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The Financial Position and the Results of Operations

1. Consolidated Financial Summary

(IFRS)

Fiscal period (Business term)	Year ended December 31, 2022 (133rd)	Year ended December 31, 2023 (134th)	Year ended December 31, 2024 (135th)	Year ended December 31, 2025 (136th)
Revenue (in billions of yen)	2,677.0	3,020.7	3,016.3	3,018.9
Operating profit (in billions of yen)	214.4	328.8	315.6	265.5
Profit before income taxes (in billions of yen)	231.2	342.3	335.3	282.1
Profit attributable to owners of the parent (in billions of yen)	156.5	238.5	230.4	186.7
Earnings per share attributable to owners of the parent—Basic (in yen)	131.06	201.74	197.61	163.44
Total assets (in billions of yen)	4,765.1	5,359.2	6,018.7	6,204.9
Total equity (in billions of yen)	2,102.5	2,416.1	2,739.8	2,873.0
Equity attributable to owners of the parent (in billions of yen)	1,874.5	2,175.8	2,477.3	2,623.0
Equity attributable to owners of the parent per share (in yen)	1,576.30	1,851.75	2,155.29	2,306.80
Ratio of profit attributable to owners of the parent to equity attributable to owners of the parent (%)	8.8	11.8	9.9	7.3

(Notes) 1. Amounts less than presentation units are rounded.

2. Effective from the year ended December 31, 2023, the Company has adopted IFRS 17 “Insurance Contracts.” In addition, the provisional accounting treatment for Escorts Limited (currently, Escorts Kubota Limited), which was acquired in the year ended December 31, 2022, was finalized in the fiscal year ended December 31, 2023. The amounts for the fiscal year ended December 31, 2022 have been restated to reflect such effects.

2. Financial Summary (Non-consolidated)

Fiscal period (Business term)	Year ended December 31, 2022 (133rd)	Year ended December 31, 2023 (134th)	Year ended December 31, 2024 (135th)	Year ended December 31, 2025 (136th)
Net sales (in billions of yen)	1,159.9	1,223.4	1,189.6	1,235.8
Operating income (in billions of yen)	47.4	73.0	45.5	71.9
Ordinary income (in billions of yen)	90.6	109.2	176.6	251.0
Net income (in billions of yen)	73.7	123.7	177.9	233.6
Net income per common share—Basic (in yen)	61.78	104.68	152.57	204.48
Total assets (in billions of yen)	1,644.8	1,711.5	1,793.7	1,903.2
Total net assets (in billions of yen)	631.5	679.5	749.2	906.2
Net assets per common share (in yen)	530.93	578.22	651.67	796.79

(Note) Amounts less than presentation units are rounded down.

Main Line of Business (As of December 31, 2025)

The Company conducts its businesses in the following three fields: “Farm & Industrial Machinery,” “Water & Environment” and “Other.”

Segment	Primary products and services
Farm & Industrial Machinery	
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, Other equipment for agricultural use, Cooperative drying facilities, Rice seedling facilities, Rice mill plants, Gardening facilities, Scales, Weighing and measuring control systems
Engines	Engines (for farming, construction, industrial machinery and generators)
Construction machinery	Mini excavators, Wheel loaders, Compact track loaders, Skid steer loaders and Other construction machinery-related products
Water & Environment	
Pipe system-related products	Ductile iron pipes, Plastic pipes, Valves for public sector, Single stack drain fittings, Design and construction of construction works
Industrial-related products	Reformer and Cracking tubes, Hearth rolls, TXAX (friction materials), Spiral welded steel pipes (steel pipe pile, steel pipe sheet pile), and Air-conditioning equipment
Environment-related products	Waste water 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
Other	
Services such as logistics, Roofing, and Siding materials	

Employees (As of December 31, 2025)

1. Consolidated Basis

Reportable segment	Number of employees	Change from prior fiscal year-end
Farm & Industrial Machinery	41,342	+1,738
Water & Environment	8,379	+698
Other	1,379	-36
Corporate	1,403	-1,991
Total	52,503	+409

(Note) The number of employees indicates the number of full-time employees.

2. Kubota Corporation

Reportable segment	Number of employees	Change from prior fiscal year-end
Farm & Industrial Machinery	11,569	+2,209
Water & Environment	3,017	+299
Corporate	1,311	-2,083
Total	15,897	+425

(Notes) 1. The number of employees indicates the number of full-time employees.

2. From the current fiscal year, based on changes to the composition of business segments reflecting the internal organizational structure, a portion of the figures that had previously been included in the “Corporate” category has been reclassified and included in the respective business segments. As a result of this change, significant differences have arisen compared with the end of the prior fiscal year.

Item on Shares of Kubota Corporation

1. Information on the Shares (As of December 31, 2025)

- (1) **Total Number of Authorized Common Shares:** 1,874,700,000 shares
- (2) **Total Number of Common Shares Issued:** 1,138,716,846 shares
(including 305,901 shares of treasury shares)
- (3) **Number of Shareholders:** 148,476 shareholders
- (4) **Number of Shares Per Unit of Shares:** 100 shares
- (5) **Major Shareholders (Top 10)**

Name	Number of Shares Held (thousands of shares)	Holding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	172,039	15.11
Custody Bank of Japan, Ltd. (Trust Account)	71,250	6.26
Nippon Life Insurance Company	62,542	5.49
Meiji Yasuda Life Insurance Company	59,929	5.26
STATE STREET BANK AND TRUST COMPANY 505001	27,026	2.37
Sumitomo Mitsui Banking Corporation	25,252	2.22
Mizuho Bank, Ltd.	22,096	1.94
STATE STREET BANK AND TRUST COMPANY 505103	18,903	1.66
Kubota Group Employee Shareholding Association	16,361	1.44
National Mutual Insurance Federation of Agricultural Cooperatives	15,503	1.36

(Note) Holding ratio is calculated excluding treasury shares as of December 31, 2025.

(6) Status of Share Distribution by Shareholder Type

Shareholder Type	Number of Shares Held (thousands of shares)	Holding Ratio (%)
Individuals, Others	114,950	10.09
Govt. & Local Govt.	0	0.00
Financial Institutions	518,536	45.54
Securities Companies	51,444	4.52
Other Domestic Corporations	33,430	2.94
Foreigners (corporations and individuals)	420,047	36.89
Treasury Shares	305	0.03
Total	1,138,716	100.00

2. Status of Shares Delivered to Company Officers as Consideration for the Performance of Duties during the Period

	Class and number of shares	Number of recipients
Directors (excluding Outside Directors)	Common shares of the Company: 36,487 shares	6
Outside Directors	-	-
Audit & Supervisory Board Members	-	-

(Note) The Company delivered 113,325 common shares of the Company to the above 6 Directors (excluding Outside Directors) and 31 Executive Officers who do not hold a concurrent position as Director and Executive Officer as of April 23, 2025. Information on the Company's stock compensation is stated in "III Item of Directors, Audit & Supervisory Board Members, Senior Executive Officers and Executive Officers of Kubota Corporation 9. Policy

for Determination of Remuneration, etc., and its Calculation Method for Directors and Audit & Supervisory Board Members 2) Remuneration structure” of the Matters Provided in Electronic Format for the 136th Ordinary General Meeting of Shareholders.

Independent Auditor

1. Name of the Independent Auditor

Deloitte Touche Tohmatsu LLC

2. Compensation, etc. for the Independent Auditor for the Fiscal Year Ended December 31, 2025

1) Amount of compensation, etc. paid to the Independent Auditor for the fiscal year ended December 31, 2025	¥323 million
2) Total amount of cash and other financial benefits payable by Kubota Corporation and its subsidiaries to the Independent Auditor	¥394 million

- (Notes)
1. The Audit & Supervisory Board confirmed and deliberated the content of the Independent Auditor's audit plans, the appropriateness of the status of the duties executed on audit, and the calculation base of the estimated amount of compensation, with related materials and reports from the Directors, relevant divisions of Kubota Corporation, and the Independent Auditor. Consequently, the Audit & Supervisory Board concluded that they were appropriate and agreed to the above amount.
 2. The compensation for audit is not divided into the compensation related to the Companies Act and the compensation related to the Financial Instruments and Exchange Act in the audit contract between Kubota Corporation and the Independent Auditor, as it is substantially impossible. Therefore, the amount 1) described above is a total amount of the compensation of both audits.
 3. Kubota Corporation paid fees to the Independent Auditor for consultations on finance, which are not services specified in Article 2, paragraph 1 of the Certified Public Accountants Act.
 4. Among Kubota Corporation's material subsidiaries, KUBOTA TRACTOR CORPORATION and other 18 material subsidiaries are audited by the accounting firms other than the Independent Auditor of Kubota Corporation.

3. Policies for Determining Dismissal or Non-Reappointment of the Independent Auditor

- (1) In the case that the Independent Auditor falls under any of the items of Article 340, paragraph 1 of the Companies Act and its dismissal is deemed appropriate, the Audit & Supervisory Board may dismiss the Independent Auditor by unanimous approval of the Audit & Supervisory Board Members.
- (2) In the case that the Independent Auditor is not qualified or eligible to execute duties as the accounting auditor pursuant to disqualifying reasons of Article 337, paragraph 3 of the Companies Act, or that it is appropriate not to reappoint it as the Independent Auditor, comprehensively taking into account the status of the duties executed on audit and other factors, the Audit & Supervisory Board may submit a proposal to dismiss or not to reappoint the Independent Auditor by the resolution of the Audit & Supervisory Board.

Item of Systems to be Developed to Establish Internal Control Systems

Kubota Corporation has set the following ten systems to ensure the appropriateness of its business operations at its Board of Directors and is implementing them.

1. System to Ensure that Directors and Employees Perform Their Duties in Compliance with Laws and Regulations, and the Articles of Incorporation

As the basis of this system to ensure that the Directors, Senior Executive Officers, Executive Officers, and employees perform their duties in compliance with laws and regulations and the Articles of Incorporation, Kubota Corporation has established the “Kubota Group Charter for Action” and “Kubota Group Code of Conduct” to be observed by all Directors, Senior Executive Officers, Executive Officers, and employees of Kubota Corporation and its subsidiaries.

Under the Kubota Group Risk Management Committee, the department in charge designated for each category of management risks (hereinafter referred to as the “department in charge”) undertakes such activities as education and training to promote compliance with laws and ethical norms, and performs internal audits.

In addition, based on the operational regulations of “Operation of the Whistle Blowing System,” which includes rules to protect whistle blowers, Kubota Corporation has set up the “Kubota Hotline,” a service function for in-house whistle blowing and consultation. The aim of this system is to discover at an early stage any improper conduct that infringes on laws or other regulations and to prevent such infringements from occurring.

2. System Related to the Safekeeping and Management of Information Regarding Kubota Corporation Directors’ Execution of Duties

Kubota Corporation properly holds in custody and controls information on the execution of duties by the Directors, Senior Executive Officers and Executive Officers in accordance with its in-house rules and regulations, which include the “Regulations on Custody of Documents” and other items. Kubota Corporation also maintains a system for making such documents available for examination, as necessary.

3. Rules and Regulations on the Management of Risks of Losses and Other Systems

Kubota Corporation manages risks of compliance, environment, health and safety, disasters, quality, and other matters relating to the performance of business operations of the Group as a whole by having departments in charge or committees under the control of the Kubota Group Risk Management Committee provide internal rules and regulations, manuals, and other guidelines to respond to the risks of the Group as a whole.

In order to respond to new risks arising in the Group, the Kubota Group Risk Management Committee will determine the department in charge, and the new risks will be managed by the said department.

4. System to Ensure the Efficient Execution of Duties by Directors

The Board of Directors decides management execution policies, matters set forth in laws and regulations, and other important matters regarding management, while also overseeing the execution of duties by the Directors, Senior Executive Officers and Executive Officers.

At the Executive Officers’ Meeting, the President and Representative Director gives directions and information to the Senior Executive Officers and Executive Officers about policies and resolutions decided by the Board of Directors. The progress of execution of their duties is reported to the President and Representative Director by the Senior Executive Officers and Executive Officers.

Kubota Corporation enhances efficiency of its decision-making process by having adequate discussions in the “Management Committee,” with the participation of the President and Representative Director and other officers, to deliberate on important management matters. The results of these discussions are reported to the Board of Directors or the like to enhance the effectiveness of the system, in accordance with the operational regulations of “Regulations of the Management Committee.”

5. System to Ensure Proper Business Operations within the Group, Consisting of Kubota Corporation and Its Subsidiaries

- (a) 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 Group. To ensure proper business operations of the 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, and the results of such audits are reported to the Directors and Executive Officers in charge, the Kubota Group Risk Management Committee, the President and Representative Director, the Board of Directors, and the Audit & Supervisory Board Members.
- (b) Kubota Corporation manages its subsidiaries in accordance with the subsidiary and affiliate management regulations it has established in order to maintain the appropriateness of their operations. The subsidiaries report the status of their business and the execution of the duties by their executives to the department in charge at Kubota Corporation. Kubota Corporation emphasizes the business connections between the subsidiaries and the operating divisions of Kubota Corporation and assigns the relevant departments to be departments primarily in charge of managing those subsidiaries. Kubota Corporation then receives reports on management planning and other matters from the subsidiaries and works to ensure the efficient execution of the duties of their Directors through discussions at management review committees and other means.

6. System for Directors and Employees to Report to Audit & Supervisory Board Members and Other Systems Related to Reports to Audit & Supervisory Board Members

Kubota Corporation has established a system for the Directors, Senior Executive Officers, Executive Officers, and employees of Kubota Corporation and its subsidiaries to report the following matters to the Audit & Supervisory Board Members without delay. This is in addition to the matters that need to be reported in accordance with laws and regulations. Persons who have reported to the Audit & Supervisory Board Members will not be treated disadvantageously as a result of making their reports.

- (a) Matters that could affect Kubota Corporation’s management;
- (b) Contents of internal audits performed by the internal auditing department and departments in charge;
- (c) Contents of whistle blowing revealed through the “Kubota Hotline”; and
- (d) Other matters requested by the Audit & Supervisory Board or Audit & Supervisory Board Members

7. Matters Related to Employees who are Requested to Assist Audit & Supervisory Board Members in Their Duties

Kubota Corporation has established the Office of Audit & Supervisory Board Members and assigns employees to exclusively support the Audit & Supervisory Board Members in performing their duties.

8. Matters Related to the Independence of the Employees, as Defined in Item 7 Above, from Directors and Matters Related to Ensuring the Effectiveness of the Instructions Given by Audit & Supervisory Board Members to Those Employees

The employees defined in Item 7 above fully comply with the instructions given by the Audit & Supervisory Board Members and assist the Audit & Supervisory Board Members in their execution of the duties. Furthermore, the assignment and evaluation of the employees defined in Item 7 are made after consultation and agreement between the Directors and Executive Officers in charge of the Human Resources Department and the Audit & Supervisory Board Members.

9. Policy Related to the Processing of Expenses Incurred in the Execution of the Duties of Audit & Supervisory Board Members

To pay the expenses incurred in the execution of the duties of the Audit & Supervisory Board Members, Kubota Corporation prepares a budget each year and also processes the payment smoothly based on the requests from the Audit & Supervisory Board Members for the processing of any emergency or incidental expenses, or repayments incurred in their execution of the duties.

10. Other Systems to Ensure Effective Audits by Audit & Supervisory Board Members

- (a) The President and Representative Director of Kubota Corporation has meetings with the Audit & Supervisory Board Members periodically, and, as needed, exchanges views on matters that Kubota Corporation must deal with, the improvement of audit environments, and other issues.
- (b) The Audit & Supervisory Board Members explain their audit policies and audit plans to the Board of Directors, and the Directors make efforts to improve communication with the Audit & Supervisory Board Members to enhance the exchange of information and establish effective cooperation with the Audit & Supervisory Board Members.

Main Measures Implemented This Period

The Following Is an Outline of the Measures Implemented This Period Based on the Item of Systems to be Developed to Establish Internal Control Systems.

- The Kubota Group Risk Management Committee took a central role and implemented education and internal audits for legal and ethical compliance directed toward the Group including its overseas subsidiaries, based on the risk management activity policy decided at the start of the period as well as the operational regulations. The results of those activities were reported to the Board of Directors, the Audit & Supervisory Board Members, and others.
- Revisions of the in-house rules, regulations, and manuals, in response to the enactment and revision of laws and regulations as well as changes in management risks were promoted.
- The “Kubota Hotline” was instituted as a whistle blowing system, which accepted reports from and provided consultation to Group employees and others and implemented the responses necessary in the departments in charge. A contact point of the Kubota Hotline to outside lawyers was established as a point of contact for improved accessibility. Each company is also carrying out operations in stages to arrange whistle blowing systems and consultation offices, even at overseas subsidiaries.
- Based on the Regulations of the Board of Directors, the Board of Directors met once a month, the meetings were held and decisions were made in a timely and appropriate manner. The Board of Directors decided matters such as the management execution policies, while giving information at the Executive Officers’ Meeting and conducting deliberations at the Management Committee to improve the efficiency of the execution of duties. Also, five Independent Outside Directors, who are independent from the execution of duties, have been appointed to reinforce the supervisory functions of the Board of Directors regarding the execution of duties by the Directors, Senior Executive Officers and Executive Officers. Furthermore, Kubota Corporation has a Nomination Advisory Committee and Compensation Advisory Committee in place, in which more than half of the members are the Outside Directors, to give advice to the Board of Directors. The Nomination Advisory Committee and Compensation Advisory Committee met to deliberate on the selection of candidates for the Directors, and the compensation system of the Directors over appropriate involvement and advice from the Outside Directors. In order to enhance transparency, Outside Directors have been appointed as the chairpersons of both committees.
- In accordance with the subsidiary and affiliate management regulations, Kubota Corporation received reports from these companies on the status of their business operations. In addition, the departments in charge worked together with the primary managing departments to instruct the subsidiaries to develop and operate internal control systems and to continuously observe and execute them, as well as perform audits based on the risk management activity policy and action plan.
- The necessary reports were made appropriately to the Audit & Supervisory Board Members, including the Outside Audit & Supervisory Board Members, by reporting on items thought to affect management at important meetings such as the Board of Directors and by reporting on the details reported on the “Kubota Hotline.” To ensure the effectiveness of the execution of duties by the Audit & Supervisory Board Members, the Office of Audit & Supervisory Board Members has been staffed with dedicated employees, and the payment of the expenses incurred in the execution of the duties of the Audit & Supervisory Board Members was performed smoothly. In addition, the President and Representative Director met regularly with the Audit & Supervisory Board Members to work to improve mutual understanding between the Directors and the Audit & Supervisory Board Members and to perform any exchange of information necessary. Accordingly, the monitoring of Kubota Corporation’s Internal Control Systems overall was implemented by the Audit & Supervisory Board Members.
- The Kubota Group Risk Management Committee is working on the establishment of an internal control system and has determined that two risks, economic security and human rights due diligence, may have a particularly significant impact on management and should be addressed as high priorities. The Committee has designated the relevant internal departments responsible

for examining and responding to these risks and is promoting the implementation of these measures.

Consolidated Statement of Changes in Equity

Kubota Corporation and Its Subsidiaries

(Unit: millions of yen)

	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Noncontrolling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares			
Balance as of January 1, 2025	¥ 84,130	¥ 96,646	¥ 1,832,348	¥ 466,937	¥ (2,747)	¥ 2,477,314	¥ 262,452	¥ 2,739,766
Profit for the year			186,687			187,687	30,069	216,756
Total other comprehensive income, net of income tax				35,505		35,505	409	35,914
Comprehensive income for the year			186,687	35,505		222,192	30,478	252,670
Transfer to retained earnings			13,590	(13,590)		—		—
Dividends paid			(57,178)			(57,178)	(42,747)	(99,925)
Purchases and sales of treasury shares					(19,746)	(19,746)		(19,746)
Retirement of treasury shares			(19,564)		19,564	—		—
Share-based payment transactions		189				189		189
Changes in ownership interests in subsidiaries		201		13		214	(144)	70
Balance as of December 31, 2025	¥ 84,130	¥ 97,036	¥ 1,955,883	¥ 488,865	¥ (2,929)	¥ 2,622,985	¥ 250,039	¥ 2,873,024

* The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Kubota Corporation and Its Subsidiaries

Amounts less than the presentation unit are rounded.

Matters Regarding Preparation of Consolidated Financial Statements

Significant Accounting Policies

1. Basis of Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements are prepared in accordance with IFRS Accounting Standards (hereinafter, IFRS) under Article 120, Paragraph 1 of the Ordinance on Company Accounting. However, certain supplementary material and notes required under IFRS are omitted pursuant to the second sentence of the same paragraph.

2. Scope of Consolidation and Application of Equity Method

190 entities are consolidated.

Major entities:	Domestic	Kubota Credit Co., Ltd. Kubota ChemiX Co., Ltd.
	Overseas	Kubota North America Corporation Kubota Tractor Corporation Kubota Credit Corporation, U.S.A. Kubota Manufacturing of America Corporation Kubota Engine America Corporation Great Plains Manufacturing, Inc. Kubota Canada Ltd. Kubota Holdings Europe B.V. Kubota Europe S.A.S. Kubota Baumaschinen GmbH Kverneland AS Kubota China Holdings Co., Ltd. Kubota Agricultural Machinery (Suzhou) Co., Ltd. Kubota China Financial Leasing Ltd. SIAM KUBOTA Corporation Co., Ltd. Siam Kubota Leasing Co., Ltd. Kubota Engine (Thailand) Co., Ltd. Escorts Kubota Ltd. Kubota Australia Pty Ltd.

17 entities are accounted for using the equity method.

Major entities:	Domestic	KMEW Co., Ltd.
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3. 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 Kubota Corporation and its subsidiaries (hereinafter, 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.

4. Valuation Policies and Methods of Financial Assets

(1) Financial assets (excluding derivatives)

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:

- (a) the financial assets are held within a business model whose objective is to hold financial assets in order to collect 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 whose objective is achieved by 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 made an election 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.

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 instruments measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss. Changes in the fair value of financial assets are recognized in profit or loss.

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. If the credit risk on financial assets is deemed not to have significantly increased since the initial recognition, an allowance for doubtful accounts is recognized for the 12-month expected credit losses. An allowance for doubtful accounts is recognized for the lifetime expected credit losses if the credit risk on financial assets has significantly increased since the initial recognition. For trade receivables, contract assets and long-term trade accounts receivables, an allowance for doubtful accounts is always recognized for the lifetime expected credit losses.

(2) Derivatives

Derivatives are measured at fair value and changes in fair value of these derivatives are all recognized in profit or loss.

5. Valuation Policies and Methods of Inventories

Inventories are stated at the lower of cost or net realizable value and are principally valued 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 inventories.

6. Property, Plant, and Equipment

Property, plant, and equipment, except for right-of-use asset, 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.

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.

7. 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 units (CGUs) or groups of CGUs that are expected to benefit from the synergies of a business combination. Goodwill is tested for impairment annually or whenever there is an indication that the goodwill may be impaired or circumstances change. Impairment losses on goodwill are recognized in net profit or loss and are not subsequently reversed. Impairment losses are not subsequently reversed.

The measurement of goodwill on initial recognition is described in "Notes to the Consolidated Financial Statements (Matters Regarding Preparation of Consolidated Financial Statements) [Significant Accounting Policies] 3. Business Combination."

(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 are measured at fair value at the acquisition date.

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 primarily 5-10 years for software for internal use, 5 years for capitalized development costs, 8-18 years for customer related assets, 10-20 years for trademarks and 8-14 years for technology related assets. 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.

8. Basis of Provision for Allowance

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.

9. Revenue Recognition

(1) Revenue from contracts with customers

The Company recognizes revenue, excluding income from retail finance and finance leases, 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 (or as) the entity satisfies a performance obligation

The Company provides various products and services. The Farm & Industrial Machinery segment manufactures and distributes farm equipment, agricultural-related products, engines, and construction machinery. Water & Environment is composed of pipe system business (ductile iron pipes, plastic pipes, and other products), industrial products business (reformer and cracking tubes, spiral-welded steel pipes, air-conditioning equipment, and other products), and environment business (environmental control plants, pumps, and other products). The Company has determined that control over the products is transferred to customers, and that the Company satisfies a performance obligation 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. For construction contracts, 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 towards 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 towards complete satisfaction of performance obligations under the contracts, the Company uses the input method to measure the extent of progress towards 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 relatively 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, 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. The above income is 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 the 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 and insurance service expenses are included in "Other income" and "Other expenses," respectively, in the consolidated statement of profit or loss.

10. 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 and the control premium estimation based on market transactions. In allocating the fair value to each CGU, the projected EBITDA composition by business and other factors are 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.

11. Postemployment Benefits

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

The defined benefit obligation is determined using the projected unit credit method, and its present value is calculated by discounting future estimated cash outflows. Actuarial assumptions, such as discount rates, are used in the calculation process.

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.

Contributions to defined contribution plans are expensed in profit or loss for the period when employees render the related services.

12. Insurance Contracts

(a) 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.

(b) 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.

(c) 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 contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs are included in the measurement of the group of contracts on initial recognition as insurance acquisition cash flows. Insurance acquisition cash flows are allocated to each reporting period in a systematic way on the basis of the passage of time, and the same amount is recognized as insurance service expenses.

Insurance revenue, insurance service expenses and insurance finance income or expenses are included in "Revenue," "Cost of sales," and "Finance income" or "Finance costs," respectively, in the 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 groups of insurance contracts since the coverage period of each contract in such groups 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.

(d) 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.

Notes to Accounting Estimates

1. Allowance for doubtful accounts related to expected credit losses on finance receivables

Allowance for doubtful accounts related to expected credit losses on finance receivables is ¥36,301 million.

Finance receivables include retail finance receivables and lease receivables.

Finance receivables are grouped primarily by past due days. When the credit risk at the end of the reporting period has not increased significantly since initial recognition, the 12-month expected credit losses are measured by taking into account the historical credit loss experience, current conditions and forecasts of future economic conditions. When the credit risk has increased significantly since initial recognition, the Company measures lifetime expected credit losses taking into account the historical credit loss experience, current conditions, forecast of future economic conditions, and recoverable amounts from repossession of products sold or leased.

The expected credit losses are measured individually when any of the receivables are determined to be credit-impaired financial assets based on objective evidence, such as past due information over a certain period and debtor's bankruptcy.

Allowance for doubtful accounts related to expected credit losses on finance receivables is deducted from finance receivables directly in the Consolidated Statement of Financial Position.

These estimates include uncertainty. When the estimates are reviewed due to the change of the situation, it may have significant impact on the next year's consolidated financial statements.

2. Provisions for warranty costs

Provisions for warranty costs are ¥73,418 million.

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 Company records the free repair cost that can occur in the future as provision for warranty costs. Provisions for product warranties consist of estimations based on an analysis of the Kubota Corporation's historical data of costs expensed under product warranties and recall or service campaign estimations individually calculated from repair cost per unit price and eligible units.

Provisions for warranty cost is included in Provisions on the consolidated statement of financial position.

These estimates include uncertainty. When the estimates are reviewed due to the change of the situation, it may have significant impact on the next year's consolidated financial statements.

3. Measurement of intangible assets and goodwill acquired from business combination, and estimates for impairment

Intangible assets, such as customer related assets, trademarks and technology related assets, acquired from business combinations are recognized at fair value as of the acquisition date based on assumptions such as estimated future cash flow and discount rate.

Goodwill is measured at the excess of the acquisition cost of business combinations over the fair value of the identifiable assets and liabilities, including intangible assets.

When allocating the acquisition cost transferred from business combinations, management's judgments and estimates may have a material impact on the consolidated financial statements of the Company.

Goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment annually or whenever there is an indication that the asset may be impaired or circumstances change.

The recoverable amount of the asset or CGU is the higher of the value in use and the fair value less cost of disposal of the asset or CGU. The fair value less cost of disposal of the asset or CGU is calculated based on quoted prices in an active market and control premiums estimated based on market transactions and other

factors. In allocating this fair value to the several CGUs, the Company considers many factors such as the projected EBITDA composition by business unit. In calculating the value in use, the Company makes certain assumptions about the future cash flows of the asset or CGU, expected market growth rate, discount rate and other factors.

These assumptions determined by management's best estimates may be affected by uncertainties in future economic conditions and may have a material impact on the consolidated financial statements of the Company if the assumptions are revised.

Information relating to the measurement of intangible assets and goodwill acquired from business combinations is described in "Notes to the Consolidated Financial Statements (Matters Regarding Preparation of Consolidated Financial Statements) [Significant Accounting Policies] 3. Business Combination," "Notes to the Consolidated Financial Statements (Matters Regarding Preparation of Consolidated Financial Statements) [Significant Accounting Policies] 7. Goodwill and Intangible Assets." Information relating to impairment loss of intangible assets and goodwill is described in "Notes to the Consolidated Financial Statements (Matters Regarding Preparation of Consolidated Financial Statements) [Significant Accounting Policies] 10. Impairment of Nonfinancial Assets."

4. Matters Related to the Health Hazards of Asbestos

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

In an effort to estimate future asbestos-related expenditures, the Company has considered all available data, including 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, reliable statistics to estimate the incidence rate of asbestos-related disease are not available to the Company since the health hazards of asbestos tend to have a longer incubation period. 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.

If significant costs are incurred in connection with payments to asbestos-related disease victims, this could have a material impact on the consolidated financial statements of the Company in the following year.

Notes to Consolidated Statement of Financial Position

1. Allowance for doubtful accounts and credit losses directly deducted from trade receivables and finance receivables were ¥42,553 million at December 31, 2025.
2. Property, plant, and equipment were composed of the following at December 31, 2025:

		(Unit: millions of yen)
Land	¥	161,064
Buildings and structures		775,091
Machinery and other equipment		929,229
Construction in progress		74,678
Accumulated depreciation and accumulated impairment losses		(999,680)
Total	¥	940,382

3. Assets pledged as collateral were composed of the following at December 31, 2025:

Trade receivables—current	¥ 316
Finance receivables—current	226,929
Other financial assets—current	5,232
Inventories	1,206
Finance receivables—noncurrent	344,000
Property, plant, and equipment	46
Total	¥ 577,729

Liabilities secured by the above assets were composed of the following:

Bonds and borrowings	¥ 446,374
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4. The Company is contingently liable as guarantor of the indebtedness of certain distributors, including associates and customers for their borrowings from financial institutions. The maximum potential amount of undiscounted future payments of these financial guarantees at December 31, 2025 was ¥8,133 million.

5. Contingent liability regarding Legal Proceedings

Since May 2007, the Company has been subject to 71 asbestos-related cases in Japan, which were filed against the Company, the Japanese government, and other asbestos-related companies. Of those two lawsuits have been withdrawn, eight lawsuits consolidating 25 cases resulted in the court's rejection of all claims against the Company, and a settlement was reached in one lawsuit consolidating six cases.

Other 38 lawsuits related to 192 construction workers who suffered from asbestos-related diseases are still ongoing, and the total claim for all the remaining lawsuits is aggregated to ¥5,585 million. Of these ongoing lawsuits, five first instance judgments have been rendered for 13 lawsuits, and the Company was ordered to pay compensation damages of ¥2 million in one lawsuit and the other four lawsuits were decided in favor of the Company. All five cases included in these judgements are being heard in the second instance. Among the four cases in which we prevailed at the first instance, the court in the second instance rendered a judgment in one case ruling in our favor. An appeal has been filed in that case.

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.

6. 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.

Notes to Consolidated Statement of Changes in Equity

1. The number of shares issued was as follows at December 31, 2025:

Common shares 1,138,717 thousand shares
(Note) The number of treasury shares included in the number of shares issued above is 1,652 thousand. The number of treasury shares includes 1,009 thousand shares held by the trust in connection with the stock compensation plan and 337 thousand shares by associates (equivalent to equity interest of the Company).

2. Dividends

(1) Dividends paid

Resolution	Class of shares	Dividends (millions of yen)	Dividends per common share (yen)	Record date	Effective date
The Meeting of the Board of Directors on February 13, 2025	Common shares	¥ 28,772	¥ 25.00	December 31, 2024	March 24, 2025
The Meeting of the Board of Directors on August 5, 2025	Common shares	¥ 28,460	¥ 25.00	June 30, 2025	September 1, 2025

(Note) The total amount of dividends based on the resolution of the Board of Directors on February 13, 2025 and August 5, 2025, includes dividends of ¥28 million and ¥25 million respectively for shares of Kubota Corporation (hereinafter, the "Parent Company") held by the trust in connection with the stock compensation plan.

- (2) Dividends with a record date in the year ended December 31, 2025 and with an effective date after December 31, 2025

Resolution	Class of shares	Dividends (millions of yen)	Dividends per common share (yen)	Record date	Effective date
The Meeting of the Board of Directors on February 12, 2026	Common shares	¥ 28,460	¥ 25.00	December 31, 2025	March 23, 2026

(Note) Total dividends include dividends of ¥25 million on the Parent Company shares held by the trust in connection with the stock compensation plan.

Notes to Financial Instruments

1. Description of Financial Instruments

(1) Capital Management

In order to enhance sustainable growth of corporate value, the Company has established basic capital policies to make full use of its capital for further enhancement in profitability, to ensure adequate financing and liquidity for its expansion of business, and to realize greater profit distribution to its shareholders. Based on the above basic policies, the Company decides on how to allocate its retained earnings, whilst giving consideration to the maintenance of sound business operations, accommodating the future business environment and delivering stable, increasing dividends to return profits to shareholders. There are no significant restrictions subject to the Company's capital except for those generally stipulated in the Act etc.

(2) Financial Risk management

In the course of its business, the Company is exposed to various risks associated with financial instruments (credit risk, liquidity risk, foreign exchange risk, interest rate risk, etc.) and manages these risks in order to mitigate them. 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 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. The Company also uses derivative transactions to hedge foreign exchange and interest rate risks and does not enter into speculative transactions.

Credit Risk management

The Company is exposed to the credit risk of its customers regarding its trade receivables, contract assets, finance receivables, and long-term trade accounts receivable 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 receivable, 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 retail end users. The Company considers there to be no credit risk due to specific dealers or customers with significant transaction volumes.

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.

Liquidity Risk management

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.

Foreign currency exchange rate risk management

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.

Interest rate risk management

The Company is exposed to interest rate risk mainly inherent in its debt obligations with both fixed and variable rates. The Company enters into interest rate swap contracts and cross-currency interest rate swap contracts to manage the risk of interest rate exposures.

Market price volatility risk management

The Company is exposed to interest rate risk principally on its equity and debt financial assets, principally on its policy for holding shares. Policy for holding shares is examined annually at the meeting of the Board of Directors in order to verify the appropriateness of holding these shares, taking into consideration the purpose of holding, benefits and risk of market price volatility associated with holding, 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.

2. Fair Values of Financial Instruments

The carrying amounts and fair values of financial instruments at December 31, 2025 were as follows:

The following table excludes financial instruments measured at fair value and financial instruments whose carrying amount approximates their fair value in the consolidated statement of financial position.

(Unit: millions of yen)

	Carrying amount	Fair value
Financial assets and liabilities measured at amortized cost:		
Finance receivables	¥ 2,221,256	¥ 2,229,975
Long-term trade accounts receivable	64,582	66,522
Debt financial assets	70,684	71,336
Written put options over noncontrolling interests	(4,354)	(4,354)
Bonds and borrowings	(2,242,079)	(2,206,281)

The fair value of finance receivables, long-term trade accounts receivable, and bonds and borrowings is stated at the present value of future cash flows discounted by the current market rate and classified as Level 2. Long-term trade accounts receivable in the above table includes the current portion, which is 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 assets and is classified as Level 1.

The fair value of written put options over noncontrolling interests is stated at the present value of future cash flows discounted at market interest rates and other rates, taking into account credit risk, and is classified as Level 3.

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

3. The breakdown of the fair value of financial instruments by level

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

(Unit: millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through other comprehensive income:				
Equity financial assets	¥ 72,983	¥ -	¥ 9,358	¥ 82,341
Financial assets measured at fair value through profit or loss:				
Debt financial assets	73,936	-	7,073	81,009
Derivatives				
Foreign exchange contracts	-	13	-	13
Interest rate swap contracts	-	19	-	19
Cross-currency interest rate swap contracts	-	648	-	648
Total	¥ 146,919	¥ 680	¥ 16,431	¥ 164,030

Financial liabilities				
Financial liabilities measured at fair value through profit or loss:				
Derivatives				
Foreign exchange contracts	¥ -	¥ 554	¥ -	¥ 554
Interest swap contracts	-	261	-	261
Cross-currency interest rate swap contracts	-	7,724	-	7,724
Total	¥ -	¥ 8,539	¥ -	¥ 8,539

Equity financial assets and debt financial assets classified in Level 1 are measured at fair value using quoted prices for identical assets in active markets. Derivatives are classified in Level 2 since they are measured at fair value using observable market inputs obtained from major international financial institutions.

Equity financial assets and debt financial assets classified in Level 3 are unlisted equity securities and measured at fair value using methods such as the comparable company comparison method with the earnings before interest and tax (“EBIT”) ratio (from 5.4 to 19.3), etc. As the EBIT ratio increases (decreases), the fair values on those equity financial assets increase (decrease).

Transfers between levels are recognized at the end of the reporting periods when such transfers occur. There were no significant transfers of financial instruments between Level 1 and Level 2 for the year ended December 31, 2025.

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

(Unit: millions of yen)	
Balance as of the beginning of the year	¥ 17,091
Gains or losses	
Profit or loss (*)	(2,175)
Other comprehensive income	(220)
Purchases	1,735
Balance as of the end of the year	¥ 16,431

(Note)

* Gains or losses are recognized as “finance income” or “finance costs” in the consolidated statement of profit or loss. Of the total gain or loss, the amount related to financial instruments held at December 31, 2025 was (¥1,079) million.

Notes to Per Common Share Information

1. Total equity per share attributable to owners of the parent ¥ 2,306.80

2. Earnings per share attributable to owners of the parent:

Basic ¥ 163.44

(Note) In calculating the per common share information, shares of the Parent Company held by the trust in connection with the stock compensation plan have been deducted from the number of outstanding common shares as of the end of fiscal year and weighted-average number of common shares issued since then are recognized as treasury shares. The number of outstanding common shares as of the end of fiscal year and weighted-average number of common shares issued regarding shares of the Parent Company held by the trust in connection with the stock compensation plan are 1,009 thousand shares and 1,037 thousand shares, respectively.

Notes to Revenue Recognition

1. 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, 2025	Japan	North America	Europe	Asia outside Japan	Other areas	Total
Farm equipment and engines	¥ 314,137	¥ 634,455	¥ 230,581	¥ 555,124	¥ 64,070	¥ 1,798,367
Construction machinery	37,479	405,830	115,203	49,182	17,617	625,311
Farm & Industrial Machinery	351,616	1,040,285	345,784	604,306	81,687	2,423,678
Pipe system	136,479	321	—	2,847	309	139,956
Industrial products	47,409	13,187	2,208	13,686	3,334	79,824
Environment	130,544	8,998	962	8,550	5,518	154,572
Water & Environment	314,432	22,506	3,170	25,083	9,161	374,352
Other	15,918	—	—	3	—	15,921
Revenue recognized from:						
Contracts with customers	681,966	1,062,791	348,954	629,392	90,848	2,813,951
Other sources	3,218	155,663	—	43,068	2,991	204,940
Total	¥ 685,184	¥ 1,218,454	¥ 348,954	¥ 672,460	¥ 93,839	¥ 3,018,891

Interest income and insurance income calculated using the effective interest method, included in income recognized from other sources, were ¥ 159,404 million and ¥ 36,750 million, respectively.

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 overseas countries and sells those products to corporate dealers and individual and corporate end users in those 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 promised amount of consideration for the effects of a significant financing component as a practical expedient since the customers pay for those products within one year. Revenue is measured at the consideration promised in contracts with customers less discounts, rebates depending on sales volume, and other items. The Company recognizes the consideration received from a customer as a liability when the Company expects to refund it in the future.

There are no significant obligations for returns to customers.

The Company provides product warranties to cover free replacement and/or repairs on malfunctions resulting from product defects for a certain period after the sale. The 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 pipe system business (ductile iron pipes, plastic pipes, and other products), industrial products business (reformer and cracking tubes, spiral-welded steel pipes, air-conditioning equipment, and other products), and environment business (environmental control plants, pumps, and other products). The main customers are national/local government of Japan and corporation in/outside of Japan. 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 that is based on the costs incurred relative to the total expected costs of individual contracts, as the method to measure the extent of progress towards completion. The Company does not adjust the promised amount of consideration for the effects of a significant financing component as a practical expedient since the customers pay for those products within one year. Revenue is measured at the consideration promised in a contract with customers, less discounts, rebates depending on sales volume, and other items. The Company recognizes the consideration received from a customer as a liability when the Company expects to refund it in the future.

There are no significant obligations for return to customers.

The Company provides product warranties to cover free replacements and/or repairs on defects found for a certain period after the sale. The 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.

2. Contract Balances

A receivable is an unconditional right to receive consideration in exchange for satisfying a performance obligation. In addition to being presented as trade receivables in the consolidated statement of financial position, receivables of ¥37,386 million are included in other financial assets (noncurrent).

Contract assets are the Company's rights to consideration, excluding any amounts presented as receivable, in exchange for services rendered under the construction contracts in the Water & Environment business, in which revenue is recognized over time by measuring the progress toward complete satisfaction. Contract assets are included in other current assets in the consolidated statement of financial position and 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 accounts such as advances from customers.

The following table presents the significant changes in the balances of contract assets and contract liabilities:

(Unit: millions of yen)

Contract assets	
Increase by revenue recognition	¥ 96,445
Decrease by transfer to receivables	(94,728)
Contract liabilities	
Increase by receipt of cash	155,897
Decrease by recognition of revenue	(149,114)

The amounts of revenue recognized during the reporting period, which were included in the beginning balance of contract liabilities, were ¥30,104 million for the year ended December 31, 2025.

The amounts of revenue recognized from performance obligations that had been satisfied or partially satisfied in the past were not material.

3. 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) was ¥231,995 million for the year ended December 31, 2025. These performance obligations are mainly 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 a practical expedient, the above amount does not include a transaction price allocated to the performance obligation of a contract where that performance obligation has an original expected duration of one year or less.

There was no significant consideration from contracts with customers which was not included in the transaction price.

Notes to Impairment of Nonfinancial Assets

1. Cash-generating unit (CGU)

A CGU is determined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows.

2. Impairment losses

Impairment losses are included in “Other expenses,” in the consolidated statement of profit or loss. Impairment losses by each asset and reportable segment were as follows:

(Unit: millions of yen)	
Property, plant, and equipment	
Land	¥ 208
Buildings and structures	1,728
Machinery and equipment	1,037
Goodwill	22
Intangible assets	
Software	142
Other	171
Total	3,308
Farm & Industrial Machinery	2,292
Water & Environment	1,016

Impairment losses recognized for the year ended December 31, 2025, were as follows:

With respect to the Precision equipment business of the Parent Company, which is part of the Farm & Industrial Machinery, the scope of assets attributable to the relevant CGU and the business plan were reviewed following the relocation of the business site. As a result, it was determined, at the end of current fiscal year, that the recoverability of a portion of the assets allocated to this business could not be anticipated. Consequently, the carrying amounts of buildings and structures, among other assets, were reduced to their recoverable amounts, resulting in the recognition of impairment loss of ¥1,150 million.

With respect to the Pump business of the Parent Company, which is part of the Water & Environment, it was determined, at the end of current fiscal year, that recoverability of a portion of the assets allocated to this business could not be anticipated, following a review of business plan in light of factors including increased fixed costs, such as personnel expenses, and the status of securing orders expected to lead to future shipments. Consequently, the carrying amounts of machinery and equipment and other assets were reduced to their recoverable amounts, resulting in the recognition of an impairment loss of ¥1,010 million.

With respect to the European subsidiary of Kverneland AS, which manufactures and sells implements and is part of the Farm & Industrial Machinery, the impact of tariff measures by the United States and changes in the market environment, including such measures, led to a reduction in expected orders from the United States. Following a review of the business plan, it was determined, at the end of the current fiscal year, that the recoverability of a portion of the assets used in the operations of the subsidiary could not be anticipated. Consequently, the carrying amounts of buildings and structures, among other assets, were reduced to their recoverable amounts, resulting in the recognition of an impairment loss of ¥572 million. Furthermore, it was also determined that the recoverability of the goodwill allocated to the CGU to which the subsidiary belongs, as well as that of the revalued land allocated in the purchase price allocation, both of which are recognized at the time the Parent Company acquired Kverneland AS, could not be anticipated, resulting in the recognition of an impairment loss of ¥165 million yen.

The recoverable amount 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 business plans approved by the management reflecting past performances. The estimated future cash flows are calculated using growth rate, and the discount rate is calculated based on the pretax weighted average cost of capital.

Balance Sheet (Non-consolidated)

Kubota Corporation

(Unit: millions of yen)

December 31:	2025
ASSETS	
Current assets:	
Cash and deposits	¥ 104,647
Trade notes receivable	1,199
Electronically recorded accounts receivable	46,559
Trade accounts receivable	409,131
Contract assets	18,085
Finished goods	72,941
Work in process	38,334
Raw materials and supplies	30,060
Other	90,140
Allowance for doubtful receivables	(122)
Total current assets	810,978
Fixed assets:	
Property, plant, and equipment—net:	
Buildings	154,478
Machinery and equipment	101,765
Land	81,443
Construction in progress	40,682
Other	34,719
Total property, plant, and equipment—net	413,089
Intangibles—net:	
Software	69,634
Other	523
Total intangibles—net	70,158
Investments and other assets:	
Investment securities	79,941
Investments in affiliates	393,419
Long-term loans receivable	31,774
Deferred tax assets	16,969
Prepaid pension costs	52,691
Other	34,262
Allowance for doubtful receivables	(63)
Total investments and other assets	608,995
Total fixed assets	1,092,243
Total assets	¥ 1,903,221

(Continued on the following page)

(Unit: millions of yen)

December 31:	2025
LIABILITIES AND EQUITY	
Current liabilities:	
Trade notes payable	¥ 10
Electronically recorded accounts payable	103,039
Trade accounts payable	86,041
Short-term borrowings	75,000
Other accounts payable	22,535
Income taxes payable	14,448
Accrued expenses	45,811
Contract liabilities	3,042
Deposits received	181,206
Provision for warranty costs	37,038
Provision for bonuses	11,213
Provision for directors' bonuses	176
Other	8,420
Total current liabilities	587,984
Long-term liabilities:	
Corporate bonds	270,000
Long-term borrowings	110,000
Provision for retirement benefits	26,579
Other	2,380
Total long-term liabilities	408,959
Total liabilities	996,944
Shareholders' equity:	
Common stock	84,130
Capital surplus:	
Additional paid-in capital	73,117
Other capital surplus	0
Total capital surplus	73,117
Retained earnings:	
Legal reserve	19,539
Other retained earnings:	
Reserve for reduction entry of land	169
Reserve for special accounts	99
General reserve	349,542
Unappropriated retained earnings	339,825
Total other retained earnings	689,637
Total retained earnings	709,176
Treasury stock	(2,801)
Total shareholders' equity	863,623
Valuation and translation adjustments:	
Unrealized holding gains on securities	42,652
Total valuation and translation adjustments	42,652
Total net assets	906,276
Total liabilities and net assets	¥ 1,903,221

* The accompanying notes are an integral part of these statements.

Statement of Income (Non-consolidated)

Kubota Corporation

(Unit: millions of yen)

Year ended December 31:	2025
Net sales	¥ 1,235,834
Cost of sales	991,395
Gross profit	244,439
Selling, general, and administrative expenses	172,444
Operating income	71,994
Non-operating income:	205,246
Interest and dividend income	165,094
Royalty income	14,417
Other	25,734
Non-operating expenses:	26,167
Interest expenses	3,709
Other	22,458
Ordinary income	251,073
Extraordinary income	12,235
Gain on sales of investment securities	12,235
Income before income taxes	263,309
Income taxes:	29,676
Current	31,385
Deferred	(1,708)
Net income	¥ 233,632

* The accompanying notes are an integral part of these statements.

Statement of Changes in Net Assets (Non-consolidated)

Kubota Corporation

(Unit: millions of yen)

	Shareholders' equity							
	Capital surplus				Retained earnings			
	Common stock	Additional paid-in capital	Other capital surplus	Legal reserve	Other retained earnings			
					Reserve for reduction entry of land	Reserve for special accounts	General reserve	Unappropriated retained earnings
Balance as of January 1, 2025	¥ 84,130	¥ 73,117	¥ -	¥ 19,539	¥ 171	¥ 885	¥ 349,542	¥ 182,202
Changes in the year								
Reversal of reserve for reduction entry of land					(2)			2
Reversal of reserve for special accounts						(785)		785
Dividends								(57,232)
Net income								233,632
Purchase of treasury stock			0					
Sales of treasury stock								
Retirement of treasury stock								(19,564)
Net change of items other than shareholders' equity								
Total changes in the year	-	-	0	-	(2)	(785)	-	157,623
Balance as of December 31, 2025	¥ 84,130	¥ 73,117	¥ 0	¥ 19,539	¥ 169	¥ 99	¥ 349,542	¥ 339,825

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gains on securities	Unrealized gains (losses) from hedging activities	Total valuation and translation adjustments	
Balance as of January 1, 2025	¥ (2,619)	¥ 706,969	¥ 42,309	¥ (18)	¥ 42,290	¥ 749,260
Changes in the year						
Reversal of reserve for reduction entry of land		-			-	-
Appropriation to reserve for special accounts		-			-	-
Dividends		(57,232)			-	(57,232)
Net income		233,632			-	233,632
Purchase of treasury stock	(20,003)	(20,003)			-	(20,003)
Sales of treasury stock	257	257			-	257
Retirement of treasury stock	19,564	-			-	-
Net change of items other than shareholders' equity		-	343	18	361	361
Total changes in the year	(181)	156,654	343	18	361	157,016
Balance as of December 31, 2025	¥ (2,801)	¥ 863,623	¥ 42,652	¥ -	¥ 42,652	¥ 906,276

* The accompanying notes are an integral part of these statements.

Notes to Financial Statements (Non-consolidated)

Kubota Corporation

Amounts less than the presentation unit are rounded down.

Significant Accounting Policies

1. Basis and Methods of Asset Valuation

(1) Securities

Investments in affiliates are stated at cost, which is determined by the moving-average method.

Marketable securities within securities classified as other securities under Japanese GAAP are stated at fair value based on market prices at the fiscal year end. Any changes in unrealized holding gains or losses are included directly in net assets, and cost of securities sold is determined by the moving-average method.

Nonmarketable securities within securities classified as other securities under Japanese GAAP are stated at cost, which is determined by the moving-average method.

(2) Derivatives

Derivatives are stated at fair value.

(3) Inventories

Inventories are stated at cost (method of lowering carrying amount due to a decline in profitability), which is determined by the moving-average method. Finished goods and work-in-process manufactured under specific production orders are stated at cost, which is determined by the specific identification method.

2. Methods of Depreciation and Amortization of Fixed Assets

Property, plant, and equipment, except for leased assets, are depreciated by using the straight-line method.

Intangible assets are amortized by the straight-line method. Internal-use software is amortized over the useful life of primarily 5-10 years.

Leased assets under finance lease transactions that do not transfer ownership are amortized by the straight-line method, using the lease term as the useful life.

3. Basis of Provisions

The allowance for doubtful receivables is provided for possible losses from bad debt at an estimated uncollectible amount determined based on the historical experience of bad debt loss for general receivables and is evaluated individually for specific doubtful receivables from customers who are experiencing financial difficulties.

Provision for warranty costs is provided to prepare for free repair for damaged products already sold based on an analysis of the Kubota Corporation's historical data of costs expensed under product warranties and estimations individually made.

Provision for bonuses is provided to prepare for payment of bonuses to employees at an estimated amount to be paid to employees for services rendered during the current fiscal year.

Provision for directors' bonuses is provided to prepare for payment of bonuses to directors based on an estimated amount to be paid to directors for the duties executed during the current fiscal year.

Provision for retirement benefits (prepaid pension costs) are provided to prepare for payments of retirement benefits based on the retirement benefit obligation and the fair value of the pension plan assets at the fiscal year end.

Since the fair value of pension assets as of December 31, 2025 exceeded retirement benefit obligations, after deduction of unrecognized prior-year service costs and actuarial gains or losses, prepaid pension costs were recorded on the balance sheet.

Prior-year service costs are amortized over the estimated average remaining service period (16.3 to 21.0 years) of employees as incurred by using the straight-line method.

Actuarial gains or losses are amortized over the estimated average remaining service period of employees by using the declining-balance method from the year following the year in which they were incurred.

The average remaining service period of employees as a basis of amortization ratio is 21.0 years.

4. Basis of Recognition of Revenue and Costs

The Company recognizes 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 (or as) the entity satisfies a performance obligation

The Company provides various products and services. The Farm & Industrial Machinery segment manufactures and distributes farm equipment, agricultural-related products, engines, and construction machinery. Water & Environment is composed of pipe system business (ductile iron pipes, plastic pipes, and other products), industrial products business (reformer and cracking tubes, spiral-welded steel pipes, air-conditioning equipment, and other products), and environment business (environmental control plants, pumps, and other products).

Revenue from sales of products is recognized when the products are delivered to the customers since the Company considered that the performance obligation is satisfied at that point in time. 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. Revenue is measured at the consideration promised in a contract with customers, less discounts, rebates depending on sales volume, and other items. The Company recognizes the consideration received from a customer as a liability when the Company expects to refund it in the future.

5. Other Significant Accounting Policies

(1) Translation of assets and liabilities denominated in foreign currencies

Monetary claims and debts denominated in foreign currencies are translated into Japanese yen using the spot exchange rate at each balance sheet date, and gains and losses arising from exchange rate changes are recorded in earnings.

(2) Hedge accounting

All short-term foreign exchange forward contracts are measured at fair value. Except for the forward contracts entered into for forecasted transactions, such contracts are recorded in earnings for the current fiscal year by netting foreign exchange gains or losses on receivables and payables denominated in foreign currencies that are hedged items.

Interest rate swap contracts are not recorded on the balance sheet as Kubota Corporation applies exceptional treatment to the contracts.

(3) Consolidated taxation system

Kubota Corporation adopts the consolidated taxation system.

Notes to Changes in Accounting Policies

Accounting Standard for Corporate Tax, Resident Tax, and Business Tax, etc.

The Company has applied the 'Accounting Standard for Corporate Taxes, Inhabitant Taxes and Enterprise Taxes, etc.' (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the '2022 Revised Accounting Standard') from the beginning of the current fiscal year. With regard to the classification of corporate taxes, etc. (taxation on valuation and translation differences), the Company follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso to Paragraph 65-2 (2) of the 'Implementation Guidance on Tax Effect Accounting' (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the '2022 Revised Implementation Guidance'). These changes have no impact on the non-consolidated financial statements of the Company.

Notes to Accounting Estimates

Provisions for Warranty Costs

Provisions for warranty costs are ¥37,038 million.

The Company provides contractual product warranties under which it generally guarantees the performance of products sold. 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.

This amount includes provisions based on the estimates made are ¥27,087 million and the estimates individually made are ¥9,951 million.

Matters Related to the Health Hazards of Asbestos

This is stated in "Notes to the Consolidated Financial Statements (Matters Regarding Preparation of Consolidated Financial Statements) [Notes to Accounting Estimates] 4. Matters Related to the Health Hazards of Asbestos."

Notes to Balance Sheet

1. Monetary claims from and debts to affiliates	
Short-term receivables from affiliates	¥ 449,870 million
Long-term receivables from affiliates	¥ 32,300 million
Short-term payables to affiliates	¥ 184,135 million
2. Accumulated depreciation of property, plant, and equipment	¥ 450,368 million
3. Contingent liabilities:	
Guarantees	
Credit guarantees for group financing	
Kubota Credit Co., Ltd.	¥ 340 million
Guarantees for bonds issued by subsidiaries	
Kubota Credit Corp., (U.S.A.)	¥ 234,840 million
Guarantees for underwriting reinsurance	
Kubota Re Corp.	¥ 1,447 million
Guarantees for borrowings from the bank	
Kubota Myanmar Co., Ltd.	¥ 391 million
4. The following notes that matured on December 31, 2025, the current fiscal year end, were included in the corresponding note accounts in the balance sheet because that day fell on a bank holiday.	
Trade notes receivable	¥ 28 million
Electronically recorded accounts receivable	¥ 5,540 million
Electronically recorded accounts payable	¥ 23,119 million

Notes to Statement of Income

Transactions with affiliates	
Sales to affiliates	¥ 1,052,166 million
Purchases from affiliates	¥ 166,969 million
Transactions with affiliates other than operating transactions	¥ 184,381 million

Notes to Statement of Changes in Net Assets

1. The number of treasury stock at December 31, 2025 was as follows:

Common stock	1,315 thousand shares
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(Note) Treasury stock include 1,109 thousand shares held by the trust in connection with the stock compensation plan.
2. Impairment losses:

This is stated in “Notes to the Consolidated Financial Statements (Matters Regarding Preparation of Consolidated Financial Statements) [Notes to Impairment of Nonfinancial Assets] 2. Impairment losses.”

Notes to Deferred Tax Assets and Liabilities

1. Significant components of deferred tax assets

(Unit: millions of yen)	
Accrued enterprise tax	¥ 1,339
Provision for warranty costs	11,333
Provision for bonuses	3,431
Provision for retirement benefits	8,324
Excess depreciation	8,193
Valuation losses on investment securities and investments in affiliates	5,237
Other	17,923
Subtotal	55,783
Valuation allowance	(6,367)
Total deferred tax assets	¥ 49,416

2. Significant components of deferred tax liabilities

(Unit: millions of yen)	
Prepaid pension costs	¥ (13,667)
Unrealized holding gains on securities	(18,527)
Other	(251)
Total deferred tax liabilities	(32,446)
Net deferred tax assets	¥ 16,969

3. The adjustments of deferred tax assets and deferred tax liabilities due to change in tax rates

Due to the enactment of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) on March 31, 2025, a new Defense Special Corporation Tax will be introduced starting from fiscal years beginning on or after April 1, 2026. As a result, for temporary differences expected to be reversed in fiscal years beginning on or after January 1, 2027, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities has been revised from 30.6% to 31.5%. The impact of this change on the non-consolidated financial statements of the Company is immaterial.

Note to Related-Party Transactions

Type	Name	Location	Common stock	Operations	Ownership of voting shares	Relationship	Contents of transactions	Amount of transactions (millions of yen)	Accounts	Balance at December 31, 2025 (millions of yen)
Subsidiary	Kubota Tractor Corporation	Texas, U.S.A.	US\$37 million	Sales of tractors, outdoor power equipment, construction machinery, and implements	100.0*	Sales of products of Kubota Corporation	Sales of tractors and other machinery (Note 1)	381,616	Trade accounts receivable	118,527
	Kubota Engine America Corporation	Illinois, U.S.A.	US\$10 million	Sales, engineering, and after-sales services of engines, engine parts, and engine accessories	100.0*	Sales of products of Kubota Corporation	Sales of engines (Note 1)	64,818	Trade accounts receivable	21,163
	Kubota Baumaschinen GmbH	Rheinland-Pfalz, Germany	EUR 14 million	Manufacturing and sales of construction machinery	100.0*	Sales of products of Kubota Corporation	Sales of construction machinery (Note 1)	79,108	Trade accounts receivable	37,707
	Kubota Europe S.A.S.	Val-d'Oise, France	EUR 11 million	Sales of construction machinery, tractors, outdoor power equipment, and engines	100.0*	Sales of products of Kubota Corporation	Sales of construction machinery and other machinery (Note 1)	50,014	Trade accounts receivable	24,161
	KUBOTA Construction Machinery Japan Corporation	Osaka, Japan	¥300 million	Sales of construction machinery, etc.	100.0	Sales of products of Kubota Corporation Interlocking directors	Sales of construction machinery (Note 1)	23,045	Trade accounts receivable	5,241
	SIAM KUBOTA Corporation Co., Ltd.	Pathomtani, Thailand	THB 2,739 million	Manufacturing and sales of tractors, combine harvesters, implements, and horizontal-type diesel engines Sales of construction machinery	60.0	Sales of products of Kubota Corporation Interlocking directors	Management advice fee (Note 2)	5,287	Other (Current assets)	2,468
							Patent royalty (Note 2)	4,502	Other (Current assets)	2,860
	Kubota Credit Co., Ltd.	Osaka, Japan	¥500 million	Retail financing to purchasers of farm equipment and related products	54.9 22.9*	Financial assistance Credit guarantee Interlocking directors	Lending (Notes 3 and 4)	63,190	Short-term loans receivable	30,220
							Interest receipt (Note 3)	326	Long-term loans receivable	29,180
							Depositing (Notes 3 and 4)	42,784	Other (Current assets)	25
Interest payment (Note 3)							282	Deposits received	57,842	
Credit guarantee (Note 5)							340	Other (Current liabilities)	13	
								-	-	

Type	Name	Location	Common stock	Operations	Ownership of voting shares	Relationship	Contents of transactions	Amount of transactions (millions of yen)	Accounts	Balance at December 31, 2025 (millions of yen)
	KUBOTA Environmental Engineering Corporation	Tokyo, Japan	¥400 million	Design, manufacture, installation, repair, operation, maintenance and management of various environmental equipment and environmental plants.	100.0	Depositing Interlocking directors	Depositing (Notes 3 and 4)	30,678	Deposits received	25,251
							Interest payment (Note 3)	177	-	-
	KUBOTA Credit Corp., (U.S.A.)	Texas, U.S.A.	US\$8 million	Retail financing to purchasers of tractors, outdoor power equipment, construction machineries, and implements	10.0 90.0*	Debit Guarantee Interlocking directors	Debit Guarantee (Note 6)	234,840	-	-
	Kubota China Holdings Co.,Ltd.	Shanghai, China	RMB 1,710 million	Administration of subsidiaries in China	100.0	Depositing Interlocking directors	Depositing (Notes 3 and 4)	18,027	Deposits received	13,416
							Interest payment (Note 3)	402	Other (Current liabilities)	20

*Indirect holding

Amount of transactions do not include consumption taxes, while balance at December 31, 2025 include consumption taxes in the above table.

Terms and conditions of business, decision-making policies regarding terms and conditions of business, and others

- (Notes)
- Regarding product sales, suggested prices are proposed by Kubota Corporation in consideration of market prices, and total costs and transaction prices are determined after price negotiations.
 - Patent royalty and management advisory fees are determined based on a percentage of sales of SIAM KUBOTA Corporation Co., Ltd.
 - Interest rates are reasonably decided in consideration of market interest rates.
 - Amounts of transactions are stated at the average balance during the fiscal year.
 - Kubota Corporation provides a guarantee for group financing of Kubota Credit Co., Ltd.
 - Kubota Corporation provides a guarantee for bonds issued by Kubota Credit Corp., (U.S.A.)

Note to Revenue recognition

Information on the basis for understanding revenue from contracts with customers is given in “Notes to the Consolidated Financial Statements (Matters Regarding Preparation of Consolidated Financial Statements) [Significant Accounting Policies] 9. Revenue Recognition” and “Notes to the Consolidated Financial Statements (Matters Regarding Preparation of Consolidated Financial Statements) [Notes to Revenue Recognition].”

Note to Per Common Share Information

- Net assets per common share ¥ 796.79
- Net income per common share – basic ¥ 204.48

(Notes) In calculating the per common share information, shares of the Parent Company held by the trust in connection with the stock compensation plan have been deducted from the number of outstanding common shares as of the end of fiscal year and weighted-average number of common shares issued since then are recognized as treasury shares. The number of outstanding common shares as of the end of fiscal year and weighted-average number of common shares issued regarding shares of the Parent Company held by the trust in connection with the stock compensation plan are 1,009 thousand shares and 1,037 thousand shares, respectively.

Copy of
the Independent Auditor's Report Concerning Consolidated Financial Statements
(Translation)

INDEPENDENT AUDITOR'S REPORT

February 10, 2026

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

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Kubota Corporation and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of December 31, 2025, and the consolidated statement of profit or loss, consolidated statement of changes in equity for the fiscal year from January 1, 2025 to December 31, 2025, and the related notes.

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, 2025, and its consolidated financial performance for the year then ended in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

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, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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.

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 Business Report and the accompanying supplemental schedules.

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 accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under IFRS Accounting Standards as issued by the IASB, 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 accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under IFRS Accounting Standards as issued by the IASB.

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 accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under IFRS Accounting Standards as issued by the IASB, 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

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.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. The other information in "the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

Copy of
the Independent Auditor's Report Concerning Financial Statements (Non-consolidated)
(Translation)

INDEPENDENT AUDITOR'S REPORT

February 10, 2026

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

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements of Kubota Corporation (the "Company"), namely, the balance sheet (Non-consolidated) as of December 31, 2025, and the statement of income (Non-consolidated) and the statement of changes in net assets (Non-consolidated) for the 136th fiscal year from January 1, 2025 to December 31, 2025, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

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 Non-consolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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.

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 Business Report and the accompanying supplemental schedules.

Our opinion on the non-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 non-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 non-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 Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

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 Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-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 non-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 non-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 Company'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 Company'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 non-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 Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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 Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. "The accompanying supplemental schedules" referred to in the "Opinion" section of this English translation are not included in the attached financial documents. In addition, the other information in "the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.