024, following the decision by the Company to divest RED. The recoverable amount used to test the impairment is measured at the fair value less costs of disposal. The fair value less costs of disposal is calculated based on the quoted price in the active market, with the control premium estimated based on market transactions and other factors. In allocating the fair value to each CGU, the projected EBITDA composition by business was considered. The fair value hierarchy is classified as Level 3 since key unobservable inputs are included in measuring the fair value.

The fair value less costs of disposal is well above the carrying amount, and the Company has determined that reasonably possible changes in the control premium and the projected EBITDA composition used for impairment testing would not result in material impairment.

The recoverable amount used to test the impairment of goodwill for other CGUs to which goodwill is allocated is measured at the value in use. The value in use is calculated by discounting the estimated future cash flows to present value based on the management approved five-year business plan reflecting past performances. The estimated future cash flows for the periods over five years are calculated by using the market growth rate (from 2.0% to 3.0%), taking into consideration the long-term average growth rate in each country or market in which CGUs belong. The discount rate is based on the pretax weighted average cost of capital on each of CGUs (from 11.9% to 15.4%).

The value in use of each CGU is well above its carrying amount, and the Company has determined that reasonably possible changes in the market growth rate and discount rate used for impairment testing would not result in material impairment.

15. LEASES

As Lessee

The Company leases certain office space, manufacturing equipment, and employee housing under the lease contracts.

The following table presents a reconciliation of the carrying amount of right-of-use assets as lessee:

The Company remeasures the lease liability when there is a change in the lease term and recognizes such amount as an adjustment to the right-of-use asset.

(Unit: millions of yen)

	Land	Buildings and structures	Machinery and equipment and others	Total
January 1, 2023	¥ 5,081	¥ 41,927	¥ 9,449	¥ 56,457
Increase	569	23,257	5,977	29,803
Depreciation	(479)	(16,363)	(3,853)	(20,695)
Decrease	(44)	(2,177)	(432)	(2,653)
December 31, 2023	¥ 5,127	¥ 46,644	¥ 11,141	¥ 62,912
Increase	989	26,252	6,768	34,009
Depreciation	(553)	(18,596)	(4,646)	(23,795)
Decrease	(13)	(2,883)	(568)	(3,464)
December 31, 2024	¥ 5,550	¥ 51,417	¥ 12,695	¥ 69,662

The following table presents the amounts recognized in profit or loss:

(Unit: millions of yen)

Years ended December 31:	**2024**	**2023**
Interest expense related to lease liabilities	¥ 454	¥ 445
Expenses related to short-term leases	316	265
Expenses related to leases of low-value assets	4,108	3,699

Total cash outflows for leases were ¥26,990 million and ¥21,788 million for the years ended December 31, 2024 and 2023, respectively.

The Company depends on each of affiliates' own judgments when it comes to entering into lease contracts. In cases where the lessee is able to exercise an extension option without the lessor's consent, it is considered that the lessee has an extension option. In case where the lessee is able to terminate its lease contract in the middle of the contract, it is considered that the lessee has a termination option. Each affiliate exercises these options as necessary.

The following table presents maturity analyses for lease liabilities as of December 31, 2024 and 2023:

(Unit: millions of yen)

December 31:	**2024**	**2023**
Within 1 year	¥ 23,479	¥ 21,591
Between 1 year and 5 years	39,978	34,499
Later than 5 years	2,979	3,248
Undiscounted lease liabilities	¥ 66,436	¥ 59,338
Less:		
Interest equivalent	(1,711)	(1,329)
Present value of lease liabilities	¥ 64,725	¥ 58,009

As Lessor

The Company leases its farm equipment and others to end users under finance leases.

Risks associated with the underlying assets are mitigated through regular monitoring and by accumulating information on sales in the secondhand market.

The following table presents finance income on the net investment in the lease:

(Unit: millions of yen)

Years ended December 31:	2024	2023
Finance income on the net investment in the lease	¥ 45,856	¥ 39,333

The following table presents maturity analyses for lease receivables:

(Unit: millions of yen)

Years ended December 31:	2024	2023
Within 1 year	¥ 189,369	¥ 162,085
Between 1 year and 2 years	152,478	138,907
Between 2 and 3 years	110,301	96,518
Between 3 and 4 years	82,650	72,433
Between 4 and 5 years	55,115	47,907
Later than 5 years	55,573	41,549
Undiscounted lease receivables	¥ 645,486	¥ 559,399
Less:		
Unearned finance income	(112,830)	(93,370)
Net investment in the lease	¥ 532,656	¥ 466,029

16. BONDS AND BORROWINGS

Bonds and Borrowings

Bonds and borrowings are composed of the following:

(Unit: millions of yen)

December 31:	2024	2023
Short-term borrowings (Note 1)	¥ 362,715	¥ 330,626
Bonds and long-term borrowings (Note 2)	1,915,362	1,659,581
Total	¥ 2,278,077	¥ 1,990,207
Current liabilities	903,143	663,294
Noncurrent liabilities	1,374,934	1,326,913

(Notes)

1. Short-term borrowings consist of notes payable to banks and CP. The weighted average interest rate on short-term borrowings as of December 31, 2024, was 4.396%.
2. Bonds and long-term borrowings include their current portions.

Bonds and long-term borrowings (including current portions) are composed of the following:

(Unit: millions of yen)

December 31:	2024	2023	Interest rate (%)	Maturity term
Bonds				
14th Unsecured Bonds	¥ 99,901	¥ 99,861	0.300	Fiscal year 2027
15th Unsecured Bonds	49,837	49,815	0.514	Fiscal year 2032
16th Unsecured Bonds	69,882	69,847	0.479	Fiscal year 2028
17th Unsecured Bonds	49,859	49,842	0.950	Fiscal year 2033
Due 2026 USD Unsecured Bonds	78,729	70,578	4.958	Fiscal year 2026
Due 2027 USD Unsecured Bonds	78,599	—	5.333	Fiscal year 2027
Long-term borrowings			3.763	Through fiscal year 2034
Secured	470,246	381,548		
Unsecured	1,018,309	938,090		
Total	¥ 1,915,362	¥ 1,659,581		
Current portion	540,428	332,668		

(Note)

Interest rates of bonds are that of coupon rates and the interest rate of long-term borrowings is that of the weighted average interest rate as of December 31, 2024.

Bonds and borrowings are categorized as financial liabilities measured at amortized cost.

Long-term borrowings of certain subsidiaries include covenants of ¥197,713 million and ¥118,958 million for the years ended December 31, 2024 and 2023, respectively. In the event of a breach of such covenants, relevant contractual obligations may be accelerated at the lender's request.

The details of the principal covenants are as follows:

- The total equity in the statement of financial position of the relevant subsidiary as of the end of any fiscal year shall not be less than 75% of the total equity as of the end of the previous fiscal year.
- At no time shall the equity in the consolidated statement of financial position of the relevant subsidiary and its subsidiaries be less than 1 USD.
- The total equity in the statement of financial position of the relevant subsidiary as of the end of each fiscal year must be positive.
- At any time, the debt ratio (a) in the consolidated financial statements for the applicable subsidiary and its subsidiaries exceeds 15:1, or the coverage ratio (b) is less than 1.00:1, and such condition has not been corrected for 30 consecutive days.
    (a) Debt ratio means the ratio of debt to equity in the consolidated statement of financial position for the applicable subsidiary and its subsidiaries.
    (b) Coverage ratio means the quotient of the sum of profit before income taxes plus interest expenses in the consolidated financial statements for the relevant subsidiary and its subsidiaries, divided by interest expenses.

Relevant subsidiaries were in compliance with such covenants as of December 31, 2024.

Assets Pledged as Collateral

The following table presents assets pledged as collateral:

(Unit: millions of yen)

December 31:		2024		2023
Finance receivables (current) (Note 1)	¥	222,629	¥	180,308
Other financial assets (current) (Note 2)		4,477		4,060
Finance receivables (noncurrent) (Note 1)		374,332		293,647
Property, plant, and equipment		1,026		—
Total	¥	602,464	¥	478,015

(Notes)

1. Finance receivables (current) and finance receivables (noncurrent) are pledged in accordance with the terms of securitization transactions.
2. Other financial assets (current) represent restricted cash, which is pledged in accordance with the terms of borrowings.

Short-term and long-term bank loans are made under general agreements. Under the terms of these transaction agreements, the Company may be required by the bank to provide collateral or guarantees in the future. The bank also has the right to offset the deposit against all debts that are due or in default. Long-term contracts with lenders other than banks are also subject to the general provision that additional collateral must be provided at the lender's request.

17. TRADE PAYABLES

Trade payables are composed of the following:

Trade payables are categorized as financial liabilities measured at amortized cost.

(Unit: millions of yen)

December 31:		2024		2023
Trade notes payable	¥	116,822	¥	131,507
Trade accounts payable		157,921		169,395
Total	¥	274,743	¥	300,902

18. OTHER FINANCIAL LIABILITIES

Other financial liabilities are composed of the following:

(Unit: millions of yen)

December 31:		2024		2023
Financial liabilities measured at amortized cost:				
Lease liabilities	¥	64,725	¥	58,009
Notes and accounts payable for capital expenditures		28,906		22,967
Deposits from Group financing		27,680		29,385
Others		23,503		21,712
Financial liabilities measured at fair value through profit or loss:				
Derivatives		10,140		5,898
Total	¥	154,954	¥	137,971
Current liabilities		105,653		93,270
Noncurrent liabilities		49,301		44,701

19. INSURANCE CONTRACTS

Insurance Contracts Applying the General Measurement Model

The following table presents changes in liabilities for the remaining coverage and liabilities for incurred claims:

(Unit: millions of yen)

Years ended December 31:	2024			2023		
	Liabilities for the remaining coverage	Liabilities for the incurred claims	Total	Liabilities for the remaining coverage	Liabilities for the incurred claims	Total
Balance as of the beginning of the year						
Insurance contract assets	—	—	—	—	—	—
Insurance contract liabilities	47,708	3,625	51,333	44,916	5,876	50,792
Balance as of the beginning of the year (Net)	¥ 47,708	¥ 3,625	¥ 51,333	¥ 44,916	¥ 5,876	¥ 50,792
Insurance revenue	(35,094)	—	(35,094)	(30,200)	—	(30,200)
Insurance service expenses						
Incurred claims and other expenses	—	20,685	20,685	—	16,329	16,329
Amortization of insurance acquisition cash flows	6,625	—	6,625	4,830	—	4,830
Changes that relate to past service	—	(640)	(640)	—	(3,559)	(3,559)
Cash flows						
Premiums received	40,647	—	40,647	34,355	—	34,355
Insurance acquisition cash flows paid	(10,568)	—	(10,568)	(8,932)	—	(8,932)
Incurred claims and other expenses paid	—	(19,629)	(19,629)	—	(15,563)	(15,563)
Insurance finance (income) or expenses	49	(26)	23	(297)	161	(136)
Others	5,441	425	5,866	3,036	381	3,417
Balance as of the end of the year						
Insurance contract assets	—	—	—	—	—	—
Insurance contract liabilities	54,808	4,440	59,248	47,708	3,625	51,333
Balance as of the end of the year (Net)	¥ 54,808	¥ 4,440	¥ 59,248	¥ 47,708	¥ 3,625	¥ 51,333

The following table presents changes in the estimated present value of future cash flows, the risk adjustments for the non-financial risk, and the contractual service margin:

(Unit: millions of yen)

	Estimates of future cash flows	Risk adjustments for the non-financial risk	Contractual service margin	Total
January 1, 2023				
Insurance contract assets	—	—	—	—
Insurance contract liabilities	26,824	3,760	20,208	50,792
Balance as of January 1, 2023 (Net)	¥ 26,824	¥ 3,760	¥ 20,208	¥ 50,792
Changes that relate to future service				
Change in estimate resulting in adjustment to the contractual service margin	(21,470)	5,004	16,466	—
Changes that relate to current service				
Contractual service margin recognized in profit or loss due to the transfer of services	—	—	(6,609)	(6,609)
Change in the risk adjustment for non-financial risk that does not relate to current and past service	—	(1,240)	—	(1,240)
Experience adjustments	(1,192)	—	—	(1,192)
Changes that relate to past service	(3,027)	(532)	—	(3,559)
Cash flows				
Premiums received	34,355	—	—	34,355
Insurance acquisition cash flows paid	(8,932)	—	—	(8,932)
Incurred claims and other expenses paid	(15,563)	—	—	(15,563)
Insurance finance (income) or expenses	(271)	(378)	513	(136)
Others	1,701	273	1,443	3,417
December 31, 2023				
Insurance contract assets	—	—	—	—
Insurance contract liabilities	12,425	6,887	32,021	51,333
Balance as of December 31, 2023 (Net)	¥ 12,425	¥ 6,887	¥ 32,021	¥ 51,333
Changes that relate to future service				
Change in estimate resulting in adjustment to the contractual service margin	(11,663)	1,850	9,813	—
Changes that relate to current service				
Contractual service margin recognized in profit or loss due to the transfer of services	—	—	(7,363)	(7,363)
Change in the risk adjustment for non-financial risk that does not relate to current and past service	—	(1,529)	—	(1,529)
Experience adjustments	1,108	—	—	1,108
Changes that relate to past service	(292)	(348)	—	(640)
Cash flows				
Premiums received	40,647	—	—	40,647
Insurance acquisition cash flows paid	(10,568)	—	—	(10,568)
Incurred claims and other expenses paid	(19,629)	—	—	(19,629)
Insurance finance (income) or expenses	(143)	33	133	23
Others	1,379	778	3,709	5,866
December 31, 2024				
Insurance contract assets	—	—	—	—
Insurance contract liabilities	13,264	7,671	38,313	59,248
Balance as of December 31, 2024 (Net)	¥ 13,264	¥ 7,671	¥ 38,313	¥ 59,248

The following table presents the breakdown of insurance revenue:

(Unit: millions of yen)

Years ended December 31:		2024		2023
Changes in the liability for remaining coverage				
Insurance service expenses expected at the beginning of the year	¥	19,224	¥	17,200
Adjustment for non-financial risk		1,882		1,561
Contractual service margin recognized in profit or loss due to the transfer of services		7,363		6,609
Allocation of the portion related to the recovery of insurance acquisition cash flows		6,625		4,830
Total	¥	35,094	¥	30,200

The following is an expected recognition period of the contractual service margin in profit or loss:

(Unit: millions of yen)

December 31:		Within 1 year		From 1 year to 2 years		From 2 to 3 years		From 3 to 4 years		From 4 to 5 years		Over 5 years		Total
2023	¥	7,877	¥	8,390	¥	5,988	¥	4,419	¥	2,882	¥	2,465	¥	32,021
2024	¥	8,850	¥	9,808	¥	7,126	¥	5,364	¥	3,716	¥	3,449	¥	38,313

The measurement of insurance contracts includes all future cash flows within the boundary and is estimated so that historical data on performance reflects current conditions. Loss ratios used to estimate future cash flows are based on the historical ratio of claims paid to premiums received.

In calculating the present value of future cash flows, the Company uses a discount rate calculated using a bottom-up approach, whereby a liquid risk-free yield curve is adjusted to reflect differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contract.

The confidence level technique is used to estimate risk adjustments for non-financial risk, which reflects the compensation the Company would require for bearing the non-financial risk arising from the uncertain amount and timing of cash flows. The confidence level used for the years ended December 31, 2024 and 2023, is 75%.

The coverage units used to calculate the release of contractual service margin are determined by considering the quantity of the benefits provided under the insurance contract and its expected coverage period. The Company calculates the coverage units based on the maximum allowable claim amounts expected for each fiscal year within the term of the insurance contract.

A summary of the risks associated with the Company's insurance contracts and their management status is as follows.

(1) Insurance Risk

Insurance contracts of the Company are reinsurance contracts under which the Company assumes significant insurance risk by providing indemnification for insurance claims paid for physical damages incurred in connection with the products of the Company owned by dealers and end-users in North America. The Company is exposed to insurance risk, that is, risk arising from the amount, timing, and uncertainty of insurance claims. The Company manages insurance risk by continuously monitoring new underwriting and claims, analyzing and forecasting income and expenses, and revising premium rates as necessary.

Insurance contracts of the Company are reinsurance contracts relating to a large number of dealers or small end users of the Company’s products, and the Company is not in a situation where it is significantly concentrated in dealing with any one particular customer.

(2) Market Risk

In calculating the present value of the future cash flows, the Company uses discount rates resulting from adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts. The Company has determined that reasonably possible changes in discounts rates would not result in a material impact.

(3) Liquidity Risk

The Company is exposed to liquidity risk that the Company may have difficulties in satisfying payment obligations.

The Company manages liquidity risk by maintaining adequate levels of share capital, retained earnings, cash and cash equivalents, and investment balances in accordance with legal or regulatory requirements, and by monitoring planned and actual cash flows.

The following is a maturity analyses for the remaining contractual undiscounted net cash flows. Amounts in parentheses indicate cash inflow.

(Unit: millions of yen)

December 31:	Within 1 year	From 1 year to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	Total
2023	¥ (11,473)	¥ (12,842)	¥ 16,807	¥ 10,895	¥ 6,925	¥ 6,550	¥ 16,862
2024	¥ (12,947)	¥ (19,478)	¥ 20,970	¥ 13,639	¥ 8,662	¥ 8,439	¥ 19,285

Insurance Contracts Applying the Premium Allocation Approach

The following table presents changes in liabilities for the remaining coverage and liabilities for incurred claims:

(Unit: millions of yen)

Years ended December 31:	2024			2023		
	Liabilities for the remaining coverage	Liabilities for the incurred claims	Total	Liabilities for the remaining coverage	Liabilities for the incurred claims	Total
Balance as of the beginning of the year						
Insurance contract assets	(3,053)	2,576	(477)	—	—	—
Insurance contract liabilities	—	—	—	—	—	—
Balance as of the beginning of the year (Net)	¥ (3,053)	¥ 2,576	¥ (477)	¥ —	¥ —	¥ —
Insurance revenue	(19,098)	—	(19,098)	(15,931)	—	(15,931)
Insurance service expenses						
Incurred claims and other expenses	—	7,774	7,774	—	8,397	8,397
Amortization of insurance acquisition cash flows	706	—	706	566	—	566
Cash flows						
Premiums received	20,206	—	20,206	12,765	—	12,765
Insurance acquisition cash flows paid	(1,014)	—	(1,014)	(453)	—	(453)
Incurred claims and other expenses paid	—	(8,372)	(8,372)	—	(5,821)	(5,821)
Balance as of the end of the year						
Insurance contract assets	(2,974)	1,977	(997)	(3,053)	2,576	(477)
Insurance contract liabilities	721	1	722	—	—	—
Balance as of the end of the year (Net)	¥ (2,253)	¥ 1,978	¥ (275)	¥ (3,053)	¥ 2,576	¥ (477)

In the consolidated statement of financial position, insurance contract assets are included in “Other current assets” and insurance contract liabilities are presented in current liabilities.

Insurance contracts measured using the premium allocation approach are reinsurance contracts issued by subsidiaries to third parties in connection with an insurance contract with third parties in which the Parent Company is the policyholder. Since such reinsurance contracts do not cover customers of the Company, related insurance revenue and insurance service expenses are included in “Other income” and “Other expenses,” respectively, in the consolidated statement of profit or loss, and approximately the same amounts are included in selling, general, and administrative expenses as premiums paid and claims received for the underlying insurance contracts.

20. PROVISIONS

The following table presents a reconciliation of provisions by items:

(Unit: millions of yen)

	Product warranty	Other provisions	Total
January 1, 2024	¥ 70,584	¥ 8,939	¥ 79,523
Additions	58,683	5,347	64,030
Utilized	(50,727)	(6,257)	(56,984)
Reversal	(5,483)	—	(5,483)
Others	3,105	1,847	4,952
December 31, 2024	¥ 76,162	¥ 9,876	¥ 86,038

The Company provides contractual product warranties under which it generally guarantees the performance of products sold according to a product specification which the Company and its customers have mutually agreed on. The cost of free repairs expected to be incurred in the future is recorded as a provision for product warranties. The provision for product warranties includes expenditures estimated based on historical costs of product warranties, as well as expenditures estimated individually for recalls and voluntary free repairs based on unit repair costs and the number of units to be repaired. The outflow of economic benefits is expected to occur generally within one year to five years.

Other provision includes provisions for loss on orders received and provisions for assets retirement obligation.

The following table presents the breakdown of provision by current and noncurrent categories:

(Unit: millions of yen)

December 31:	2024	2023
Current liabilities	¥ 83,062	¥ 77,191
Noncurrent liabilities	2,976	2,332
Total	¥ 86,038	¥ 79,523

Provisions categorized as noncurrent liabilities are included in *Other noncurrent liabilities* in the consolidated statement of financial position.

21. EMPLOYEE BENEFITS

Postemployment Benefits

The Parent Company and the majority of subsidiaries, primarily in Japan, have defined benefit corporate pension plans or lump-sum severance indemnity plans covering the majority of their employees as defined benefit pension plans. Retirees of the Parent Company and certain subsidiaries have the option to receive benefits as a lump-sum payment or annuity payments from corporate pension funds. The benefits are calculated primarily based on accumulated *points* under the point-based benefits system. *Points* consist of *service period points* awarded based on years of service provided, *grade points* awarded based on grade of employees, and *performance points* awarded based on the annual performance evaluations.

Defined benefit corporate pension plans are run by corporate pension funds, a separate legal entity from the Parent Company, in compliance with laws and regulations. The board of corporate pension plans and the pension investment trustees are required by law to execute their duties in the best interest of participants in defined benefit pension plans, and are responsible for managing plan assets in accordance with predetermined policies.

In addition, the Parent Company and certain domestic subsidiaries employ defined contribution pension plans for most of their employees.

For certain employees who joined the Parent Company through merger during the year ended December 31, 2023, the Parent Company continued to apply the retirement benefit plans that had been in effect prior to the merger, however, these plans were integrated into the defined benefit corporate pension plan and retirement allowance plan of the Company from January 1, 2024.

In addition, the retirement age of certain employees was extended from 60 to 65 years old, and the defined benefit corporate pension plan and retirement allowance plan were revised on April 1, 2024, accordingly.

As a result of the revision of plans, the defined benefit plan obligation was reduced and the same amount of past service cost was recognized in profit or loss in the year ended December 31, 2023. Past service cost recognized in profit or loss in the year ended December 31, 2023, amounted to ¥7,832 million, reducing cost of sales and selling, general, and administrative expenses in the consolidated statement of profit or loss by ¥5,711 million and ¥2,121 million, respectively.

(1) Defined benefit liabilities or assets recognized in the consolidated statement of financial position

The following table presents net defined benefit liabilities and assets, and a status of defined benefit obligation and plan assets:

(Unit: millions of yen)

December 31:		**2024**		**2023**
Present value of defined benefit obligation	¥	186,590	¥	191,690
Fair value of plan assets		247,510		234,573
Effect of asset ceiling		59,697		41,797
Net defined benefit liabilities	¥	(1,223)	¥	(1,086)
Amount recognized in the consolidated statement of financial position:				
Other noncurrent assets	¥	18,430	¥	16,993
Retirement benefit liabilities		17,207		15,907
Net amount recognized in the consolidated statement of financial position	¥	(1,223)	¥	(1,086)

(2) Present value of defined benefit obligation

The following table presents a reconciliation of the present value of defined benefit obligation:

(Unit: millions of yen)

Years ended December 31:		**2024**		**2023**
Balance at the beginning of the year	¥	191,690	¥	193,251
Service costs		9,813		9,012
Interest costs		3,705		3,448
Past service costs		(1,133)		(7,655)
Remeasurement of defined benefit obligation:				
Actuarial gains and losses arising from changes in demographic assumptions		35		488
Actuarial gains and losses arising from changes in financial assumptions		(11,439)		(2,024)
Others		1,076		2,138
Benefits paid (lump-sum payment)		(2,643)		(2,705)
Benefits paid (annuity payment)		(5,986)		(6,338)
Exchange rate differences on foreign currencies		1,472		2,075
Balance at the end of the year	¥	186,590	¥	191,690

The weighted average duration of defined benefit obligation as of December 31, 2024 and 2023, was 18 years.

(3) Fair value of plan assets

The following table presents a reconciliation of the fair value of plan assets:

(Unit: millions of yen)

Years ended December 31:		**2024**		**2023**
Balance at the beginning of the year	¥	234,573	¥	210,763
Interest income		4,469		3,773
Return from remeasurement of plan assets		9,856		19,389
Employer contributions		4,740		6,312
Benefits paid (lump-sum payment)		(738)		(645)
Benefits paid (annuity payment)		(5,986)		(6,338)
Exchange rate differences on foreign currencies		596		1,319
Balance at the end of the year	¥	247,510	¥	234,573

The Company plans to make contributions of ¥6,700 million to the defined benefit corporate pension plan for the year ending December 31, 2025.

(4) Effect of asset ceiling

When the defined benefit pension plan is in surplus, the amount of defined benefit assets recognized in the consolidated statement of financial position is limited to the asset ceiling amount, which is the present value of any future economic benefits available in the form of refunds from the plan and reductions in the future contributions to the plan.

The following table presents a reconciliation of the effect of the asset ceiling:

(Unit: millions of yen)

Years ended December 31:		**2024**		**2023**
Balance at the beginning of the year	¥	41,797	¥	29,518
Interest income		750		36
Remeasurement of defined benefit pension plan:				
Changes in effect of asset ceiling		17,150		12,243
Balance at the end of the year	¥	59,697	¥	41,797

(5) Actuarial assumptions

The following table presents significant actuarial assumptions used for calculating the present value of defined benefit obligation:

December 31:	**2024**	**2023**
Discount rate	2.5%	2.0%

The rate of compensation increase is not used in the calculations of defined benefit obligation under the point-based benefits system.

(6) Breakdown of plan assets by item

The plan assets are composed of the following:

(Unit: millions of yen)

December 31, 2024:		Assets with quoted price in an active market		Assets with no quoted price in an active market		Total
Equity securities:						
Financial institutions (Japanese equity securities)	¥	20,084	¥	—	¥	20,084
Other industries (Japanese equity securities)		17,198		—		17,198
Pooled funds (Japanese equity securities)		—		18,391		18,391
Pooled funds (Foreign equity securities)		—		38,905		38,905
Debt securities:						
Pooled funds (Japanese debt securities)		—		50,582		50,582
Pooled funds (Foreign debt securities)		—		48,252		48,252
Cash and short-term investments		621		2,590		3,211
General accounts of insurance companies		—		28,974		28,974
Other assets (Note)		—		21,913		21,913
Total	¥	37,903	¥	209,607	¥	247,510

(Unit: millions of yen)

December 31, 2023:		Assets with quoted price in an active market		Assets with no quoted price in an active market		Total
Equity securities:						
Financial institutions (Japanese equity securities)	¥	12,618	¥	—	¥	12,618
Other industries (Japanese equity securities)		19,087		—		19,087
Pooled funds (Japanese equity securities)		—		17,787		17,787
Pooled funds (Foreign equity securities)		—		33,692		33,692
Debt securities:						
Pooled funds (Japanese debt securities)		—		47,135		47,135
Pooled funds (Foreign debt securities)		—		43,782		43,782
Cash and short-term investments		2,811		2,956		5,767
General accounts of insurance companies		—		29,310		29,310
Other assets (Note)		—		25,395		25,395
Total	¥	34,516	¥	200,057	¥	234,573

(Note)
Other assets include real estate fund and infrastructure fund.

The Company's investment policy for plan assets is to achieve the best possible investment results with acceptable risk in preparation for future pension payment requirements. In order to diversify potential risks, careful consideration is given to balancing the portfolio among industry sectors, companies, and geographies, taking into account interest rate sensitivity, dependence on economic growth, currency, and other factors that affect investment returns. The Company's target allocation is 35% for equity securities and foreign debt securities subject to foreign currency exchange rate risks and 65% for other investment vehicles, primarily Japanese debt securities, foreign debt securities not subject to foreign currency exchange rate risks, cash, short-term investments, and the general accounts of insurance companies.

A large portion of the plan assets is managed by trust banks and investment advisors. Those fund managers comply with the Company's plan asset management guidelines, which are established to achieve the optimized asset composition in terms of long-term overall plan asset management, and their performance is evaluated by specific benchmarks.

To measure the performance of the plan asset management, the Company establishes benchmark return rates for each individual investment, combines these individual benchmark rates based on the asset composition ratios within each asset category, and compares the combined rates with the corresponding actual return rates on each asset category.

(7) Sensitivity analysis of significant actuarial assumptions

The following table presents a sensitivity analysis of significant actuarial assumptions on defined benefit liabilities:

(Unit: millions of yen)

December 31:		2024		2023
Discount rate (0.5% increase)	¥	9,412 (decrease)	¥	10,308 (decrease)
Discount rate (0.5% decrease)		10,499 (increase)		11,571 (increase)

Assumptions other than discount rate remain unchanged and due to interrelated changes in other actuarial assumptions, the sensitivity analysis do not necessarily accurately represent changes in defined benefit liabilities.

(8) Defined contribution pension plans

Costs recognized for defined contribution pension plans for the years ended December 31, 2024 and 2023, were ¥8,618 million and ¥7,281 million, respectively.

Employee Benefit Expenses

Employee benefit expenses included in the consolidated statement of profit or loss were ¥479,156 million and ¥440,863 million for the years ended December 31, 2024 and 2023, respectively.

Employee benefit expenses include expenses such as salaries, bonus, welfare, and postemployment benefits for employees. Compensation for the Directors is also included in employee benefit expenses (refer to Note 32. RELATED-PARTY TRANSACTIONS).

Employee benefit expenses are included in cost of sales and selling, general, and administrative expenses in the consolidated statement of profit or loss.

22. OTHER LIABILITIES

The following table presents the Company's other liabilities:

(Unit: millions of yen)

December 31:		2024		2023
Employment benefit obligation	¥	65,711	¥	62,011
Accrued expenses		63,254		52,352
Refund liabilities		115,484		97,728
Others		46,298		39,176
Total	¥	290,747	¥	251,267
Current liabilities		282,910		244,323
Noncurrent liabilities		7,837		6,944

23. EQUITY

Number of Shares Authorized to Be Issued and Number of Issued Shares

The total number of shares authorized to be issued was 1,874,700 thousand shares as of December 31, 2024 and 2023. All shares issued by the Company are common stock without par value and issued shares have been fully paid.

The following table presents a reconciliation of the number of issued shares:

(Unit: thousands of shares)

Years ended December 31:	2024	2023
Number of issued shares:		
Balance at the beginning of the year	1,176,667	1,191,007
Increase during the year	—	—
Decrease during the year (Note)	(25,770)	(14,340)
Balance at the end of the year	1,150,897	1,176,667

(Note)
The decreases in the years ended December 31, 2024 and 2023, were due to retirement of treasury shares.

Treasury shares included in the number of issued shares above are 1,487 thousand shares and 1,685 thousand shares as of December 31, 2024 and 2023, respectively. Treasury shares include 1,123 thousand shares and 1,324 thousand shares of Kubota Corporation held by the trust in connection with stock compensation plan as of December 31, 2024 and 2023, respectively, as well as 337 thousand shares held by affiliates (equivalent to equity interest of the Company) as of December 31, 2024 and 2023.

Share Premium and Retained Earnings

(1) Share premium

Share premium is composed of a surplus, which is derived from equity transactions but is not recorded as share capital, and it is mainly composed of capital reserve. The Act stipulates that no less than 50% of the paid-in amount or proceeds of issuance of shares should be incorporated in share capital and that the remaining should be appropriated as capital reserve within share premium. Capital reserve may be appropriated as share capital with the approval of the General Meeting of Shareholders.

(2) Retained earnings

Retained earnings are composed of legal reserve and other accumulated earnings. The Act stipulates that an amount equal to 10% of cash dividends from retained earnings should be appropriated as a capital reserve or a legal reserve until the aggregated amount of capital reserve and legal reserve equals 25% of share capital. The legal reserve may be used to compensate for deficits or may be reversed with the approval of the General Meeting of Shareholders.

Dividends

(1) Dividends paid

Year ended December 31, 2024

Resolution	Class of shares	Dividends (millions of yen) (Note)	Dividends per common share	Record date	Effective date
The Board of Directors on February 14, 2024	Common shares	¥ 28,239	¥ 24.00	December 31, 2023	March 25, 2024
The Board of Directors on August 7, 2024	Common shares	¥ 29,416	¥ 25.00	June 30, 2024	September 2, 2024

(Note)

The total amount of dividends based on the resolution of the Board of Directors on February 14, 2024, and August 7, 2024, includes dividends of ¥32 million and ¥28 million, respectively, for shares of Kubota Corporation held by the trust in connection with the stock compensation plan.

Year ended December 31, 2023

Resolution	Class of shares	Dividends (millions of yen) (Note)	Dividends per common share	Record date	Effective date
The Board of Directors on February 14, 2023	Common shares	¥ 26,202	¥ 22.00	December 31, 2022	March 27, 2023
The Board of Directors on August 4, 2023	Common shares	¥ 28,346	¥ 24.00	June 30, 2023	September 1, 2023

(Note)

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

(2) Dividends with the record date in the year ended December 31, 2024, but the effective date in the following year

Resolution	Class of shares	Dividends (millions of yen) (Note)	Dividends per common share	Record date	Effective date
The Board of Directors on February 13, 2025	Common shares	¥ 28,772	¥ 25.00	December 31, 2024	March 24, 2025

(Note)

The total amount of dividends includes dividends of ¥28 million for shares of Kubota Corporation held by the trust in connection with the stock compensation plan.

Other Components of Equity

The following table presents a reconciliation of other components of equity by item:

(Unit: millions of yen)

	Remeasurement of defined benefit pension plans	Net change in fair value of financial assets measured at fair value through other comprehensive income	Exchange rate differences on translating foreign operations	Total
January 1, 2023	¥ —	¥ 34,637	¥ 150,785	¥ 185,422
Total other comprehensive income, net of income tax	4,226	15,694	109,095	129,015
Transfer to retained earnings	(4,182)	(6,247)	—	(10,429)
Changes in ownership interests in subsidiaries	(44)	(1)	(169)	(214)
December 31, 2023	¥ —	¥ 44,083	¥ 259,711	¥ 303,794
Total other comprehensive income, net of income tax	2,377	12,906	163,770	179,053
Transfer to retained earnings	(2,377)	(13,452)	—	(15,829)
Changes in ownership interests in subsidiaries	—	—	(81)	(81)
December 31, 2024	¥ —	¥ 43,537	¥ 423,400	¥ 466,937

The following table presents the breakdown of total other comprehensive income, net of income tax, by item and related tax effects (including noncontrolling interests):

(Unit: millions of yen)

Years ended December 31:	2024			2023		
	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax
Remeasurement of defined benefit pension plans:						
Increase (decrease) during the year	¥ 3,274	¥ (893)	¥ 2,381	¥ 6,091	¥ (1,847)	¥ 4,244
	3,274	(893)	2,381	6,091	(1,847)	4,244
Net change in fair value of financial assets measured at fair value through other comprehensive income:						
Increase (decrease) during the year	18,004	(5,151)	12,853	22,817	(6,892)	15,925
	18,004	(5,151)	12,853	22,817	(6,892)	15,925
Exchange rate differences on translating foreign operations:						
Increase (decrease) during the year	190,741	(4,807)	185,934	130,129	(3,239)	126,890
	190,741	(4,807)	185,934	130,129	(3,239)	126,890
Total	¥ 212,019	¥ (10,851)	¥ 201,168	¥ 159,037	¥ (11,978)	¥ 147,059

The following table presents the breakdown of total other comprehensive income, net of income tax, which is included in noncontrolling interests:

(Unit: millions of yen)

Years ended December 31:	2024	2023
Remeasurement of defined benefit pension plans	¥ 4	¥ 18
Net change in fair value of financial assets measured at fair value through other comprehensive income	(53)	231
Exchange rate differences on translating foreign operations	22,164	17,795
Total	¥ 22,115	¥ 18,044

24. REVENUE

Disaggregation of Revenue

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

(Unit: millions of yen)

Year ended December 31, 2024:	Japan	North America	Europe	Asia outside Japan	Other areas	Total
Farm equipment and engines	¥ 269,671	¥ 678,530	¥ 225,258	¥ 562,762	¥ 62,114	¥1,798,335
Construction machinery	39,358	429,855	104,718	50,619	23,056	647,606
Farm & Industrial Machinery	309,029	1,108,385	329,976	613,381	85,170	2,445,941
Pipe system	133,258	116	―	4,112	89	137,575
Industrial products	45,205	13,432	3,362	12,445	3,362	77,806
Environment	125,372	5,323	741	10,672	5,142	147,250
Water & Environment	303,835	18,871	4,103	27,229	8,593	362,631
Other	16,774	―	―	2	―	16,776
Revenue recognized from:						
Contracts with customers	629,638	1,127,256	334,079	640,612	93,763	2,825,348
Other sources of revenue	2,838	145,247	―	39,902	2,946	190,933
Total	¥ 632,476	¥1,272,503	¥ 334,079	¥ 680,514	¥ 96,709	¥3,016,281

(Unit: millions of yen)

Year ended December 31, 2023:	Japan	North America	Europe	Asia outside Japan	Other areas	Total
Farm equipment and engines	¥ 268,409	¥ 738,501	¥ 275,907	¥ 493,205	¥ 70,946	¥1,846,968
Construction machinery	44,544	387,484	139,857	48,674	20,565	641,124
Farm & Industrial Machinery	312,953	1,125,985	415,764	541,879	91,511	2,488,092
Pipe system	141,688	652	―	3,379	37	145,756
Industrial products	40,186	11,444	1,397	11,367	8,735	73,129
Environment	126,012	6,104	1,134	8,412	3,922	145,584
Water & Environment	307,886	18,200	2,531	23,158	12,694	364,469
Other	19,485	5	7	18	―	19,515
Revenue recognized from:						
Contracts with customers	640,324	1,144,190	418,302	565,055	104,205	2,872,076
Other sources of revenue	2,820	108,023	―	35,543	2,249	148,635
Total	¥ 643,144	¥1,252,213	¥ 418,302	¥ 600,598	¥ 106,454	¥3,020,711

Interest revenue calculated using effective interest method and insurance revenue, which are included in *revenue recognized from other sources of revenue*, amounted to ¥146,921 million and ¥35,094 million, respectively, in the year ended December 31, 2024, and ¥110,472 million and ¥30,200 million, respectively, in the year ended December 31, 2023.

The Company engages in various fields of business and industries by providing products and services, which are categorized mainly into the Farm & Industrial Machinery business and the Water & Environment business.
Performance obligations for each business are as follows:

(1) Farm & Industrial Machinery
In the Farm & Industrial Machinery business, the Company manufactures products such as farm equipment, agricultural-related products, engines, and construction machinery in Japan and various overseas regions and sells products to the corporate dealers and individual and corporate end users in these areas.

The Company has determined that performance obligations are satisfied when the products are delivered to customers, and therefore, revenue from the sale of products is recognized at that time. The Company does not adjust the consideration promised for financial factors by applying the practical expedient method since the consideration is received primarily within one year from the time the performance obligation is satisfied. Revenue is measured at the consideration promised in contracts, net of discounts, rebates based on purchase volume, and other items. Amounts expected to be refunded to customers are recognized as refund liabilities.

There are no material contracts between the Company and customers pertaining to returns.

The Company provides product warranties to cover free replacement and/or repairs on malfunctions resulting from product defects that occur within a certain period after the sale. Warranties generally guarantee to customers the performance of the products sold according to product specifications, which the Company and its customers have mutually agreed on. The Company recognizes provisions for product warranties.

(2) Water & Environment

In the Water & Environment business, the Company manufactures and sells products related to pipe system, industrial products, and environment. The Company also engages in construction contracts of public facilities such as environment-related facilities and water supply facilities. The main customers are national and local governments and other public offices in Japan, as well as corporations in Japan and various overseas regions.

The Company has determined that performance obligations are satisfied when the products are delivered to customers, and therefore, revenue from the sale of products is recognized at that time. For construction contracts, revenue is recognized over a construction period since a performance obligation is satisfied in accordance with the progress of construction. The Company uses the input method, which is based on the costs incurred relative to the total expected costs of individual contracts, as the method to measure the extent of progress toward completion. The Company does not adjust the consideration promised for financial factors by applying the practical expedient method since the consideration is received primarily within one year from the time the performance obligation is satisfied. Revenue is measured at the consideration promised in contracts, net of discounts, rebates based on purchase volume, and other items. Amounts expected to be refunded to customers are recognized as refund liabilities.

There are no material contracts between the Company and customers pertaining to returns.

The Company provides product warranties to cover free replacements and/or repairs on defects found for a certain period after the sale. Warranties generally guarantee to customers the performance of the products sold according to product specifications or services rendered according to an intention of service, which the Company and its customers have mutually agreed on. The Company recognizes provisions for product warranties.

Contract Balances

Receivables are unconditional rights to consideration received in exchange for satisfaction of performance obligations. In addition to those presented as trade receivables in the consolidated statement of financial position, long-term trade account receivables are included in other financial assets (noncurrent).

Contract assets are the Company’s rights to consideration received, excluding receivables, in exchange for satisfaction of a portion of the performance obligation that is measured based on the degree of completion as of the end of the reporting period for construction contracts in the Water & Environment business. Contract assets are reclassified into receivables at the time when the Company’s right to consideration becomes an unconditional right to payment before its payment due date.

Contract liabilities include advances from customers.

The following table presents the significant changes in the balances of contract assets and contract liabilities:

(Unit: millions of yen)

	2024		2023	
Years ended December 31:	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Increase by revenue recognition	¥ 88,183	¥ —	¥ 84,196	¥ —
Decrease by transfer to receivables	(87,282)	—	(66,013)	—
Increase by receipt of cash	—	140,661	—	121,573
Decrease by recognition of revenue	—	(137,133)	—	(123,957)

Of the beginning balance of contract liabilities, revenue recognized during the reporting periods were ¥22,620 million and ¥24,639 million for the years ended December 31, 2024 and 2023, respectively.

Revenue recognized from performance obligations which had been satisfied or partially satisfied in the past were not material for the years ended December 31, 2024 and 2023.

Transaction Price Allocated to Remaining Performance Obligation

The aggregate amount of the transaction price allocated to the performance obligations that were unsatisfied or partially unsatisfied were ¥191,229 million and ¥191,513 million for the years ended December 31, 2024 and 2023, respectively. These performance obligations are primarily related to construction contracts in the Water & Environment business and are deemed to be recognized as revenue within approximately five years, in accordance with the progress of construction.

As the Company applies the practical expedient method, the above amounts do not include a transaction price for unsatisfied performance obligations with an initial expected contract period of one year or less.

There were no material amounts of consideration arising from contracts with customers that were not included in the transaction price.

25. OTHER INCOME AND OTHER EXPENSES

Other income and other expenses are composed of the following:

(Unit: millions of yen)

Years ended December 31:		2024		2023
Other income:				
Insurance revenue	¥	19,098	¥	15,931
Royalty income		990		963
Profit from disposal of property, plant, and equipment and intangible assets		1,613		3,236
Others		1,770		2,044
Total	¥	23,471	¥	22,174
Other expenses:				
Foreign exchange losses	¥	(23,093)	¥	(8,739)
Insurance service expenses		(8,480)		(8,963)
Loss from disposal of property, plant, and equipment and intangible assets		(5,872)		(6,377)
Impairment loss of property, plant, and equipment and intangible assets		(444)		(6,282)
Others		(919)		(832)
Total	¥	(38,808)	¥	(31,193)

26. FINANCE INCOME AND FINANCE COSTS

Finance income and finance costs are composed of the following:

(Unit: millions of yen)

Years ended December 31:		2024		2023
Finance income:				
Interest income:				
Financial assets measured at amortized cost	¥	20,316	¥	12,925
Dividend income:				
Equity financial assets measured at fair value through other comprehensive income		2,542		2,549
Others		3,447		3,239
Total	¥	26,305	¥	18,713
Finance costs:				
Interest expenses:				
Financial liabilities measured at amortized cost	¥	(5,201)	¥	(4,406)
Others		(1,443)		(847)
Total	¥	(6,644)	¥	(5,253)

The amount related to equity financial assets derecognized during the reporting period that is included in *Dividend income* is immaterial.

27. INCOME TAXES

Income Tax Expenses

Income tax expenses are composed of the following:

(Unit: millions of yen)

Years ended December 31:	2024	2023
Current tax expenses:		
Tax expenses recognized for the current taxable income	¥ 92,546	¥ 104,364
Subtotal	92,546	104,364
Deferred tax expenses:		
Temporary differences originated and reversed	(11,385)	(17,239)
Changes in unrecognized deferred tax assets	(429)	(2,723)
Subtotal	(11,814)	(19,962)
Total	¥ 80,732	¥ 84,402

The Parent Company and domestic affiliates are subject to the Japanese corporate tax, an inhabitant tax, and business tax. The aggregated combined statutory income tax rates for the years ended December 31, 2024 and 2023, were both 30.6%. Subsidiaries located in foreign countries are subject to local taxes.

A reconciliation of the Japanese statutory tax rates and the average effective tax rates is as follows:

Years ended December 31:	2024	2023
Japanese statutory tax rates applied to profit before income taxes	30.6%	30.6%
Increase (decrease) in taxes resulting from:		
Changes in unrecognized deferred tax assets	0.5	(0.1)
Permanently nondeductible expenses	0.1	0.1
Tax effect on unremitted earnings of foreign affiliates	0.1	0.9
Extra tax deduction on expenses for R&D	(4.3)	(2.7)
Difference in statutory tax rates of foreign subsidiaries	(4.9)	(4.4)
Foreign withholding taxes	1.6	0.8
Other—net	0.4	(0.5)
Effective income tax rates applied to profit before income taxes	24.1%	24.7%

(Note)

Foreign withholding taxes previously included in *Other-net* is presented separately from the year ended December 31, 2024, as the materiality increased. To reflect this change in presentation, the comparative information has been adjusted.

Deferred Tax Assets and Deferred Tax Liabilities

The significant components of deferred tax assets and liabilities are as follows:

(Unit: millions of yen)

December 31:		2024		2023
Deferred tax assets:				
Allowance for doubtful accounts	¥	8,683	¥	6,343
Elimination of unrealized profit or loss included in assets		20,734		27,820
Financial assets measured at fair value through other comprehensive income		1,780		2,712
Write-downs of inventories; property, plant, and equipment; and intangible assets		2,733		2,753
Depreciation and amortization		12,054		7,958
Accrued bonuses		5,596		5,665
Retirement benefit liabilities		6,998		6,274
Refund liabilities		12,551		9,232
Accrued expenses		14,028		12,450
Provisions for product warranties		21,030		17,967
Deferred income		40,224		26,844
Tax loss and credit carryforwards		2,576		1,940
Other temporary differences		45,679		29,045
Gross deferred tax assets		194,666		157,003
Deferred tax liabilities:				
Financial assets measured at fair value through other comprehensive income		18,352		19,765
Unremitted earnings of foreign affiliates		54,298		49,295
Assets acquired through business combination		22,059		22,602
Depreciation and amortization		10,203		9,499
Other temporary differences		38,556		15,404
Gross deferred tax liabilities		143,468		116,565
Net deferred tax assets	¥	51,198	¥	40,438

(Note)

Depreciation and amortization of deferred tax liabilities previously included in *Other temporary differences* of deferred tax liabilities is presented separately from the year ended December 31, 2024, as the amount became material. To reflect this change in presentation, the comparative information has been adjusted.

The following table presents a reconciliation of deferred tax assets-net:

(Unit: millions of yen)

Years ended December 31:		2024		2023
Balance as of the beginning of the year	¥	40,438	¥	29,154
Amounts recognized through profit or loss:				
Elimination of unrealized profit or loss included in assets		(7,086)		751
Depreciation and amortization		3,392		605
Refund liabilities		3,319		2,766
Accrued expenses		1,578		4,081
Unremitted earnings of foreign affiliates		(5,003)		(6,393)
Provisions for product warranties		3,063		1,974
Deferred income		13,380		9,805
Other		3,783		6,840
Subtotal		16,426		20,429
Amounts recognized through other comprehensive income:				
Net change in fair value of financial assets measured at fair value through other comprehensive income		(5,151)		(6,895)
Remeasurement of defined benefit pension plans		(893)		(1,825)
Other		(4,807)		(3,239)
Subtotal		(10,851)		(11,959)
Business combination		—		(113)
Transfer to liabilities directly associated with assets held for sale		309		—
Other changes		4,876		2,927
Balance as of the end of the year	¥	51,198	¥	40,438

(Note)
The difference between *Amounts recognized through profit or loss* above and deferred tax expenses is due to exchange rate fluctuations.

The following table presents deductible temporary differences, carryforward of unused tax losses, and carryforward of unused tax credit for which deferred tax assets are not recognized:

(Unit: millions of yen)

December 31:		2024		2023
Deductible temporary differences	¥	14,078	¥	14,446
Carryforward of unused tax losses		37,231		27,782
Carryforward of unused tax credit		—		—

Carryforward of unused tax losses for which deferred tax assets are not recognized will expire as follows:

(Unit: millions of yen)

December 31:		2024		2023
Within 1 year	¥	327	¥	424
Between 1 year and 5 years		1,332		1,209
Later than 5 years		10,103		5,251
Indefinite years		25,469		20,898
Total	¥	37,231	¥	27,782

The aggregate amounts of temporary differences relating to investments in associates for which deferred tax liabilities are not recognized were ¥90,889 million and ¥57,492 million as of December 31, 2024 and 2023, respectively. Deferred tax liabilities are not recognized since the Company may control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in foreseeable periods.

The Company reflects the effect of uncertainty in determining the related taxable profit, etc., if the Company concludes it is not probable that the taxation authority will accept an uncertain tax treatment. The amounts of such effect were not material as of December 31, 2024 and 2023.

28. 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 table below.

Shares of Kubota Corporation held by the trust in connection with the stock compensation plan are deducted from the weighted average number of common shares issued as treasury shares.

Years ended December 31:	**2024**	**2023**
		(Unit: millions of yen)
Profit attributable to owners of the parent	¥ 230,437	¥ 238,455
		(Unit: thousands of shares)
Weighted average number of common shares outstanding	1,166,129	1,181,975

Earnings per share attributable to owners of the parent - Diluted are not stated as Kubota Corporation did not have potentially dilutive common shares that were outstanding.

29. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

The following table presents the reconciliation of liabilities arising from financing activities:

(Unit: millions of yen)

	Short-term borrowings	Long-term borrowings (Note)	Bonds	Lease liabilities	Deposits from Group financing	Total
January 1, 2023	¥ 337,580	¥ 1,123,911	¥ 149,614	¥ 52,376	¥ 27,617	¥ 1,691,098
Changes arising from cash flows	(36,813)	137,725	189,736	(17,379)	1,768	275,037
Non-cash changes:	23,360	64,501	593	23,012	—	111,466
Exchange rate differences on foreign currencies	23,141	64,232	497	1,505	—	89,375
Others	219	269	96	21,507	—	22,091
December 31, 2023	¥ 324,127	¥ 1,326,137	¥ 339,943	¥ 58,009	¥ 29,385	¥ 2,077,601
Changes arising from cash flows	(5,496)	65,520	75,505	(22,112)	(1,705)	111,712
Non-cash changes:	29,746	111,236	11,359	28,828	—	181,169
Exchange rate differences on foreign currencies	29,397	110,972	10,944	2,086	—	153,399
Others	349	264	415	26,742	—	27,770
December 31, 2024	¥ 348,377	¥ 1,502,893	¥ 426,807	¥ 64,725	¥ 27,680	¥ 2,370,482

(Note)
Borrowings with a term of more than three months are classified as long-term borrowings.

Noncash Transaction

Noncash transaction is composed of the following:

(Unit: millions of yen)

Years ended December 31:	**2024**	**2023**
Retirement of treasury shares	¥ 50,004	¥ 29,968
Acquisition of assets by means of a lease	¥ 34,009	¥ 29,803

Capital Management

The Company considers equity attributable to owners of the parent to be equity capital.

The Company puts the highest priority on stable and sustainable enhancement of corporate value. In order to sustainably enhance corporate value, the basic capital policy of the Company is to fully utilize its capital to enhance profitability, to maintain sufficient level of capital to support future business expansion, and to further enhance shareholder returns.

Based on this basic policy, the Company determines the use of retained earnings, taking into consideration the maintenance of sound management and response to the future business environment, and the Company is committed to maintaining and improving stable dividends in terms of profit distribution.

Certain subsidiaries of the Company are subject to capital controls imposed by the laws or regulatory authorities of the countries in which they are located and maintain capital, and surplus balances above certain levels.

Credit Risk

The Company is exposed to the credit risk of its customers regarding its trade receivables, contract assets, long-term trade accounts receivable, and finance receivables in cases where customers become unable to satisfy their debt obligations.

With regard to trade receivables and contract assets, the Company determines a maximum credit limit of its customers individually, considering the customer’s credit rating, details of transactions, and financial conditions, and monitors them on a regular basis in order to mitigate the credit risk. The Company obtains guarantee deposits, collaterals, and bank guarantees, if necessary. With regard to finance receivables and long-term trade accounts receivables, the Company performs credit research on its customers by referring to information for internal use and external credit reporting services at the time of entering into contracts with them. After the commencement of transactions, the Company manages and monitors due dates and performs collection activities, including reminders through calls, emails, and letters; visits to customers; and repossessions of products sold or leased, depending on the number of days past due.

The carrying amount of these financial assets, net of impairment losses, stated in the consolidated statement of financial position is the Company’s maximum exposures of credit risk on financial assets. These receivables arise from sales of the Company’s products to a large number of dealers and to retail end users. The Company is not in a situation where the Company is significantly concentrated in transactions with specific customers.

The Company is exposed to the credit risk of issuers of financial assets, which are held by the Company to invest excess funds, and derivatives, which are utilized by the Company to mitigate foreign currency risk.

To prevent these credit risks, the Company raises funds mainly through bonds with low risk and conducts transactions only with financial institutions with high credit ratings.

(1) Measurement of credit risk on trade receivables, contract assets, and long-term trade accounts receivables

Long-term trade accounts receivables are generated mainly from direct sales to individual end users in the farm equipment market in Japan.

The Company always measures an allowance for doubtful accounts for trade receivables, contract assets, and long-term trade accounts receivables at an amount equal to the lifetime expected credit losses. The Company measures the expected credit losses on these financial assets in a group with similar risk characteristics considering historical credit loss experience, current conditions, and forecasts of future economic conditions. The Company also measures the expected credit losses on credit-impaired financial assets individually. The Company determines whether they are credit-impaired based on observable events, such as significant financial difficulty of the debtor, long-term past due, bankruptcy, or other financial reorganization of the debtor. Expected credit losses on contract assets are not material.

The following table presents balances of carrying amounts of trade receivables and long-term trade accounts receivables (before an allowance for doubtful accounts) by risk classification:

(Unit: millions of yen)

December 31:		Financial assets for which an allowance for doubtful accounts is always measured at an amount equal to the lifetime expected credit losses		Credit-impaired financial assets		Total
2023	¥	982,429	¥	5,006	¥	987,435
2024	¥	1,023,824	¥	4,685	¥	1,028,509

The following table presents reconciliation of an allowance for doubtful accounts for the above receivables:

(Unit: millions of yen)

	Financial assets for which an allowance for doubtful accounts is always measured at an amount equal to the lifetime expected credit losses	Credit-impaired financial assets	Total
January 1, 2023	¥ 3,377	¥ 2,529	¥ 5,906
Remeasurement	(118)	399	281
Collection	(16)	(65)	(81)
Write-off	(69)	(815)	(884)
Others	256	162	418
December 31, 2023	¥ 3,430	¥ 2,210	¥ 5,640
Remeasurement	(215)	844	629
Collection	(70)	—	(70)
Write-off	(17)	(30)	(47)
Others	(49)	188	139
December 31, 2024	¥ 3,079	¥ 3,212	¥ 6,291

(2) Measurement of credit risk on lease receivables

The Company provides finance leases mainly in Thailand. These lease receivables relate to the Company's products, such as farm equipment, leased to individual and corporate end users. These lease receivables are recorded at the aggregate of minimum lease payments receivable, plus the estimated residual value of the leased property, less unearned finance income and an allowance for doubtful accounts.

An allowance for doubtful accounts for lease receivables of which credit risk has not increased significantly since initial recognition is recognized for the 12-month expected credit losses, and an allowance for doubtful accounts of which credit risk has increased significantly since initial recognition is recognized for lifetime expected credit losses. Lease receivables are grouped primarily by past due days, and if the credit risk as of the end of the reporting period has not increased significantly since initial recognition, the 12-month expected credit loss is measured by taking into account the historical credit loss experience, current conditions, and projected future economic conditions.

If the credit risk has increased significantly since initial recognition, the lifetime expected credit loss is measured by taking into account the historical credit loss experience, current conditions, projected future economic conditions, and the recoverable amount from repossession of products of the Company. The Company determines whether lease receivables are credit-impaired based on observable events, such as long-term past due and the debtor's bankruptcy, etc. The Company does not regard past due lease receivables as credit-impaired financial assets when the Company determines that the past due resulted from a temporary shortage in funds of the debtor, the risk of default is considered low, and the debtor has a strong capacity to meet its contractual cash flow obligation in the near term. The Company held ¥6,458 million and ¥5,647 million of its products as of December 31, 2024 and 2023, respectively, for credit enhancements on credit-impaired financial assets.

The following table presents balances of carrying amounts of lease receivables (before an allowance for doubtful accounts) by risk classification:

(Unit: millions of yen)

		Financial assets for which an allowance for doubtful accounts is measured at an amount equal to the lifetime expected credit losses		
December 31:	Financial assets for which an allowance for doubtful accounts is measured at an amount equal to 12-month expected credit losses	Financial assets for which credit risk has increased significantly since initial recognition but are not credit-impaired	Credit-impaired financial assets	Total
2023	¥ 418,324	¥ 28,049	¥ 19,656	¥ 466,029
2024	¥ 483,167	¥ 32,533	¥ 16,956	¥ 532,656

The following table presents an aging analysis of past due lease receivables:

(Unit: millions of yen)

December 31:	Within 30 days past due	From 31 to 60 days past due	From 61 to 90 days past due	Longer than 90 days past due	Total past due	Current	Total
2023	¥ 28,159	¥ 6,211	¥ 3,026	¥ 12,293	¥ 49,689	¥ 416,340	¥ 466,029
2024	¥ 34,373	¥ 8,575	¥ 3,813	¥ 15,321	¥ 62,082	¥ 470,574	¥ 532,656

The following table presents a reconciliation of the allowance for doubtful accounts for the above receivables:

(Unit: millions of yen)

		Financial assets for which an allowance for doubtful accounts is measured at an amount equal to the lifetime expected credit losses		
	Financial assets for which an allowance for doubtful accounts is measured at an amount equal to 12-month expected credit losses	Financial assets for which credit risk has increased significantly since initial recognition but are not credit-impaired	Credit-impaired financial assets	Total
January 1, 2023	¥ 5,454	¥ 4,038	¥ 8,904	¥ 18,396
Remeasurement	112	286	5,298	5,696
Collection	—	—	(603)	(603)
Write-off	(69)	(11)	(5,893)	(5,973)
Others	471	317	1,241	2,029
December 31, 2023	¥ 5,968	¥ 4,630	¥ 8,947	¥ 19,545
Remeasurement	206	1,217	5,920	7,343
Collection	—	—	(442)	(442)
Write-off	(81)	(18)	(5,859)	(5,958)
Others	529	548	1,363	2,440
December 31, 2024	¥ 6,622	¥ 6,377	¥ 9,929	¥ 22,928

(3) Measurement of credit risk of retail finance receivables

The Company provides retail finance to customers who purchase the Company’s products, such as farm equipment, from dealers mainly in North America. Retail finance receivables are purchased under agreements between the Company and dealers in relation to the products offered to individual and corporate end users. These receivables are recorded at amortized cost, less any allowance for credit losses.

The Company measures an allowance for doubtful accounts for retail finance receivables at an amount equal to 12-month expected credit losses when the credit risk on these receivables has not significantly increased since initial recognition, and at an amount equal to life-time expected credit losses when the credit risk on these receivables has significantly increased since initial recognition. Retail finance receivables are grouped primarily by past due days, and when the credit risk at the end of the reporting period has not increased significantly since initial recognition, the 12-month expected credit loss is measured by taking into account the historical credit loss experience, current conditions, and projected future economic condition.

When the credit risk has increased significantly since initial recognition, the Company measures the life-time expected credit loss, taking into account the historical credit loss experience, current conditions, projected future economic conditions, and recoverable amounts from repossession of products sold. Determination of whether receivables qualify as credit-impaired financial asset is based primarily on past due information, but other objective evidences such as debtor’s bankruptcy are also considered. The Company’s products held for credit enhancement on credit-impaired financial assets were ¥2,950 million and ¥2,336 million as of December 31, 2024 and 2023, respectively.

The following table presents balances of carrying amounts of retail finance receivables (before an allowance for doubtful accounts) by risk classification:

(Unit: millions of yen)

December 31:	Financial assets for which an allowance for doubtful accounts is measured at an amount equal to 12-month expected credit losses	Financial assets for which an allowance for doubtful accounts is measured at an amount equal to the lifetime expected credit losses		Total
		Financial assets for which credit risk has increased significantly since initial recognition but are not credit-impaired	Credit-impaired financial assets	
2023	¥ 1,452,637	¥ 2,796	¥ 4,648	¥ 1,460,081
2024	¥ 1,682,418	¥ 3,427	¥ 5,751	¥ 1,691,596

The following table presents an aging analysis of past due retail finance receivables:

(Unit: millions of yen)

December 31:	Within 30 days past due	From 31 to 60 days past due	From 61 to 90 days past due	Longer than 90 days past due	Total past due	Current	Total
2023	¥ 89,315	¥ 9,660	¥ 2,990	¥ 2,956	¥ 104,921	¥ 1,355,160	¥ 1,460,081
2024	¥ 104,668	¥ 11,821	¥ 3,565	¥ 3,344	¥ 123,398	¥ 1,568,198	¥ 1,691,596

The following table presents a reconciliation of an allowance for doubtful accounts for the above receivables:

(Unit: millions of yen)

	Financial assets for which an allowance for doubtful accounts is measured at an amount equal to 12-month expected credit losses	Financial assets for which an allowance for doubtful accounts is measured at an amount equal to the lifetime expected credit losses		Total
		Financial assets for which credit risk has increased significantly since initial recognition but are not credit-impaired	Credit-impaired financial assets	
January 1, 2023	¥ 3,317	¥ 993	¥ 363	¥ 4,673
Remeasurement	919	(967)	4,563	4,515
Write-off	(75)	(9)	(4,590)	(4,674)
Other	257	62	266	585
December 31, 2023	¥ 4,418	¥ 79	¥ 602	¥ 5,099
Remeasurement	3,250	46	7,295	10,591
Write-off	(195)	(30)	(7,650)	(7,875)
Other	585	11	410	1,006
December 31, 2024	¥ 8,058	¥ 106	¥ 657	¥ 8,821

Liquidity Risk

The Company is exposed to liquidity risk that the Company may have difficulties in satisfying payment obligations. The Company manages liquidity risk by maintaining retained earnings at an appropriate level and monitoring cash flow plans and actual results.

The following table presents financial liabilities by due date:

(Unit: millions of yen)

December 31, 2024:	Carrying amount	Contractual cash flows	Within 1 year	From 1 year to 5 years	More than 5 years
Trade payables	¥ 274,743	¥ 274,743	¥ 274,743	¥ —	¥ —
Other financial liabilities	144,814	146,642	97,287	46,376	2,979
Bonds and borrowings	2,278,077	2,422,255	958,664	1,289,130	174,,461
Derivative liabilities	10,140	10,140	8,980	1,160	—

(Unit: millions of yen)

December 31, 2023:	Carrying amount	Contractual cash flows	Within 1 year	From 1 year to 5 years	More than 5 years
Trade payables	¥ 300,902	¥ 300,902	¥ 300,902	¥ —	¥ —
Other financial liabilities	132,073	133,550	89,424	40,878	3,248
Bonds and borrowings	1,990,207	2,104,213	702,966	1,185,364	215,883
Derivative liabilities	5,898	5,898	4,236	1,662	—

Market Risk

(1) Foreign currency exchange rate risks

The Company's exposure to foreign currency risk relates primarily to assets and liabilities denominated in foreign currencies associated with international operations. The Company enters into forward foreign exchange contracts, cross-currency swap contracts, and cross-currency interest rate swap contracts, which are designated to mitigate its exposure to foreign currency exchange rate risk.

For financial instruments denominated in foreign currencies held by the Company as of each reporting date, if the Japanese yen appreciates by 1% against the currencies in the following table, impacts to profit before income taxes in the consolidated statement of profit or loss are stated in the table below.

The table below does not include impacts of translating financial instruments denominated in Japanese yen and assets, liabilities, income, and expenses of foreign operations into Japanese yen. In addition, currencies other than those stated in the following table are assumed to remain unchanged.

(Unit: millions of yen)

December 31:	2024	2023
US dollar	¥ (689)	¥ (352)
Euro	(257)	(276)
Thai baht	(112)	(69)
Chinese yuan	(107)	(139)

(2) Interest rate risk

The Company is exposed to interest rate risk mainly inherent in its debt obligations with both fixed and variable rates. In order to hedge interest rate risk, the Company enters into interest rate swap contracts and cross-currency interest rate swap contracts to manage the risk of interest rate exposures, and therefore, the exposure to interest rate risk is not material to the Company's cash flows.

(3) Market price volatility risk management

The Company holds equity and debt financial assets, mainly cross-holdings, which are exposed to market price volatility risk. Each individual share of cross-shareholdings is examined annually at the Board of Directors in order to verify appropriateness of holding these shares, taking into consideration the purpose of holding these shares, benefits associated, market price volatility risk, and other factors. If it is determined that holding the share is not appropriate, the Company gradually reduces the number of policy stock holdings, taking into consideration market conditions and other factors.

Derivative and Hedge Accounting

As stated in Note 3. MATERIAL ACCOUNTING POLICIES, Financial Instruments, (3) Derivatives and hedge accounting, hedge accounting was not applied to derivatives.

Fair Value of Financial Instruments

(1) Financial instruments measured at fair value

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

(Unit: millions of yen)

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through other comprehensive income:				
Equity financial assets	¥ 67,845	¥ —	¥ 8,012	¥ 75,857
Financial assets measured at fair value through profit or loss:				
Debt financial assets	41,822	—	9,079	50,901
Derivatives:				
Foreign exchange contracts	—	259	—	259
Interest swap contracts	—	41	—	41
Cross-currency interest rate swap contracts	—	175	—	175
Total	¥ 109,667	¥ 475	¥ 17,091	¥ 127,233
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 4,043	¥ —	¥ 4,043
Cross-currency interest rate swap contracts	—	6,097	—	6,097
Total	¥ —	¥ 10,140	¥ —	¥ 10,140

(Unit: millions of yen)

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

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

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

Equity financial assets and debt financial assets classified as Level 3 are unlisted equity securities, which are measured by the comparable company comparison method, using the earnings before interest and tax (EBIT) ratio (from 2.6 to 16.6) as a multiple, and by other method. If the EBIT ratio increases (decreases), the fair value increase (decrease).

Transfers between levels are recognized at the end of the reporting periods when such transfers occur. There were no significant transfers of financial instruments between Level 1 and Level 2.

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

(Unit: millions of yen)

Years ended December 31:	2024	2023
Balance as of the beginning of the year	¥ 17,035	¥ 10,662
Gains or losses:		
Profit or loss (Note 1)	(1,037)	214
Other comprehensive income (Note 2)	1,022	1,146
Purchases	2,346	3,926
Sales	(62)	(3)
Transfers out of Level 3 (Note 3)	(1,422)	—
Others	(791)	1,090
Balance as of the end of the year	¥ 17,091	¥ 17,035

(Notes)

1. Gains or losses are recognized as *finance income or finance costs* in the consolidated statement of profit or loss. Of the gains or losses recognized in profit or loss, the amount related to financial instruments held as of December 31, 2024 and 2023, were losses of ¥1,037 million and gains of ¥214 million, respectively.
2. Gains or losses are recognized as *net change in fair value of financial assets measured at fair value through other comprehensive income* in the consolidated statement of comprehensive income.
3. Transfers out of Level 3 are due to the listing of the investee.

(2) 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)

December 31:	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Finance receivables:				
Retail finance receivables	¥ 1,682,775	¥ 1,561,848	¥ 1,454,982	¥ 1,368,433
Finance lease receivables	509,728	587,353	446,484	504,583
Long-term trade accounts receivables	64,318	67,365	63,572	67,369
Debt financial assets	61,750	62,031	52,201	52,053
Written put option liabilities over noncontrolling interests	3,866	3,866	3,642	3,642
Bonds and borrowings	2,278,077	2,242,051	1,990,207	1,956,861

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

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

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

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

Offsetting Financial Assets and Liabilities

The amount of financial assets and liabilities not offset but subject to enforceable master-netting agreements or similar agreements because they do not satisfy part or all of requirements for offsetting of financial assets and financial liabilities was not material.

31. MAJOR SUBSIDIARIES

Composition of the Group

(As of December 31, 2024)

Company name	Location	Principal business activities	Ownership percentage of voting rights (%)
Subsidiaries			
6 domestic farm equipment sales companies, including Hokkaido Kubota Corporation	Nishi-ku, Sapporo, JAPAN, etc.	Sales of farm equipment, etc.	80.6
KUBOTA Construction Machinery Japan Corporation	Naniwa-ku, Osaka, JAPAN	Sales of construction machinery, etc.	100.0
Kubota Credit Co., Ltd.	Naniwa-ku, Osaka, JAPAN	Retail financing for farm equipment and related products	(22.9) 77.8
Kubota Machinery Trading Co., Ltd.	Naniwa-ku, Osaka, JAPAN	Export and import of components for farm equipment, engines, and construction machinery	100.0
Kubota Engine Japan Corporation	Naniwa-ku, Osaka, JAPAN	Sales, service, and engineering of industrial engines	100.0
Kubota North America Corporation	Delaware, USA	Administration of North American Farm & Industrial Machinery business	100.0
KUBOTA TRACTOR CORPORATION	Texas, USA	Sales of tractors, outdoor power equipment, construction machinery, and implements	(100.0) 100.0
Kubota Credit Corporation, U.S.A.	Texas, USA	Retail financing for tractors, outdoor power equipment, construction machinery, and implements	(90.0) 100.0
Kubota Manufacturing of America Corporation	Georgia, USA	Manufacturing of tractors, outdoor power equipment, construction machinery, and implements	(100.0) 100.0
Kubota Engine America Corporation	Illinois, USA	Sales, engineering, and after-sales service of engines, engine parts, and engine accessories	(100.0) 100.0
Kubota Insurance Corporation	Hawaii, USA	Underwriting non-life insurance in the United States	(100.0) 100.0
Great Plains Manufacturing, Inc. and 16 subsidiaries	Kansas, USA	Manufacturing and sales of implements and construction machinery	(100.0) 100.0
Kubota Research & Development North America Corporation	Georgia, USA	Development of outdoor power equipment and implements	(100.0) 100.0
Kubota Canada Ltd.	Ontario, CANADA	Sales of tractors, outdoor power equipment, construction machinery, and implements	100.0
Kubota Holdings Europe B.V.	Noord-Holland, NETHERLANDS	Administration of European Farm & Industrial Machinery business	100.0
Kubota Europe S.A.S.	Val-d'Oise, FRANCE	Sales of construction machinery, tractors, outdoor power equipment, and engines	(100.0) 100.0
Kubota Farm Machinery Europe S.A.S.	Nord, FRANCE	Manufacturing of upland farming tractors	(100.0) 100.0
Kubota Baumaschinen GmbH	Rhineland-Palatinate, GERMANY	Manufacturing and sales of construction machinery	(100.0) 100.0
Kubota (Deutschland) GmbH	Hessen, GERMANY	Sales of tractors, outdoor power equipment, and engines	(100.0) 100.0
Kubota (U.K.) Ltd.	Oxfordshire, UNITED KINGDOM	Sales of construction machinery, tractors, outdoor power equipment, and engines	(100.0) 100.0
Kverneland AS and 35 subsidiaries	Rogaland, NORWAY	Manufacturing and sales of implements	(100.0) 100.0
Kubota Brabender Technologie GmbH and 2 subsidiaries	North Rhine-Westphalia, GERMANY	Manufacturing and sales of gravimetric feeders	(100.0) 100.0
SIAM KUBOTA Corporation Co., Ltd.	Pathumthani, THAILAND	Manufacturing and sales of tractors, combine harvesters, implements, and horizontal type diesel engines. Sales of construction machinery	60.0
Siam Kubota Leasing Co., Ltd.	Pathumthani, THAILAND	Retail financing for tractors and combine harvesters, etc.	(100.0) 100.0
KUBOTA Engine (Thailand) Co., Ltd.	Chachoengsao, THAILAND	Manufacturing of vertical type diesel engines	100.0

(As of December 31, 2024)

Company name	Location	Principal business activities	Ownership percentage of voting rights (%)
Escorts Kubota Ltd. and 6 subsidiaries	Haryana, INDIA	Manufacturing and sales of tractors, construction machinery, and other products	55.0
Kubota Agricultural Machinery (SUZHOU) Co., Ltd.	Jiangsu, CHINA	Manufacturing and sales of combine harvesters, rice transplanters, and tractors	(100.0) 100.0
Kubota Construction Machinery (Wuxi) Co., Ltd.	Jiangsu, CHINA	Manufacturing of construction machinery	(100.0) 100.0
Kubota China Financial Leasing Ltd.	Shanghai, CHINA	Finance leasing of construction machinery and farm equipment, and factoring service	(100.0) 100.0
Kubota Korea Co., Ltd.	Seoul, KOREA	Sales of tractors, combine harvesters, rice transplanters, construction machinery, and engines	100.0
Kubota Myanmar Co., Ltd.	Yangon, MYANMAR	Sales of combine harvesters and tractors	(20.0) 100.0
Kubota Australia Pty Ltd.	Victoria, AUSTRALIA	Sales of tractors, outdoor power equipment, construction machinery, and engines	100.0
Kubota ChemiX Co., Ltd.	Amagasaki-shi, Hyogo, JAPAN	Manufacturing and sales of plastic pipes and fittings	100.0
KUBOTA Environmental Engineering Corporation	Chuo-ku, Tokyo, JAPAN	Design, manufacturing, construction, repair, operation, and maintenance of various environmental equipment and plants	100.0
NIPPON PLASTIC INDUSTRY CO., LTD.	Komaki-shi, Aichi, JAPAN	Manufacturing and sales of plastic products	(67.0) 67.0
Kubota Construction Co., Ltd.	Naniwa-ku, Osaka, JAPAN	Design and construction of water and sewage, civil engineering	100.0
Kubota Air Conditioner, Ltd.	Chuo-ku, Tokyo, JAPAN	Manufacturing, sales, and maintenance of air conditioning equipment for industrial use	100.0
Kubota Materials Canada Corporation	Ontario, CANADA	Manufacturing and sales of cast steel products and TXAX products	100.0
Kubota Saudi Arabia Company, LLC	Ash Sharqiyah, SAUDI ARABIA	Manufacturing and sales of steel casting products, sales and maintenance of valves	100.0
KUBOTA LOGISTICS Corporation	Naniwa-ku, Osaka, JAPAN	Management of logistics and logistics information service related to transportation, storage, cargo handling, and distribution processing	100.0
Heiwa Kanzai CO., LTD.	Chuo-ku, Tokyo, JAPAN	Building maintenance, security guarding, and facility management	60.0
Kubota China Holdings Co., Ltd.	Shanghai, CHINA	Administration of subsidiaries in China	100.0
89 other companies			

Equity method affiliates

7 domestic farm equipment sales companies, including Akita Kubota Corporation	Akita-shi, Akita, JAPAN, etc.	Sales of farm equipment, etc.	35.7
KMEW Co., Ltd.	Chuo-ku, Osaka, JAPAN	Manufacturing and sales of roofing, siding materials, and rain gutters	50.0
10 other companies			

(Note)
Figures in parentheses in *Ownership percentage of voting rights* column represent the indirect ownership included in the total.

Subsidiaries with Material Noncontrolling Interests

The following are the condensed financial statements of subsidiaries with material noncontrolling interests:

Escorts Kubota Ltd. (India)

December 31:	2024	2023
Shareholding ratio of noncontrolling interests	45.0%	45.5%

(Unit: millions of yen)

December 31:		2024		2023
Current assets	¥	143,201	¥	91,508
Noncurrent assets		296,151		285,137
Current liabilities		44,488		27,254
Noncurrent liabilities		23,023		23,029
Equity		371,841		326,362
Cumulative amount of noncontrolling interests		115,204		99,178

(Unit: millions of yen)

Years ended December 31:		2024		2023
Revenue	¥	172,348	¥	152,681
Profit for the year		25,708		13,181
Comprehensive income for the year		43,105		19,186
Profit attributable to noncontrolling interests		7,815		6,429
Dividends paid to noncontrolling interests		1,642		598

(Note)

The condensed financial statements reflect the effect of the acquisition method of accounting. Noncontrolling interests are recognized at the proportion of the fair value of the identifiable assets and liabilities of the acquiree.

SIAM KUBOTA Corporation Co., Ltd. (Thailand)

December 31:	2024	2023
Shareholding ratio of noncontrolling interests	40.0%	40.0%

(Unit: millions of yen)

December 31:		2024		2023
Current assets	¥	147,835	¥	129,924
Noncurrent assets		65,193		81,831
Current liabilities		61,067		40,884
Noncurrent liabilities		4,712		3,857
Equity		147,249		167,014
Cumulative amount of noncontrolling interests		57,963		66,287

(Unit: millions of yen)

Years ended December 31:		2024		2023
Revenue	¥	250,089	¥	217,663
Profit for the year		33,499		19,606
Comprehensive income for the year		33,499		19,606
Profit attributable to noncontrolling interests		13,137		7,843
Dividends paid to noncontrolling interests		27,938		8,870

Siam Kubota Leasing Co., Ltd. (Thailand)

December 31:	2024	2023
Shareholding ratio of noncontrolling interests	40.0%	40.0%

(Unit: millions of yen)

December 31:		2024		2023
Current assets	¥	93,816	¥	83,031
Noncurrent assets		295,392		251,532
Current liabilities		95,787		80,635
Noncurrent liabilities		143,145		128,140
Equity		150,276		125,788
Cumulative amount of noncontrolling interests		61,515		48,622

(Unit: millions of yen)

Years ended December 31:		2024		2023
Revenue	¥	38,066	¥	33,611
Profit for the year		16,063		15,206
Comprehensive income for the year		16,063		15,206
Profit attributable to noncontrolling interests		6,425		6,083
Dividends paid to noncontrolling interests		3,097		—

32. RELATED-PARTY TRANSACTIONS

The aggregate compensation paid by the Parent Company for the year ended December 31, 2024, to the Directors, including the Outside Directors, was as follows:

(Unit: millions of yen)

Years ended December 31:		2024		2023
Basic remunerations and bonuses	¥	726	¥	831
Share-based payments		220		145
Total	¥	946	¥	976

33. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

Commitments for acquisition of property, plant, and equipment were ¥78,275 million and ¥93,280 million as of December 31, 2024 and 2023, respectively. Commitments for acquisition of intangible assets were ¥2,665 million and ¥5,298 million as of December 31, 2024 and 2023, respectively.

Commitments in the years ended December 31, 2024 and 2023, were primarily related to investments for BCP and the expansion of manufacturing capacity.

Guarantees

The Company is contingently liable as guarantor of the indebtedness of sales companies and business partners for their borrowings from financial institutions. These guarantees obligate the Company to make payments in the event of default by sales companies and business partners. The terms of these guarantees are from one year to five years. Guarantees and guarantee limits were ¥5,588 million and ¥7,487 million, respectively, as of December 31, 2024, and ¥4,719 million and ¥5,238 million, respectively, as of December 31, 2023. The likelihood of incurring these losses is negligible.

Legal Proceedings

Since May 2007, the Company has been subject to 69 asbestos-related lawsuits in Japan, which were filed against the Company, the Japanese government, and other asbestos-related companies.

Of these lawsuits, two were withdrawn, and all claims against the Company were rejected and finalized for eight lawsuits consolidating 25 cases.

42 lawsuits related to 207 construction workers who suffered from asbestos-related diseases are still ongoing, and the total claim for all the remaining lawsuits aggregated to ¥6,103 million. Of these ongoing lawsuits, five first instance judgments have been rendered in 17 lawsuits, and the Company was ordered to pay compensation damages of ¥2 million in one judgment and the other four judgments were decided in favor of the Company. All lawsuits included in these five judgments 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 lawsuits included in one of the four judgments 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 potential final outcome. However, the Company believes that it is currently unable to predict the ultimate outcome of these lawsuits.

The Company does not have any cost-sharing arrangements with other potentially responsible parties, including the government, for all of these lawsuits.

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 that 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 workers' 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 ¥136 million and ¥211 million as of December 31, 2024 and 2023, respectively. The asbestos-related expenses recognized for the 12 months ended December 31, 2024 and 2023, were ¥643 million and ¥798 million, respectively.

Other Contingent Liabilities

The Company has various outstanding tax matters with the tax authorities, primarily in India. The outstanding matters mostly relate to the interpretation and application of law. The Company is currently unable to predict the outcome of such matters due to the existence of multiple legal issues and various parties being involved.

34. SUBSEQUENT EVENTS

Not applicable.

35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved on March 21, 2025, by Yuichi Kitao, President and Representative Director of the Parent Company, and Hideo Takigawa, Managing Executive Officer, General Manager of Control Headquarters of the Parent Company.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

NOTES TO READERS:
The following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

March 21, 2025

To the Board of Directors of
Kubota Corporation:

Deloitte Touche Tohmatsu LLC
Osaka office

Designated Engagement Partner,
Certified Public Accountant:
Takashige Ikeda

Designated Engagement Partner,
Certified Public Accountant:
Yutaka Ito

Designated Engagement Partner,
Certified Public Accountant:
Akira Kimotsuki

Audit of Consolidated Financial Statements

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Kubota Corporation and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from January 1, 2024 to December 31, 2024, and a summary of significant accounting policies and other explanatory information, and the consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards pursuant to the provisions of Article 312 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of the allowance for doubtful accounts on finance receivables at the finance subsidiaries
Key Audit Matter Description
As described in Note 8 to the consolidated financial statements, the Group recorded ¥31,749 million of the allowance for doubtful accounts related to retail finance receivables of ¥1,691,596 million and finance lease receivables of ¥532,656 million (collectively, finance receivables) on the consolidated statement of financial position as of December 31, 2024. In addition, as described in Note 30 to the consolidated financial statements, the balance of financial receivables and allowance for doubtful accounts in the consolidated statement of financial position mainly consists of the balances of finance subsidiaries in North America and Thailand. The allowance for doubtful accounts for expected credit losses on finance receivables is measured based on basic information, such as the past due days of finance receivables and historical credit loss experience, the recoverable amount from repossession of products, and assumptions for forward-looking information of the economic conditions, after grouping finance receivables by the past due days and determining whether there is a significant increase in credit risk since initial recognition. If the management estimates for measuring the allowance for doubtful accounts, such as probability of default, loss given default, and assumptions for forward-looking information of the economic conditions, do not appropriately reflect the credit risk of the debtor, there is a risk that the allowance for doubtful accounts is not properly determined. Especially, as the assumptions for forward-looking information of the economic conditions need significant management's judgments due to their high complexity and subjectivity, the careful consideration of the reasonableness of the assumptions is required. As such, we identified management's estimates used in measuring the allowance for doubtful accounts on finance receivables at the finance subsidiaries as a key audit matter.
How the Key Audit Matter Was Addressed in the Audit
We provided audit instructions to auditors belonging to the same network firm ("component auditors"), received the report of the results of procedures including the following procedures, reviewed their working papers and evaluated whether sufficient appropriate audit evidence has been obtained, to evaluate the allowance for doubtful accounts on finance receivables in finance subsidiaries in North America and Thailand. (1) Internal control testing We evaluated the design and operating effectiveness of certain internal controls related to the allowance for doubtful accounts on finance receivables, which included the controls over the following: • Basic information used to estimate expected credit losses • Determining key assumptions used to estimate expected credit losses (2) Assessment of the reasonableness of estimates in allowance for doubtful accounts on finance receivables We performed the following audit procedures for assessment of the reasonableness of estimates in allowance for doubtful accounts on finance receivables. • Evaluation of the compliance of the method to estimate the expected credit losses with the requirements of IFRS Accounting Standards • Evaluation of the appropriateness of finance receivables grouping policy and management's judgment on whether there is a significant increase in credit risk since initial recognition • With the assistance of the component auditor's credit specialists, evaluation of the reasonableness of the assumptions of future economic conditions used by management • Test of the accuracy and completeness of the finance receivables grouped by the past due days

- Test of the accuracy of the past due days of finance receivables, the actual recoverable amounts including repossession of products used to calculate loss given default and the historical credit loss amounts used to calculate probability of default
- Trend analysis of the outstanding finance receivables balance to the allowance for doubtful accounts by each group and retrospective review for the historical amounts of the allowance for doubtful accounts

Valuation of Escorts Kubota Ltd.'s goodwill and intangible assets with indefinite useful lives allocated to a cash-generating unit for the Farm Equipment
Key Audit Matter Description

The Group acquired Escorts Kubota Ltd. ("EKL") on April 11, 2022 as a consolidated subsidiary in India in anticipation of synergies such as business development in the basic tractor market expected to expand primarily in the emerging countries and combining expertise in the product development and manufacturing.

As described in Note 14 to the consolidated financial statements, the Group recorded goodwill of ¥143,325 million and intangible assets recognized through business combinations of ¥89,317 million for the year ended December 31, 2024. These include goodwill of ¥110,576 million and intangible assets with indefinite useful lives of ¥26,226 million which arose from the acquisition of EKL and were allocated to the cash-generating unit ("CGU") for the Farm Equipment. These accounted for 77% of goodwill and 29% of intangible assets recognized through business combinations, respectively.

As described in Note 3 to the consolidated financial statements, goodwill and intangible assets with indefinite useful lives are required to be tested for impairment annually or whenever there is an indication that the asset may be impaired. The recoverable amount used in the impairment test is the higher of the value in use and the fair value less cost of disposal of the CGUs to which goodwill and intangible assets with indefinite useful lives are allocated and if the recoverable amount of the CGUs is less than their carrying amount, the impairment loss shall be recognized.

As described in Note 14 to the consolidated financial statements, the Group calculates the recoverable amount of the CGUs to which goodwill and intangible assets with indefinite useful lives were allocated, arising from the acquisition of EKL, at the fair value less costs of disposal. Also, the Group compares the recoverable amount with the carrying amount of the CGUs to determine whether an impairment is required to be recognized

The fair value less costs of disposal is calculated by allocating the fair value of EKL as a whole, which was computed based on the quoted price of EKL shares in the active market with an adjustment for the control premium, to several CGUs including the Farm Equipment, based on the projected EBITDA composition ratio by business based on management's future business plans.

The control premium estimate requires the analysis of market transactions using advanced knowledge and expertise, and involves management's subjective judgment. In addition, estimates of the projected EBITDA by business are affected by management's subjective judgments and assumptions regarding the future business plans and require careful considerations for reasonableness.

In consideration of the above, we identified the valuation of EKL's goodwill and intangible assets with indefinite useful lives allocated to the CGU for the Farm Equipment as a key audit matter because of the following reasons;

(i) In the consolidated statement of financial position as of December 31, 2024, the amounts of goodwill and intangible assets with indefinite useful lives allocated to the CGU for the Farm Equipment are material.

(ii) In estimating the recoverable amount, advanced knowledge and expertise are required, and subjective judgments and assumptions by management are involved for the matters such as:
- Analysis of market transactions to estimate the control premium
- Determination of an indicator to allocate the fair value less costs of disposal to several CGUs
- Estimate of EKL's future business plan, including assumptions about expected market growth and inflation trends

How the Key Audit Matter Was Addressed in the Audit
Our audit procedures related to the valuation of EKL’s goodwill and intangible assets with indefinite useful lives allocated to the CGU for the Farm Equipment included the following, among others: (1) Internal control testing We evaluated the design and operating effectiveness of internal controls related to the valuation of goodwill and intangible assets with indefinite useful lives, including controls over the following: • Aggregation of the carrying amounts of the CGUs to which goodwill and intangible assets with indefinite useful lives are allocated • Determination of valuation techniques, assumptions and data to be used in the calculation of the recoverable amount of the CGUs to which goodwill and intangible assets with indefinite useful lives are allocated (2) Evaluation of the reasonableness of the recoverable amount estimate Our audit procedures related to the evaluation of the reasonableness of the recoverable amount (fair value less costs of disposal) estimate, which were calculated in the impairment test of EKL’s goodwill and intangible assets with indefinite useful lives allocated to the CGU for the Farm Equipment, included the following, among others: (i) With the assistance of our valuation specialists, we performed the following procedures: • Evaluation of the reasonableness of estimate of the control premium to be adjusted in the calculation of the fair value less costs of disposal based on the quoted price of EKL shares in the active market • Evaluation of the reasonableness of adopting the projected EBITDA composition ratio by business as an indicator to allocate the fair value less costs of disposal to several CGUs, including the Farm Equipment (ii) We performed the following procedures on sales and profits in EKL's future business plan as the basis for the projected EBITDA composition ratio by business, which was used as an allocated indicator. • Inquiries to management about the basis for the estimates • Trend analysis of expected market growth and inflation trends • Comparative analysis with historical sales and profits

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

• Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRS Accounting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit of Internal Control

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Kubota Corporation as of December 31, 2024.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Kubota Corporation as of December 31, 2024, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.

- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Fee-Related Information

Fees for audit and other services for the year ended December 31, 2024, which were charged by us and our network firms to Kubota Corporation and its consolidated subsidiaries are disclosed in (3) Status of Audit of Corporate Governance, which is included in the Information on Kubota Corporation of the Annual Securities Report.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

<u>Notes to the Readers of Independent Auditor’s Report</u>
This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

COVER

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	March 21, 2025
[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]	Hideo Takigawa, Managing Executive Officer, General Manager of 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 Annual Securities Report

Yuichi Kitao, President and Representative Director, and Hideo Takigawa, Managing Executive Officer, General Manager of Control Headquarters, confirmed that statements contained in the Annual Securities Report for the 135th fiscal year (from January 1, 2024 to December 31, 2024) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

Not applicable.

COVER

[Document Filed]	Internal Control Report
[Applicable Law]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	March 21, 2025
[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]	Hideo Takigawa, Managing Executive Officer, General Manager of 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)

(TRANSLATION)

Management's Report on Internal Control over Financial Reporting

NOTES TO READERS: The following is an English translation of management's report on internal control over financial reporting filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

1. Matters Relating to the Basic Framework for Internal Control over Financial Reporting

Yuichi Kitao, President and Representative Director, and Hideo Takigawa, Managing Executive Officer, General Manager of Control Headquarters, are responsible for designing and operating effective internal control over financial reporting of Kubota Corporation and its subsidiaries (collectively, the "Company"), and have designed and operated internal control over financial reporting of the consolidated financial statements in accordance with the basic framework for internal control set forth in "the Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters Relating to Scope of Assessment, the Assessment Date, and Assessment Procedures

The assessment of internal control over financial reporting was performed as of December 31, 2024, which is the end of this fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls, which may have a material effect on the entire financial reporting in a consolidation ("company-level controls") and based on the result of this assessment, we appropriately selected business processes to be tested. We analyzed these selected business processes, identified key controls that may have a material impact on the reliability of the Company's financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the Company's internal control.

We determined the required scope of assessment of internal control over financial reporting for Kubota Corporation, as well as its subsidiaries and affiliated companies, from the perspective of materiality that may affect the reliability of our financial reporting. This materiality that may affect the reliability of financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for Kubota Corporation, as well as its subsidiaries and affiliated companies. We did not include those subsidiaries and affiliated companies, which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we selected business units to be tested, and the business units whose combined revenues (after elimination of intercompany transfers) reached approximately two-thirds of total consolidated revenues for the prior fiscal year were selected as "significant business units."

At the selected significant business units, we included, in the scope of assessment, those business processes leading to revenue, accounts receivable, finance receivables, and inventories as significant accounts that may have a material impact on the business objectives of the Company. Further, we added certain business processes included in business units other than the significant business units to our scope of assessment, as the business processes have greater materiality considering their impact on the financial reporting, those business processes relating to a greater likelihood of material misstatements and significant accounts involving estimates and management's judgment, and those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters Related to the Results of the Assessment

As a result of the preceding assessment, we concluded that our internal control over financial reporting was effective as of December 31, 2024.

4. Supplementary Matters

Not applicable.

5. Special Information

Not applicable.