

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

REFERENCE MATERIALS FOR THE 133RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

Proposals and Reference Information

Proposal 1: Election of Eleven Directors


The term of office of all ten Directors will expire at the conclusion of this meeting. At this juncture, Kubota Corporation (hereinafter the “Company”) proposes to elect eleven Directors, increasing the number of Directors by one, to maintain the number of Directors at an appropriate level for carrying on effective discussions at meetings of the Board of Directors, while strengthening the Group management base with an eye to the expansion of the overseas business activities, thereby realizing sustainable growth and increasing the trust that society places in the Kubota Group (hereinafter the “Group”), and also strengthening the corporate governance framework. If this proposal is approved and passed as proposed, five out of the eleven Directors will be Outside Directors.

The candidates for Director are as described below. Among the candidates, Yuzuru Matsuda, Koichi Ina, Yutaro Shintaku, Kumi Arakane and Koichi Kawana are candidates for Outside Directors.

No.	Name		Position and Responsibility at Kubota Corporation and Important Concurrent Positions	Attendance of the Meetings of the Board of Directors
1	Yuichi Kitao	Reappointment	President and Representative Director	100% (12 of 12)
2	Masato Yoshikawa	Reappointment	Representative Director and Executive Vice President, General Manager of Planning and Control Headquarters, General Manager of Global ICT Headquarters	100% (12 of 12)
3	Dai Watanabe	Reappointment	Director and Executive Vice President, General Manager of Farm and Industrial Machinery Consolidated Division, General Manager of Innovation Center	100% (12 of 12)
4	Hiroto Kimura	Reappointment	Director and Senior Managing Executive Officer, General Manager of Research and Development Headquarters, General Manager of Kubota Global Institute of Technology, Deputy General Manager of Innovation Center, General Manager of Carbon Neutral Promotion Dept.	100% (10 of 10)
5	Eiji Yoshioka	New Nomination	Senior Managing Executive Officer, General Manager of Water and Environment Infrastructure Consolidated Division, Deputy General Manager of Innovation Center, General Manager of Tokyo Head Office	-
6	Shingo Hanada	New Nomination	Managing Executive Officer, President of Kubota North America Corporation, President of KUBOTA TRACTOR CORPORATION	-
7	Yuzuru Matsuda	Reappointment Independent Outside	Outside Director	100% (12 of 12)
8	Koichi Ina	Reappointment Independent Outside	Outside Director, Outside Director of Sansha Electric Manufacturing Co., Ltd.	100% (12 of 12)
9	Yutaro Shintaku	Reappointment Independent Outside	Outside Director, Outside Director of Santen Pharmaceutical Co., Ltd., Outside Director of KOZO KEIKAKU ENGINEERING Inc.	100% (12 of 12)
10	Kumi Arakane	Reappointment Independent Outside	Outside Director, External Director of Kagome Co., Ltd., Outside Director of TODA CORPORATION	100% (12 of 12)

No.	Name		Position and Responsibility at Kubota Corporation and Important Concurrent Positions	Attendance of the Meetings of the Board of Directors
11	Koichi Kawana	New Nomination Independent Outside	Outside Director of TOKYO ELECTRON DEVICE LIMITED Outside Director of Bandai Namco Holdings Inc. Outside Director (Audit and Supervisory Committee Member) of COMSYS Holdings Corporation External Director of RENOVA, Inc.	-

- (Notes)
1. Kubota Corporation has purchased directors and officers liability insurance (D&O insurance) for all of the Directors (including Outside Directors) and Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) as the insured persons.
The insurance policies cover liability of Directors and Audit & Supervisory Board Members arising in the performance of their duties and damage claims received pertaining to the pursuit of said liability. However, there are certain exclusions, such as no coverage for liability arising from actions taken with the knowledge that they were in violation of laws and regulations. If this proposal is approved and passed as proposed, all candidates will be covered by the insurance policy. In addition, Kubota Corporation plans to renew the insurance policies with the above details at the time of renewal in November 2023.
 2. Mr. Hiroto Kimura's attendance of the meetings of the Board of Directors is only counted for the meetings held after his assumption of office as Director on March 18, 2022.

No. 1	Yuichi Kitao (Date of Birth: July 15, 1956)	Reappointment	
Number of Kubota Corporation's Shares Owned: 112,819 shares			
Tenure as Director: 8 years and 9 months, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)			

Career Summary, Position and Responsibility at Kubota Corporation

April 1979	Joined Kubota Corporation
April 2005	General Manager of Tractor Engineering Dept.
April 2009	Senior Executive Officer, General Manager of Tractor Division
January 2011	President of KUBOTA TRACTOR CORPORATION
April 2013	Managing Executive Officer of Kubota Corporation
October 2013	General Manager of Farm and Utility Machinery Division, General Manager of Farm and Utility Machinery International Operations Headquarters
June 2014	Director and Managing Executive Officer
April 2015	Director and Senior Managing Executive Officer, General Manager of Farm and Industrial Machinery Domain
January 2019	Representative Director and Executive Vice President, General Manager of Farm and Industrial Machinery Consolidated Division
June 2019	General Manager of Innovation Center
January 2020	President and Representative Director (to present)


Important Concurrent Positions

Not applicable

Reasons for Nomination as Candidate for Director

Yuichi Kitao has extensive knowledge and experience that has accumulated while being in charge of the Farm and Industrial Machinery Domain over many years, in which role he has expanded this domain's business operations, which has included M&A, and grown the overseas business. And he has demonstrated his skills in the creation of new businesses such as by providing direction in the establishment of Innovation Center. Since assuming office as President and Representative Director in January 2020, he has promoted the further expansion of globalization and business operations by accelerating innovation, and has contributed to strengthening the functions of the Board of Directors, drawing on his experience and record of accomplishments. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

(Note) There is no special interest between Kubota Corporation and Mr. Kitao.

No. 2	Masato Yoshikawa (Date of Birth: January 27, 1959)	Reappointment	
Number of Kubota Corporation's Shares Owned: 64,046 shares			
Tenure as Director: 6 years, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)			

Career Summary, Position and Responsibility at Kubota Corporation

April 1981	Joined Kubota Corporation
February 2008	General Manager of Ductile Iron Pipe Planning Dept.
October 2009	General Manager of Pipe Systems Planning Dept.
October 2010	General Manager of Corporate Planning and Control Dept.
April 2012	Senior Executive Officer
October 2013	President of KUBOTA TRACTOR CORPORATION
April 2015	Managing Executive Officer of Kubota Corporation
March 2017	Director and Managing Executive Officer
January 2018	Director and Senior Managing Executive Officer
January 2019	General Manager of Planning and Control Headquarters (to present), General Manager of Global IT Management Department
April 2019	General Manager of Global ICT Headquarters (to present)
January 2020	Director and Executive Vice President
January 2022	Representative Director and Executive Vice President (to present)


Important Concurrent Positions

Not applicable

Reasons for Nomination as Candidate for Director

Masato Yoshikawa is highly proficient in corporate management from a global perspective based on his experience in the business planning operations and as a president of a sales company in North America, an important market. He has also been promoting Group-wide digital transformation (DX). He has contributed from multiple perspectives to strengthening the functions of the Board of Directors, drawing on his knowledge and experience. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

(Note) There is no special interest between Kubota Corporation and Mr. Yoshikawa.

No. 3	Dai Watanabe (Date of Birth: October 2, 1958)	Reappointment	
Number of Kubota Corporation's Shares Owned: 80,593 shares			
Tenure as Director: 4 years, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)			

Career Summary, Position and Responsibility at Kubota Corporation

April 1984	Joined Kubota Corporation
June 2008	General Manager of Farm and Industrial Machinery International Planning and Control Dept.
January 2012	President of Kubota Europe S.A.S.
April 2013	Senior Executive Officer of Kubota Corporation
February 2014	President of Kubota Farm Machinery Europe S.A.S.
December 2014	President of Kverneland AS
September 2016	General Manager of Agricultural Implement Business Unit of Kubota Corporation
January 2017	Managing Executive Officer, General Manager of Agricultural Implement Division
October 2017	President of Kubota Holdings Europe B.V.
January 2018	General Manager of Agricultural Implement Division of Kubota Corporation
January 2019	Senior Managing Executive Officer, General Manager of Farm and Industrial Machinery Strategy and Operations Headquarters
March 2019	Director and Senior Managing Executive Officer
June 2019	Deputy General Manager of Innovation Center
January 2020	General Manager of Farm and Industrial Machinery Consolidated Division (to present), General Manager of Innovation Center (to present)
January 2023	Director and Executive Vice President (to present)


Important Concurrent Positions

Not applicable

Reasons for Nomination as Candidate for Director

Dai Watanabe has extensive experience as a president at a regional headquarters company and sales companies in Europe, and he has established inroads for a full-scale entry into the dryland farming market by the Company's farming machinery business through orchestrating the market entry into the Agricultural Implement business. He has contributed to strengthening the functions of the Board of Directors, drawing on his experience and record of accomplishments. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

(Note) There is no special interest between Kubota Corporation and Mr. Watanabe.

No. 4	Hiroto Kimura (Date of Birth: May 6, 1961)	Reappointment	
Number of Kubota Corporation's Shares Owned: 26,407 shares			
Tenure as Director: 1 year, at the conclusion of this meeting			
Attendance of the Meetings of the Board of Directors: 100% (10 of 10)			

Career Summary, Position and Responsibility at Kubota Corporation

April 1984	Joined Kubota Corporation
April 2007	General Manager of Rice Transplanter Engineering Dept.
April 2010	General Manager of Thai Technical Information Center, Farm and Industrial Machinery Research Dept.
August 2010	Vice president of SIAM KUBOTA CORPORATION
January 2017	Senior Executive Officer of Kubota Corporation, President of SIAM KUBOTA Corporation Co., Ltd.
September 2019	President of Kubota Research and Development Asia Co., Ltd.
January 2020	Managing Executive Officer, Deputy General Manager of Innovation Center (to present), Deputy General Manager of Research and Development Headquarters, Deputy General Manager of ASEAN Farm and Industrial Machinery Strategy and Operations Headquarters of Kubota Corporation
January 2021	General Manager of Research and Development Headquarters (to present), General Manager of Carbon Neutral Promotion Dept. (to present)
March 2022	Director and Managing Executive Officer
September 2022	General Manager of Kubota Global Institute of Technology (to present)
January 2023	Director and Senior Managing Executive Officer (to present)


Important Concurrent Positions

Not applicable

Reasons for Nomination as Candidate for Director

Hiroto Kimura has experience related to global operations, primarily in Asia, gained as the head of a farm machinery manufacturing and sales company in Thailand. He has also exerted efforts toward achieving carbon neutrality in business operations while engaged in research and development over many years. He has contributed to strengthening the functions of the Board of Directors, drawing on his expertise and experience. He was nominated as a candidate for Director based on the judgment that he has the ability to continue to properly oversee the management of the Group as a whole and contribute to its sustainable growth and improvement of corporate value.

- (Notes)
1. There is no special interest between Kubota Corporation and Mr. Kimura.
 2. Mr. Hiroto Kimura's attendance of the meetings of the Board of Directors is only counted for the meetings held after his assumption of office as Director on March 18, 2022.

No. 5	Eiji Yoshioka (Date of Birth: November 17, 1958)	New Nomination	
Number of Kubota Corporation's Shares Owned: 25,640 shares			

Career Summary, Position and Responsibility at Kubota Corporation

April 1981	Joined Kubota Corporation
April 2005	General Manager of Quality Assurance and Manufacturing Promotion Dept.
April 2010	General Manager of Tsukuba Plant
April 2013	General Manager of Air Conditioning Equipment Business Unit President of Kubota Air Conditioner, Ltd.
January 2016	Senior Executive Officer, General Manager of Materials Division
January 2019	Responsible for Special Tasks Assigned by President
January 2020	Managing Executive Officer, General Manager of Pipe Systems and Infrastructure Division
January 2022	Senior Managing Executive Officer (to present), General Manager of Water and Environment Infrastructure Consolidated Division (to present), Deputy General Manager of Innovation Center (to present), General Manager of Tokyo Head Office (to present)


Important Concurrent Positions

Not applicable

Reasons for Nomination as Candidate for Director

Eiji Yoshioka has extensive experience of business execution in quality assurance and manufacturing divisions in addition to having served as general manager of various business units in the Farm and Industrial Machinery Business and the Water and Environment Business. As a result, he has broad-ranging knowledge of the Company's business and the ability to provide comprehensive judgment. He was nominated as a candidate for Director based on the judgment that he has the ability to appropriately oversee the management of the entire Group and contribute to the sustainable growth and increased corporate value of the Company from multiple perspectives drawing on this knowledge and experience.

(Note) There is no special interest between Kubota Corporation and Mr. Yoshioka.

No. 6	Shingo Hanada (Date of Birth: November 14, 1963)	New Nomination	
Number of Kubota Corporation's Shares Owned: 5,843 shares			

Career Summary, Position and Responsibility at Kubota Corporation

April 1989	Joined Kubota Corporation
April 2015	General Manager of Tractor Planning and Sales Promotion Dept.
January 2017	General Manager of Agricultural Tractor Planning and Sales Promotion Dept.
January 2018	General Manager of Outdoor Power Equipment Business Unit, General Manager of Outdoor Power Equipment Business Planning and Development Dept.
January 2019	Senior Executive Officer, General Manager of Outdoor Power Equipment Division
February 2020	General Manager of Outdoor Power Equipment Business Planning and Development Dept.
January 2021	President of Kubota Holdings Europe B.V. President of Kverneland AS
January 2022	Managing Executive Officer of Kubota Corporation (to present) President of Kubota North America Corporation (to present) President of KUBOTA TRACTOR CORPORATION (to present)


Important Concurrent Positions

Not applicable

Reasons for Nomination as Candidate for Director

Shingo Hanada has been extensively engaged in overseas business, primarily the tractor business, and he has contributed to global expansion in Europe and North America. In 2022, he took office as President at the regional headquarters company for North America, the most important region for the Company and has excellent management viewpoint. He was nominated as a candidate for Director based on the judgment that he has the ability to appropriately oversee the management of the entire Group and contribute to the sustainable growth and increased corporate value of the Company drawing on this knowledge and experience.

(Note) There is no special interest between Kubota Corporation and Mr. Hanada.

No. 7	Reappointment / Independent / Outside Yuzuru Matsuda (Date of Birth: June 25, 1948)	
Number of Kubota Corporation's Shares Owned: 28,499 shares		
Tenure as Outside Director: 8 years and 9 months, at the conclusion of this meeting		
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)		

Career Summary, Position and Responsibility at Kubota Corporation

April 1977	Joined Kyowa Hakko Kogyo Co., Ltd. (currently, Kyowa Kirin Co., Ltd.)
June 1999	Director of Drug Discovery Research Laboratories, Pharmaceutical Research Institute
June 2000	Executive Officer, Executive Director of Pharmaceutical Research Institute
June 2002	Executive Director, Director of Corporate Planning Department
June 2003	President and Chief Operating Officer
October 2008	President and Chief Executive Officer
June 2012	President of Kato Memorial Bioscience Foundation
June 2014	Outside Director of Kubota Corporation (to present) Outside Director of Bandai Namco Holdings Inc.
June 2015	Outside Director of JSR Corporation
June 2019	Director Emeritus of Kato Memorial Bioscience Foundation (to present)

Important Concurrent Positions

Not applicable


Reasons for Nomination as Candidate for Outside Director and Overview of Expected Roles

Yuzuru Matsuda has extensive experience in managing a comprehensive manufacturer of biotechnology and offers a wide perspective on matters. Since his assumption of office as Outside Director of Kubota Corporation in June 2014, he has been actively voicing his views from a managerial perspective at meetings of the Board of Directors, while also playing a proper role with respect to management oversight. He was nominated as a candidate for Outside Director based on the judgment that he has the ability to continue to contribute to strengthening supervisory functions of Kubota Corporation's Board of Directors.

Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Matsuda.

- (Notes)
1. Pursuant to Article 427, paragraph 1 of the Companies Act, Kubota Corporation has entered into an agreement with Mr. Matsuda to limit his liability for damages. The maximum amount of his liability under this agreement is the amount provided for in laws and regulations. Upon the approval of his election pursuant to this proposal and his assumption of office, Kubota Corporation will continue the agreement with him.
 2. Kubota Corporation has reported to the Tokyo Stock Exchange (hereinafter the "TSE") that Mr. Matsuda has been appointed as an Independent Director as defined by the TSE.

No. 8	Reappointment / Independent / Outside Koichi Ina (Date of Birth: May 6, 1948)	
Number of Kubota Corporation's Shares Owned: 24,175 shares		
Tenure as Outside Director: 7 years and 9 months, at the conclusion of this meeting		
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)		

Career Summary, Position and Responsibility at Kubota Corporation

April 1973	Joined Toyota Motor Corporation
January 1998	General Manager of the Motomachi Plant Machining Division
June 2000	Division General Manager of the Motomachi Plant Administration Division
June 2002	Board of Director, Plant Manager, Honsha Plant, Plant Manager, Motomachi Plant
June 2003	Managing Officer, General Manager of Global Production Center
June 2004	Plant Manager, Myochi Plant
June 2005	Plant Manager, Takaoka Plant, Plant Manager, Tsutsumi Plant
June 2006	Plant Manager, Miyoshi Plant
June 2007	Senior Managing Director, Chief Officer, Production Planning Group, Chief Officer, Manufacturing Group
June 2009	Executive Vice President of Daihatsu Motor Co., Ltd.
June 2010	President
June 2013	Chairman
June 2015	Outside Director of Kubota Corporation (to present)
June 2019	Outside Director of Sansha Electric Manufacturing Co., Ltd. (to present)

Important Concurrent Positions

Outside Director of Sansha Electric Manufacturing Co., Ltd.


Reasons for Nomination as Candidate for Outside Director and Overview of Expected Roles

Koichi Ina has extensive experience in managing an automotive manufacturer and offers a wide perspective on matters. He also has deep knowledge in the field of manufacturing as an engineer and from having been engaged in various management positions in plant operations. Since his assumption of office as Outside Director of Kubota Corporation in June 2015, he has been actively voicing his views mainly from a manufacturing perspective at meetings of the Board of Directors, while also playing a proper role with respect to management oversight. He was nominated as a candidate for Outside Director based on the judgment that he has the ability to continue to contribute to the sustainable growth and increased corporate value of the Company as well as strengthening supervisory functions of Kubota Corporation's Board of Directors.

Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Ina. Moreover, Kubota Corporation has no special relationship with Sansha Electric Manufacturing Co., Ltd., of which Mr. Ina holds an important concurrent position.

- (Notes)
1. Pursuant to Article 427, paragraph 1 of the Companies Act, Kubota Corporation has entered into an agreement with Mr. Ina to limit his liability for damages. The maximum amount of his liability under this agreement is the amount provided for in laws and regulations. Upon the approval of his election pursuant to this proposal and his assumption of office, Kubota Corporation will continue the agreement with him.
 2. Kubota Corporation has reported to the TSE that Mr. Ina has been appointed as an Independent Director as defined by the TSE.

No. 9	Reappointment / Independent / Outside Yutaro Shintaku (Date of Birth: September 19, 1955)	
Number of Kubota Corporation's Shares Owned: 8,825 shares		
Tenure as Outside Director: 5 years, at the conclusion of this meeting		
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)		

Career Summary, Position and Responsibility at Kubota Corporation

April 1979	Joined Toa Nenryo Kogyo K.K. (currently, JXTG Nippon Oil & Energy Corporation)
January 1999	Joined Terumo Corporation
June 2005	Executive Officer
June 2006	Director and Executive Officer
June 2007	Director and Senior Executive Officer, In charge of R&D Center, Intellectual Property Dept. and Legal Dept.
June 2009	Director and Managing Executive Officer, General Manager of Strategy Planning Dept., In charge of Human Resources Dept. and Accounting & Finance Dept.
June 2010	President and Representative Director
April 2017	Director and Adviser
June 2017	Outside Director of Santen Pharmaceutical Co., Ltd. (to present) Outside Director of J-Oil Mills, Inc.
March 2018	Outside Director of Kubota Corporation (to present)
April 2018	Visiting Professor of Hitotsubashi University Business School
April 2019	Special Professor (to present)
September 2019	Outside Director of KOZO KEIKAKU ENGINEERING Inc. (to present)

Important Concurrent Positions

Outside Director of Santen Pharmaceutical Co., Ltd.
Outside Director of KOZO KEIKAKU ENGINEERING Inc.


Reasons for Nomination as Candidate for Outside Director and Overview of Expected Roles

Yutaro Shintaku has experience and a record of accomplishments at having actively promoted global strategy acting as management of a medical device manufacturer. He also offers a wide perspective as outside director of other companies. Since his assumption of office as Outside Director of Kubota Corporation in March 2018, he has been actively voicing his views from a managerial perspective at meetings of the Board of Directors, while also playing a proper role with respect to management oversight. He was nominated as a candidate for Outside Director based on the judgment that he has the ability to continue to contribute to strengthening supervisory functions of Kubota Corporation's Board of Directors.

Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Shintaku. Although Kubota Corporation has business transactions with Santen Pharmaceutical Co., Ltd., and KOZO KEIKAKU ENGINEERING Inc., of which Mr. Shintaku holds important concurrent positions, the transactions are less than 0.01% of consolidated revenue of Kubota Corporation as well as of Santen Pharmaceutical Co., Ltd., and KOZO KEIKAKU ENGINEERING Inc.

- (Notes)
1. Pursuant to Article 427, paragraph 1 of the Companies Act, Kubota Corporation has entered into an agreement with Mr. Shintaku to limit his liability for damages. The maximum amount of his liability under this agreement is the amount provided for in laws and regulations. Upon the approval of his election pursuant to this proposal and his assumption of office, Kubota Corporation will continue the agreement with him.
 2. Kubota Corporation has reported to the TSE that Mr. Shintaku has been appointed as an Independent Director as defined by the TSE.

No. 10	Reappointment / Independent / Outside Kumi Arakane (Date of Birth: July 4, 1956)	
Number of Kubota Corporation's Shares Owned: 7,720 shares		
Tenure as Outside Director: 2 years, at the conclusion of this meeting		
Attendance of the Meetings of the Board of Directors: 100% (12 of 12)		

Career Summary, Position and Responsibility at Kubota Corporation

April 1981	Joined KOBAYASHI KOSÉ COMPANY LIMITED (currently, KOSÉ Corporation)
March 2002	Senior Chief Researcher of R&D Headquarters Advanced Cosmetic Research Laboratories
March 2004	General Manager of Product Development Dept.
March 2006	Executive Officer, Deputy Director-General of Marketing Headquarters
March 2010	General Manager of R&D Laboratories
March 2011	General Manager of Quality Assurance Dept., Marketing Supervisor-General
June 2011	Director, in charge of Quality Assurance Dept., Customer Service Center, Purchasing Dept., Product Designing Dept.
June 2017	Audit & Supervisory Board Member
March 2019	Audit & Supervisory Board Member of Kubota Corporation
March 2020	External Director of Kagome Co., Ltd. (to present)
June 2020	Outside Director of TODA CORPORATION (to present)
March 2021	Outside Director of Kubota Corporation (to present)

Important Concurrent Positions

External Director of Kagome Co., Ltd.

Outside Director of TODA CORPORATION

Reasons for Nomination as Candidate for Outside Director and Overview of Expected Roles


Kumi Arakane's career at a cosmetics company provided her with the experience of being involved in corporate management as Director, as well as being in charge of various areas of business including product development, research, quality control and purchasing. Since her assumption of office as Outside Audit & Supervisory Board Member of Kubota Corporation in March 2019 and as Outside Director in March 2021, she has been actively voicing her views from various perspectives at meetings of the Board of Directors, while also playing a proper role with respect to management oversight. She was nominated as a candidate for Outside Director based on the judgment that she will continue to provide suggestions on overall management and has the ability to contribute to strengthening the corporate governance structure of Kubota Corporation.

Independence of the Nominee

There is no special interest between Kubota Corporation and Ms. Arakane. Although Kubota Corporation has business transactions with Kagome Co., Ltd., and TODA CORPORATION, of which Ms. Arakane holds important concurrent positions, the transactions are less than 0.01% of

consolidated revenue of Kubota Corporation as well as of Kagome Co., Ltd., and TODA CORPORATION.

- (Notes)
1. Pursuant to Article 427, paragraph 1 of the Companies Act, Kubota Corporation has entered into an agreement with Ms. Arakane to limit her liability for damages. The maximum amount of her liability under this agreement is the amount provided for in laws and regulations. Upon the approval of her election pursuant to this proposal and her assumption of office, Kubota Corporation will continue the agreement with her.
 2. Kubota Corporation has reported to the TSE that Ms. Arakane has been appointed as an Independent Director as defined by the TSE.
 3. The name of Kumi Arakane in the family register is Kumi Kameyama.

No. 11	New Nomination / Independent / Outside	
Koichi Kawana (Date of Birth: April 23, 1958)		
Number of Kubota Corporation's Shares Owned: 0 shares		

Career Summary, Position and Responsibility at Kubota Corporation

April 1982	Joined JGC CORPORATION (currently, JGC HOLDINGS CORPORATION)
July 1997	General Manager, Abu Dhabi Office General Manager, Kuwait Office
July 2001	General Manager, London Office
May 2004	General Manager, Project Business Investment Promotion Department
July 2007	Executive Officer, General Manager, New Business Promotion Division
August 2007	Senior General Manager, New Business Promotion Division
July 2009	Managing Director, Senior General Manager, Global Marketing Division
June 2010	Representative Director, Senior Executive Vice President
July 2011	Representative Director and President (COO)
June 2012	Representative Director and President
June 2017	Director, Vice Chairman
June 2019	Outside Director of TOKYO ELECTRON DEVICE LIMITED (to present) Outside Director of Bandai Namco Holdings Inc. (to present) Outside Director (Audit and Supervisory Committee Member) of COMSYS Holdings Corporation (to present)
June 2020	External Director of RENOVA, Inc. (to present)
December 2020	External Director of ispace, inc. (to present)
April 2021	Representative Director and President, Lublyst Inc. (to present)
July 2021	Industry Advisor of KKR Japan Inc. (to present)

Important Concurrent Positions

Outside Director of TOKYO ELECTRON DEVICE LIMITED
 Outside Director of Bandai Namco Holdings Inc.
 Outside Director (Audit and Supervisory Committee Member) of COMSYS Holdings Corporation
 External Director of RENOVA, Inc.

Reasons for Nomination as Candidate for Outside Director and Overview of Expected Roles

Koichi Kawana has extensive knowledge and experience as a manager at a plant and engineering manufacturer, and he has broad-ranging proficiency in overseas business, which includes having headed overseas business sites. Based on his experience as Outside Director at other companies, he also possesses perspectives on management in general in a number of sectors. He was nominated as a candidate for Outside Director based on the judgment that he has the ability to contribute to the sustainable growth and increased corporate value of the

Company as well as strengthening supervisory functions of Kubota Corporation's Board of Directors drawing on his deep insight.

Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Koichi Kawana. Moreover, Kubota Corporation has no special relationship with TOKYO ELECTRON DEVICE LIMITED, Bandai Namco Holdings Inc., COMSYS Holdings Corporation, and RENOVA, Inc., of which Mr. Koichi Kawana holds important concurrent positions.


- (Notes)
1. Upon the approval of Mr. Kawana's election pursuant to this proposal and his assumption of office, Kubota Corporation intends to enter into an agreement with him to limit his liability for damages, pursuant to Article 427, paragraph 1 of the Companies Act. The maximum amount of his liability under this agreement is the amount provided for in laws and regulations.
 2. Upon the approval of Mr. Kawana's election pursuant to this proposal and his assumption of office, Kubota Corporation intends to report to the TSE that he has been appointed as an Independent Audit & Supervisory Board Member as defined by the TSE.

Proposal 2: Election of One Substitute Audit & Supervisory Board Member

Kubota Corporation proposes to elect one substitute Outside Audit & Supervisory Board Member in case of the number of Outside Audit & Supervisory Members falling below the number required by laws and regulations.

This proposal has been agreed by the Audit & Supervisory Board.

Hogara Iwamoto is a candidate for substitute Outside Audit & Supervisory Board Member.

Substitute Audit & Supervisory Board Member / Outside	
Hogara Iwamoto (Date of Birth: June 22, 1969)	
Number of Kubota Corporation's Shares Owned: 0 shares	

Career Summary, Position and Responsibility at Kubota Corporation

April 1995	Registered as an attorney at law of Japan (to present)
May 2008	Joined Asunaro Law Office
May 2010	Representative Partner of Asunaro Legal Professional Corporation, Asunaro Law Office (to present)
April 2020	Vice Chairperson of the Osaka Bar Association

Important Concurrent Positions

Representative Partner of Asunaro Legal Professional Corporation, Asunaro Law Office

Reasons for Nomination as Candidate for Substitute Outside Audit & Supervisory Board Member

As an attorney, Hogara Iwamoto possesses a wealth of knowledge in legal affairs. He has an extensive record of practice in corporate legal affairs at attorney offices as well as broad-ranging experience in the field of law, which includes serving as Vice Chairperson of the Osaka Bar Association. Although he has never directly engaged in corporate management, he is nominated as a candidate for substitute Outside Audit & Supervisory Board Member based on the judgment that he will reflect his experience and expert point of view in the Company's audits from an independent standpoint.

Independence of the Nominee

There is no special interest between Kubota Corporation and Mr. Hogara Iwamoto. Moreover, Kubota Corporation has no special relationship with Asunaro Legal Professional Corporation, Asunaro Law Office, of which Mr. Iwamoto holds important concurrent positions.

- (Notes)
1. Pursuant to Article 427, paragraph 1 of the Companies Act, Kubota Corporation will enter into an agreement with Mr. Iwamoto to limit his liability for damages, if he assumes the office of Outside Audit & Supervisory Board Member. However, the maximum amount of his liability under this agreement is the amount stipulated in laws and regulations.
 2. Kubota Corporation has purchased directors and officers liability insurance (D&O insurance) for all of the Directors (including Outside Directors) and Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) as the insured persons. The insurance policies cover liability of Directors and Audit & Supervisory Board Members arising in the performance of their duties and damage claims received pertaining to the pursuit of said liability. However, there are certain exclusions, such as no coverage for liability arising from actions taken with the knowledge that they were in violation of laws and regulations. If Mr. Iwamoto assumes the office of Outside Audit & Supervisory Board Member, he will be covered by the insurance policy. In addition, Kubota Corporation plans to renew the insurance policies with the above details at the time of renewal in November 2023.

3. Kubota Corporation will report to the TSE that Mr. Iwamoto is an independent officer as stipulated by the TSE, if he assumes the office of Outside Audit & Supervisory Board Member.

(Reference) Management Structure After Approval of Proposal 1 (Planned)

(Skills Matrix)

The Company configures its Board of Directors from the perspectives of maintaining the number of members appropriate for ensuring effective discussions at the meetings of the Board of Directors, manifesting its function as a board of directors and ensuring its diversity and maintaining soundness and transparency in management. The Company also considers that the Board of Directors requires skills in areas such as Kubota Production System (KPS), global management, innovation, digital transformation (DX), and ESG management as the business foundations to be strengthened in order to realize Long-term Vision “GMB2030.”

It is important for members of the Board of Directors to complement each other by using their knowledge, experience, and skills, based on diverse values. Shown below is how skills required to realize the Company’s Long-term Vision “GMB2030” correspond to their specialties and experience.

Long-term Vision “GMB2030”: <https://www.kubota.com/corporate/vision/index.html>

Name	Position	Out-side	Areas of expectation / Specialization								Expe-rience in cor-porate man-agement	Nomi-nation Advi-sory Com-mittee	Compen-sation Advisory Com-mittee
			Priority items related to Long-term Vision “GMB2030”						Fundamental items for management				
			KPS (Manu-facturing) /Quality control	Global Man-agement	Innova-tions/ R&D/DX	E (Resolu-tion of envi-ronmen-tal issues)	S (Con-tributing to society/ Empathy and partici-pation of stake-holders)	G (Build-ing Govern-ance)	Fi-nance/ Ac-count-ing	Legal affairs/ Com-pliance			
Yuichi Kitao	President and Representative Director			●	●		●				●	●	
Masato Yoshikawa	Representative Director and Executive Vice President			●					●	●		●	●
Dai Watanabe	Director and Executive Vice President			●	●	●							
Hiroto Kimura	Director and Senior Managing Executive Officer		●		●	●							
Eiji Yoshioka	Director and Senior Managing Executive Officer		●	●		●							

Name	Position	Out-side	Areas of expectation / Specialization								Expe-rience in cor-porate man-agement	Nomi-nation Advi-sory Com-mittee	Compen-sation Advi-sory Com-mittee
			Priority items related to Long-term Vision "GMB2030"						Fundamental items for management				
			KPS (Manu-facturing) /Quality control	Global Man-agement	Innova-tions/ R&D/DX	E (Resolu-tion of envi-ronmen-tal issues)	S (Con-tributing to society/ Empathy and par-ticipation of stake-holders)	G (Build-ing Govern-ance)	Fi-nance/ Ac-count-ing	Legal affairs/ Com-pliance			
Shingo Hanada	Director and Managing Executive Officer			●		●	●						
Yuzuru Matsuda	Director	●		●	●			●			●	● (chair-man)	● (chair-man)
Koichi Ina	Director	●	●	●		●					●	●	●
Yutaro Shintaku	Director	●		●			●		●		●	●	●
Kumi Arakane	Director	●	●		●		●					●	●
Koichi Kawana	Director	●		●			●	●			●	●	●
Toshikazu Fukuyama	Audit & Supervisory Board Member (Full-time)							●	●	●			
Yasuhiko Hiyama	Audit & Supervisory Board Member (Full-time)			●					●	●			
Masashi Tsunematsu	Audit & Supervisory Board Member (Full-time)					●			●	●			
Yuichi Yamada	Audit & Supervisory Board Member	●						●	●	●			▲ (ob-server)

Name	Position	Out-side	Areas of expectation / Specialization								Expe-rience in cor-porate manage-ment	Nomi-nation Advi-sory Com-mittee	Compen-sation Advisory Com-mittee
			Priority items related to Long-term Vision "GMB2030"						Fundamental items for management				
			KPS (Manu-facturing) /Quality control	Global Man-agement	Innova-tions/ R&D/DX	E (Resolu-tion of envi-ronmen-tal issues)	S (Con-tributing to society/ Empathy and par-ticipation of stake-holders)	G (Build-ing Govern-ance)	Fi-nance/ Ac-counting	Legal affairs/ Com-pliance			
Yuri Furusawa	Audit & Supervisory Board Member	●					●	●		●			
Keijiro Kimura	Audit & Supervisory Board Member	●		●				●		●			

- (Notes)
1. Full-time Audit & Supervisory Board Members will be determined at the Audit & Supervisory Board meeting held after this General Meeting of Shareholders, and Directors with special titles will be determined at the meeting of the Board of Directors held after that.
 2. Experience in corporate management among the items of the list above refers to experience as president at listed companies.
 3. Other than members of the Compensation Advisory Committee in the above table, Mr. Kazuhiro Kimura, a Senior Managing Executive Officer, also serves as a member of that committee.
 4. Senior Executive Officers and Executive Officers in charge of the relevant fields attend the meetings of the Board of Directors, depending on the agenda, to provide explanations on those agenda in order to improve the effectiveness of the Board.
 5. In the list above, up to three of the major skills expected of each member of the Board of Directors based on their experience are marked ●. These skills do not represent the entirety of the knowledge possessed by each member.

(Reference) Policy for Nomination of Candidates for Director and Audit & Supervisory Board Member

Policy for Nomination of Candidates for Director

In its wide-ranging business domains encompassing the areas of food, water, and the environment, Kubota Corporation aims to bring about sustainable growth and increase corporate value on a Group-wide basis, thereby engaging in appropriate decision-making and supervising operations. To such ends and in accordance with its rules governing the Board of Directors (requirements for nominating candidates for Directors), the Company appoints persons from inside the Company who have a wide perspective and extensive experience relating to the Company's business operations, and appoints persons from outside the Company who have a practical and objective perspective along with deep knowledge, having satisfied requirements for an independent officer as stipulated by the Tokyo Stock Exchange (hereinafter the "TSE") and requirements of the independence criteria set forth by the Company. Four of the current four Independent Outside Directors have experience in corporate management at other companies.

Regarding the composition of the Board of Directors, Kubota Corporation works to ensure diversity in terms of business area, knowledge, experience, field of specialization and transparency in management and soundness, and so forth while maintaining an appropriate number of members to enable effective discussions.

Further, the Company holds up its Long-term Vision "GMB2030" and "Mid-term Business Plan 2025" for the period to establish a foundation for its realization and, in order to accomplish them, believes that it is important that the members of its Board of Directors have a diverse set of values and make use of their respective knowledge, experience and skills to supplement each other. Accordingly, the Nomination Committee, a majority of whose members are Outside Directors, deliberates on the necessary skills for the Board of Directors to fulfill its responsibilities appropriately and flexibly in light of the management strategies and discusses the composition of the Board of Directors to ensure that it is highly effective.

((Reference) Management Structure After Approval of Proposal 1)

Policy for Nomination of Candidates for Audit & Supervisory Board Member

In order to ensure Audit & Supervisory Board Members' role of auditing and supervising is carried out appropriately, the individuals nominated to serve as Audit & Supervisory Board Members have diverse experience, knowledge, specialization and insight. When considering the composition of the Audit & Supervisory Board, Kubota Corporation nominates a group of individuals with one who has a suitable degree of knowledge and experience pertaining to accounting and finance, and whose majority of members fulfill the requirements of an independent officer stipulated by the TSE.

In accordance with the above policy and the Regulations of the Audit & Supervisory Board, candidates for Audit & Supervisory Board Member shall be decided with the agreement of the Audit & Supervisory Board.

(Reference) Independence Criteria for Outside Directors/Audit & Supervisory Board Members

Kubota Corporation has established the Independence Criteria for Outside Directors/Audit & Supervisory Board Members, considering laws and regulations, and provisions of the TSE, among other regulations, to ensure transparency and objectivity in the governance of the Company and its subsidiaries (hereinafter, the "Group"). Kubota Corporation shall deem that an Outside Director/Audit & Supervisory Board Member does not satisfy independence from the Company if any of the following items applies to that person.

1. A person who is an executive* of the Group, or who was such an executive within the 10-year period prior to the appointment as Outside Director/Audit & Supervisory Board Member.

* The term “executive” herein refers to an executive defined as a person who executes business in Article 2, paragraph 3, item 6 of the Ordinance for Enforcement of the Companies Act. It includes executive director, senior executive officer (*shikkoyakuin*) and employee who executes business, but it does not include audit & supervisory board member.

2. A person who is an Audit & Supervisory Board Member of the Group (excluding Outside Audit & Supervisory Board Member) or who was such an Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Member) within the 10-year period prior to his/her appointment.

3. A Major Business Partner of the Group*, or its executive.

* The term “Major Business Partner of the Group” herein refers to a business partner such as a major purchaser of the Group’s goods and services in any of the last three fiscal years, whose annual amount of trade with the Group exceeds 2% of the consolidated revenue of the Group for the relevant fiscal year.

4. An Entity whose Major Business Partner is the Group*, or its executive.

* The term “Entity whose Major Business Partner is the Group” herein refers to an entity for which the Group is a business partner such as a major purchaser of its goods and services (e.g. a supplier to the Group) in any of the last three fiscal years, whose annual amount of trade with the Group exceeds 2% of the consolidated revenue of the said entity for the relevant fiscal year.

5. A Major Lender to the Group*, or its executive.

* The term “Major Lender” herein refers to a financial institution from which the Group has obtained loans in any of the last three fiscal years, whose outstanding amount of the loans to the Group exceeds 2% of the consolidated total assets of the Group for the relevant fiscal year.

6. A consultant, accounting professional or legal professional who has received economic benefits for services exceeding ¥10 million annually other than remuneration as an officer from the Group in the recent three fiscal years (or, in the case where the receiver of such benefits is an organization such as a corporation or partnership, a person affiliated with such an organization).

7. A Major Shareholder of Kubota Corporation*, or if the Major Shareholder is a corporation, an executive of such a corporation.

* The term “Major Shareholder of Kubota Corporation” herein refers to a shareholder who holds more than 10% of Kubota Corporation’s shares on a voting-right basis at the end of the relevant fiscal year, either in its own name or in the name of another person

8. A director, audit & supervisory board member, accounting advisor, executive officer (*shikkoyaku*) or senior executive officer (*shikkoyakuin*) of a corporation that has a reciprocal relationship with the Group in the appointment of outside directors/audit & supervisory board members.

9. Those who have received donations of property benefits exceeding 10 million yen per year from the Group in any of the last three fiscal years (or, in the case where the recipient of such donation is an organization such as a corporation or partnership, an executive of such an organization).

10. A spouse or a relative within two degrees of kinship of those listed in 1 to 9 above (limited to Person in Important Position*).

* The term “Person in Important Position” herein refers to a director, executive officer (*shikkoyaku*), senior executive officer (*shikkoyakuin*) or any person holding a position equivalent thereto.

BUSINESS REPORT FOR THE 133RD PERIOD
(FROM JANUARY 1, 2022 TO DECEMBER 31, 2022)

1. Item of Overview of Its Operations

(1) Review of Operations

1) General Condition of Kubota Corporation and Subsidiaries

With respect to the results of operations for the year ended December 31, 2022 of Kubota Corporation and its subsidiaries (hereinafter, the "Company"), revenue increased and profit decreased.

Revenue of the Company increased by ¥482.0 billion [21.9%] from the prior year to ¥2,678.8 billion.

Domestic revenue decreased by ¥0.4 billion [0.1%] from the prior year to ¥602.4 billion due to decreased revenue in Farm & Industrial Machinery, mainly farm equipment, and Other, while revenue in Water & Environment increased.

Overseas revenue increased by ¥482.4 billion [30.3%] from the prior year to ¥2,076.4 billion because of increased revenue in both of Farm & Industrial Machinery and Water & Environment. As a result, overseas revenue accounted for 77.5% of consolidated revenue, which increased by 4.9 percentage points from the prior year.

Operating profit decreased by ¥25.6 billion [10.5%] from the prior year to ¥218.9 billion mainly due to some negative effects from a rise in material prices and logistics expenses despite some positive effects from sales price increase and favorable impact of foreign exchange rates. Profit before income taxes decreased by ¥17.0 billion [6.8%] from the prior year to ¥233.9 billion due to decreased operating profit. Income tax expenses were ¥59.1 billion. Share of profits of investments accounted for using the equity method was ¥1.6 billion. Profit for the year decreased by ¥12.8 billion [6.8%] from the prior year to ¥176.4 billion. Profit attributable to owners of the parent decreased by ¥18.6 billion [10.6%] from the prior year to ¥156.2 billion.

2) Review of Operations by Reportable Segments

(a) Farm & Industrial Machinery

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

Revenue in this segment increased by 24.8% from the prior year to ¥2,328.0 billion and accounted for 86.9% of consolidated revenue.

Domestic revenue decreased by 2.5% from the prior year to ¥302.6 billion. Sales of farm equipment and agricultural-related products decreased due to sluggish rice prices and termination of subsidies for business continuation of farmers.

Overseas revenue increased by 30.3% from the prior year to 2,025.4 billion. In North America, shipment of tractors has made progress to replenish dealer inventories although the market tends to shrink. In addition, sales of construction machinery increased due to demand for infrastructure construction. In Europe, sales, mainly of construction machinery and engines, were solid. In Asia outside Japan, development of dryland farming in Thailand has made progress despite decreased sales of farm equipment for rice farming due to adverse reaction from the government project in the prior year. In China, sales of tractors increased thanks to rush demand before the emission regulation, but this could not cover the decreased sales, mainly of rice transplanters, caused by the lockdown in the 1st half of this fiscal year. Sales in India increased due to consolidation of Escorts Limited (currently, Escorts Kubota Limited; hereinafter, "EKL").

Operating profit in this segment decreased by 4.7% from the prior year to ¥237.1 billion due to some negative effects from a rise in material prices and logistics expenses, while there were some positive effects from sales price increase and favorable impact of foreign exchange rates.

(b) Water & Environment

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

Revenue in this segment increased by 7.3% from the prior year to ¥327.6 billion and accounted for 12.2% of consolidated revenue.

Domestic revenue increased by 4.1% from the prior year to ¥276.6 billion. Revenue in environment-related products decreased due to adverse reaction from the special demand for drainage pump vehicles in the prior year. On the other hand, revenue in pipe system-related products increased due to sales price increase and increased sales of plastic pipes. Revenue in urban infrastructure-related products increased due to strong sales to factories in Japan.

Overseas revenue increased by 28.6% from the prior year to ¥51.0 billion due to solid sales of materials such as reformer and cracking tubes.

Operating profit in this segment decreased by 22.5% from the prior year to ¥17.3 billion due to increased expenses caused by inflation although sales price increase could compensate a rise in material prices.

(c) Other

Other is mainly composed of a variety of services.

Revenue in this segment decreased by 12.8% from the prior year to ¥23.2 billion and accounted for 0.9% of consolidated revenue.

(2) Initiatives of the Company Going Forward

The Company's long-term goal is to become a Global Major Brand, or in other words a brand that can make the greatest social contribution as a result of being trusted by the largest number of customers. In order to accelerate the realization of this goal, the Company holds up "‘Essentials Innovator for Supporting Life,’ Committed to a Prosperous Society and Cycle of Nature" as what the Company aims to be in the long-term vision for 2030, "GMB2030." The Company aims to achieve sustainable development over the long-term by making the greatest contribution to realization of a sustainable society through solutions to enhance the productivity and safety of food, solutions to promote the circulation of water resources and waste, and solutions to improve urban and living environments.

1) Promotion of Business Operations That Position ESG at the Core of Management

The Company will implement unique initiatives with ESG in mind in order to continue to be a sustainable company, as corporate social responsibility has become heavier and heavier. As a company that operates in the fields of food, water, and the environment and engages in reducing environmental impact and resolving social issues as the business, the Company aims to increase its existence value by promoting business activities rooted in the Kubota Global Identity (corporate principles) in addition to general ESG initiatives.

2) Laying the Foundation to Realize GMB2030

In the ongoing Mid-term Business Plan 2025, the Company has positioned the five years up to 2025 as the period for laying the foundation to realize GMB2030 and work primarily

on five main themes: “Promotion of ESG management, Establishment of the foundation for realizing GMB2030 that supports the next generation (secure candidates of growth drivers for the next generation), Expansion of revenue in existing businesses, Improvement of profit margin, and Development of infrastructure that supports sustainable growth,” and Promotion of DX as a common theme. However, the business environment surrounding the Company has changed drastically. In order to respond to the new phase of globalization, enhance the speed of business operation, and realize Mid-term Business Plan 2025 and GMB2030, it is necessary to generate resources through selection and concentration and priority orientation. To this end, we will secure resources by working on “review of product and business portfolios, reform of the management structure (formation), enhancement of back-office functions, and operational reforms,” and we will lay the foundation for GMB2030.

Review of Product and Business Portfolios

As for the growth drivers of Mid-term Business Plan 2025, the expansion of construction equipment business in North America and the shift of Water & Environment business to solution business are going well. On the other hand, other growth drivers need further acceleration, and lack of management resources is a challenge. To make up for this, we will review our technology, product, and business portfolios, and shift resources not in all directions, but to profitable growth drivers and businesses that will play a key role in Kubota’s future.

Reform of Management Structure (Formation)

The management structure is unchanged in nature from 10 years ago, when revenue was less than half of the current level. On the other hand, in order to transform from a mere provider of products and services into a solution provider, it is more necessary to strengthen collaboration among business divisions and build cooperative relationships with external partners. In addition, in order to develop as a global company, it is necessary to gain a competitive advantage in each region of the world by incorporating the needs of each market even more promptly through strengthening cooperation between the headquarters and each region. From these two perspectives, we will once again review whether the current management structure is optimal for achieving sustainable growth in the future, and make the necessary reforms.

Enhancement of Back Office Functions

The Company has achieved sales growth by creating various businesses and products. However, it is necessary to establish the optimal back-office functions for the company structure of the future, while overseas revenue ratio has exceeded 70% and development and manufacturing functions are being transferred overseas. With strengthening each function, we will move forward with the system establishment in the spirit of “One Kubota” so that the line between authorities and responsibilities are clear and we can have good communication.

Operational Reforms

Irregular operations have occurred in 2022, especially in response to supply chain disruptions associated with COVID-19 and geopolitical issues. We need to normalize that first. In addition to that, based on the concept of the Kubota Production System (KPS), both our manufacturing sites and administrative divisions will review each operation, returning to the starting point of whether the operations are really necessary, and then work on the advancement and reform of operations through DX such as AI.

3) Promotion of Mid-term Business Plan 2025

With regard to the progress on each theme of Mid-term Business Plan 2025 in 2023, as to “Establishment of the foundation for realizing GMB2030 that supports the next generation (secure candidates of growth drivers for the next generation),” Kubota Smart Agri System (KSAS) has become more open and collaborations with outside companies have progressed. As to “Expansion of revenue in existing businesses,” the Company has

increased its supply capacity by starting compact track loaders (CTL) production at its North American plant. In addition, in the area of Water & Environment solutions, Kubota acquired its first concession project (outsourcing of sewage treatment operations from municipalities), making progress in converting into a solutions business. As to "Improvement of profit margin," the overseas parts business is expanding steadily in addition to various structural strengthening activities are underway. As to "Development of infrastructure that supports sustainable growth," production transfer to overseas and investment for BCP measures have progressed. As to "Promotion of DX as a common theme," we have transformed products, services, and production sites through AI data analysis, video analysis, and other methods, and we also took steps to make clerical work automatic and paperless.

We will continue to promote these themes steadily in 2023.

4) Issues Upon Which the Company Should Implement Countermeasures

(Actions for the health hazard of asbestos)

The Company will continuously cope with this issue faithfully from the view point of Corporate Social Responsibility as one of manufacturers that once manufactured asbestos-containing products.

Initiatives to date

- Relief payment

The Company has established "Relief Payment System for the Asbestos-Related Patients and the Family Members of the Deceased near the Former Kanzaki Plant" on April 17, 2006 and paid the relief payments to 377 parties up to December 31, 2022.

- Support for medical research on asbestos-related diseases

The Company has made the decision to furnish financial support for treatment and research regarding asbestos-related diseases carried out by Hyogo College of Medicine and Otemae Hospital. The support will amount to a total of ¥550 million over the five-year period from 2018 to 2022, of which the Company has paid its portion of the contribution earmarked for fiscal year 2022.

(3) ESG (Environment, Society, Governance)

E: Commitment to the Environment

The Company will contribute to the achievement of a sustainable society by engaging in environmental management practices under its brand statement “For Earth, For Life.”

Environmental Vision

While challenging to achieve zero environmental impact, we will contribute to realizing a carbon-neutral and resilient society in the fields of “food, water, and the environment.”

Toward the Realization of the Environmental Vision

The world is moving toward “decarbonization” at an accelerating pace. The Company has established the “Environmental Vision,” which indicates the direction of our business activities toward 2050 from an environmental perspective. In addition, we have set “Mitigating and Adapting to Climate Change” as one of the priority issues (material issues) for the realization of Long-term Vision “GMB2030,” and we are accelerating initiatives that will lead to solutions for environmental issues through our business activities. The Company contributes to controlling greenhouse gas (GHG) emissions by providing environmentally friendly products and solutions to mitigate climate change (controlling greenhouse gas emissions) and address water and waste issues with the aim of achieving carbon neutrality (net zero CO₂ emissions) by 2050 both within the company and in society.

Products that contribute to decarbonization

To reduce CO₂ emissions during product use, we aim to decarbonize the powertrain of products by electrifying and introducing fuel cells.

Starting in April 2023, we will offer compact electric tractors in the European market. Going forward, we will continue to engage in research and development and enhance our product line up looking ahead to a decarbonized society.

Products that contribute to social resilience

In addition to products that contribute to disaster prevention and mitigation and effective utilization of water, we are developing technology that extracts fuel and resources from agricultural residue and sewage sludge.

WATARAS, the Company’s farm water management system, is expected to control rainwater outflow and prevent flooding by creating “dams” in rice paddy fields in addition to realizing efficient water usage and labor savings in water management. We will continue contributing to the creation of a resilient, recycling-oriented society.

Kubota’s 2030 Target for Reducing CO₂

Long-Term Environmental Conservation Targets 2030 (excerpt)

Reduce Scope 1 and 2 CO₂ emissions from all Kubota Group sites by 50% (compared to FY2014)

We established the above target to achieve carbon neutrality by 2050. We are systematically pursuing initiatives such as energy conservation, adopting electric furnaces, and expanding use of renewable energy on a global level.

Disclosure based on TCFD recommendations*

Climate change may adversely affect our living environment by causing more-frequent natural disasters, water shortages, and impacts on crops. On the other hand, the Company believes that climate change can be a business opportunity where it can act strategically and expand its operations. The Company is analyzing the impact of climate change on its operations and implementing countermeasures.

Business	Evaluation of impact on operations due to climate change	Kubota's countermeasure strategies
Agricultural and Industrial Machinery	<p>Increase in R&D expenses for products that contribute to low carbon and decarbonization due to stronger regulations and changes in customer needs</p> <p>Need for products using next-generation powertrain may increase, but its adoption will be limited to some regions, such as Europe, for present</p>	<p>Continual improvements of lower fuel consumption for engines and higher efficiency for agricultural work</p> <p>Promote R&D aimed at commercialization of diverse power sources, including electrification, to meet expanded demand for decarbonized products in the future</p>
Water and the Environment	<p>Increase in demand for products that contribute to water purification and management as pressure on water resources grows and water quality deteriorates</p> <p>Expansion in demand for products and solutions that contribute to the development of urban areas with resilience against weather disasters</p>	<p>Expand provision of products and solutions related to water purification and sewage treatment that contribute to improving water quality</p> <p>Expand provision of disaster mitigation and response products such as ductile iron pipes, drainage pump vehicles, and smart infrastructure system (KSIS)</p>

* The recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD) require companies to voluntarily disclose their response to climate change. Kubota Corporation expressed its support for the TCFD recommendations in January 2020.

For more details on disclosure, please visit our website.

<https://www.kubota.com/sustainability/environment/ghg/index.html>

- For more details on the Company's environmental conservation activities, please visit our website

<https://www.kubota.com/sustainability/environment/index.html>

S: Involvement with Society

(a) Constructive Dialogue with Shareholders and Investors

The Company promotes constructive dialogue with shareholders and investors in order to sustain corporate growth and improve corporate value in the mid to long term. The Company holds results briefings for domestic and foreign institutional investors, company information sessions for individual investors, and factory tours. Going forward, the Company will continue to actively engage in dialogue with all stakeholders.

During the fiscal year ended December 31, 2022, the Company invited individual investors to watch a Kubota Spears Funabashi Tokyo Bay game and to take part in agricultural harvesting and a winery tour in Hanamaki, Iwate Prefecture. The Company also used various opportunities to explain its corporate philosophy and business activities, such as providing corporate briefings online.

In addition, the Company has approximately 340 individual and group meetings per year with institutional investors and analysts. In addition, the Company holds a results briefing for the year-end in February, and a results briefing for the first half in August. Furthermore, Kubota Corporation makes timely disclosure of its financial and other information in Japanese and English. Moreover, in accordance with the intent of fair disclosure rules, the Company is working on early and fair disclosure of information by releasing on the corporate website the supplementary information for results for each quarter on the day of the announcement of financial results, as well as posting the details of explanations and the written responses in the Q&A from the results briefings for the first half and the year-end. The Company also holds tours and business briefings at its domestic plants and overseas subsidiaries on a regular basis.

(b) Commitment to Society and Collaboration Agreement

The Company has expressed and shared its commitment to resolving social issues as an “Essentials Innovator for Supporting Life” in the business fields of food, water, and the environment through various opportunities.

◆ Smart Farming Collaboration Agreement (Shintotsukawa-cho, Hokkaido)

Like other regions, Shintotsukawa-cho, which is known as one of Hokkaido’s leading rice-producing areas, is expected to experience a decline in the number of farmers due to aging and other issues, and it has been necessary to expand the cultivated area per farmer in order to maintain and develop agriculture. Therefore, the town has been making efforts aimed at more widespread use of smart farming, and the Company has also deepened its collaboration through demonstrations for farmers and students in the town. Under the collaboration agreement, positioned as a field for disseminating information on smart farming that will contribute to the development of agriculture in Hokkaido, we will collaborate on field tests for our smart farming products and technology in addition to cooperating in the development of the next-generation of human resources through demonstrations of the latest smart farming machinery and special lessons for senior and junior high school students in the town.

◆ Promoting smart farming and exports of Niigata rice (Niigata Prefecture)

Kubota Corporate concluded a collaboration agreement aimed at the sustainable development of agriculture in Niigata Prefecture in harmony with the environment by working to expand the use of smart farming to implement the Sustainable Food Systems Strategy “MeaDRI” of Japan’s Ministry of Agriculture, Forestry and Fisheries and promote exports of Niigata rice. In this way, we are aiming for agricultural solutions that provide total support for each stage from crop production through to consumption.

(c) Ties with Our Local Communities

We respect the cultures and customs of each country and region in which we conduct business, and endeavor to establish relationships of trust with local communities. Moreover, we proactively engage in activities geared to fulfilling our responsibilities as a corporate citizen.

◆ Local environmental conservation

Although activities had been restricted by the impact of COVID-19, the Kubota Group around the world has gradually resumed its activities, starting with the immediate environment.

◆ Educating the next generation

We have established “learning together across generations and sectors” as one of the key themes of our important efforts related to corporate social responsibility and conducting various activities such as visiting lectures and donation to schools. In 2022, we held visiting lectures at six junior high schools and 10 senior high schools, and a total of 971* students participated in the lectures.

* The number of people who participated in Kubota Corporation’s initiatives

◆ Emergency and humanitarian aid

We proactively address urgent issues, such as disasters and poverty.

For details on the results of past activities, please visit our Kubota e-Project page.

<https://www.kubota.com/sustainability/society/community/index.html#filter=product-all>

(d) Creating a Lively Workplace

(Aiming for Employees’ Well-being)

The Kubota Group believes that maintaining and improving the health of its employees is the key to creating a vibrant workplace and generating new value and announced the Kubota Group Health Declaration in July 2021. Led by top management, the Group is also working on health & productivity management.

In October 2022, we published the Health Strategy Map visualizing the connection between “investment in human capital” and “the ultimate goals we want to resolve through health & productivity management” on our website. We also launched a full-scale analysis of the effectiveness of health investments (measures).

We will create an effective cycle of investment in human capital and achieve employees’ wellbeing, leading to further contribution to K-ESG management.

For more details on the Kubota Group Health Declaration and Strategy Map, please see our website.

(Basic Policy on Health & Productivity Management)

<https://www.kubota.com/sustainability/employee/safety/index.html>

(Initiatives Aimed at Workstyle Reform)

The Kubota Operation Transforming Project Team (KOX-PT), launched in July 2020, has been implementing various reforms with the aim of “building a strong organization supported by high levels of engagement and enhance corporate value by achieving organizational goals together with work-life balance.”

In operational reforms, our efforts included the promotion of paperless operations and the distribution of smartphones to all employees. In office-based reforms, we focused on the reorganization of offices and took such measures as providing opportunities and physical locations to enable working outside of employees’ own offices. In establishing personnel systems and promoting active participation, we introduced various systems to respond to

the diversifying needs of employees and enhance their motivation and willingness to take on challenges.

As a result, the foundation for workstyle reform (corporate culture and communication systems and infrastructure, including DX) has been established, and we have been able to achieve certain improvements in job satisfaction and productivity.

We will continue with our activities to achieve “high engagement” and “enhancement of corporate value.”

(Empowering women in the workplace)

Recognizing different values and approaches and holding diverse perspectives is indispensable for sustainable organizational growth at the Kubota Group, which operates its business around the world. Hitherto, we have actively pursued (1) an expansion in the number of women hired; (2) the establishment of an environment that enables women to continue working; and (3) the creation of development opportunities for women.

In addition to participating in various external forums, launching internal Group activities aimed at networking among women, and holding roundtable discussions with officers, we have conducted leadership development training for female employees who are expected to play active roles as future leaders. On top of this, we proactively encourage male employees to take childcare leave based on the belief that they should be involved in housework and child-raising for women to pursue their careers.

In recognition of such initiatives, we have been certified as an Osaka City Leading Company in Women’s Empowerment.

G: Initiatives on Governance

(Basic Policy for Corporate Governance)

The Company has designated “long-term and stable growth of corporate value” as its highest management priority. To realize this aim, the Company considers enhancement of the satisfaction of all the company’s stakeholders and improvement of overall corporate value, while balancing economic value and social value, to be important. Especially, in order to achieve the long-term objectives of establishing “Global Major Brand Kubota (GMB Kubota)” on the basis of its corporate philosophy “Kubota Global Identity,” the Company must be an enterprise that is trusted not just in Japan but also worldwide. In order to enhance the soundness, efficiency, and transparency of management, which are essential to earn trust, the Company is striving to strengthen its corporate governance.

To increase the confidence and understanding by shareholders, investors, and society, the Company will make accurate and timely disclosures of corporate information, such as results of operations on a quarterly basis and management policies, and fulfill its responsibilities for transparency and accountability in corporate activities.

(Basic Strategy for Capital Policy)

The Company’s basic strategy for capital policy is to fully utilize capital in order to improve profitability, maintain an adequate level of capital to support future business expansion, and work to further enhance shareholder returns. The Company will strive to sustainably enhance shareholder value with the well-balanced promotion of the three aforementioned policies.

(Policy on Decision of Appropriation of Surplus)

The Company’s basic policy for the returns of profit to shareholders is to maintain stable dividends and raise dividends together with flexible share buy-backs and retirement of treasury shares. The Company recognizes appropriate returns of profit to shareholders is one of the most important management issues and will strive to expand it going forward, considering requirements of maintaining sound business operations as well as adapting to the future business environment.

Under this basic policy, the Company sets its total consolidated shareholder return ratio target, which is composed of dividends, share buy-backs and retirement of treasury shares, at 40% or more, and will aim for its further increase.

The Company decided at the meeting of the Board of Directors held on February 14, 2023 that it would pay ¥22 of the year-end dividend per common share commencing its payment on March 27, 2023. As a result, including the interim dividend of ¥22 per common share already paid, the annual dividend per common share for the year ended December 31, 2022 is ¥44.

- For more detailed information regarding the status of initiatives on governance, please visit our website

<https://www.kubota.com/ir/policy/governance/data/cgre.pdf>

(4) The Financial Position and the Results of Operations

1) Consolidated Financial Summary

(IFRS)

Fiscal period (Business term)	Year ended December 31, 2019 (130th)	Year ended December 31, 2020 (131st)	Year ended December 31, 2021 (132nd)	Year ended December 31, 2022 (133rd)
Revenue (in billions of yen)	1,920.0	1,853.2	2,196.8	2,678.8
Operating profit (in billions of yen)	201.7	175.3	244.6	218.9
Profit before income taxes (in billions of yen)	209.0	185.9	250.9	233.9
Profit attributable to owners of the parent (in billions of yen)	149.1	128.5	174.8	156.2
Earnings per share attributable to owners of the parent—Basic (in yen)	121.59	105.85	144.80	130.82
Total assets (in billions of yen)	3,139.3	3,189.3	3,773.7	4,731.3
Total equity (in billions of yen)	1,537.2	1,574.2	1,785.1	2,077.3
Equity attributable to owners of the parent (in billions of yen)	1,442.8	1,476.0	1,678.0	1,883.3
Equity attributable to owners of the parent per share (in yen)	1,182.72	1,221.95	1,398.47	1,583.73
Ratio of profit attributable to owners of the parent to equity attributable to owners of the parent (%)	10.7	8.8	11.1	8.8

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

2. Effective from the year ended December 31, 2022, the Company has changed the measurement method of allowance for doubtful accounts for lease receivables, and the financial data for the year ended December 31, 2021, has been retrospectively adjusted to reflect this change in the accounting policy. In the year ended December 31, 2019 to year ended December 31, 2020, the financial data has not been retrospectively adjusted due to the lack of information available for retrospective adjustments.

2) Financial Summary (Non-consolidated)

Fiscal period (Business term)	Year ended December 31, 2019 (130th)	Year ended December 31, 2020 (131st)	Year ended December 31, 2021 (132nd)	Year ended December 31, 2022 (133rd)
Net sales (in billions of yen)	897.5	865.5	1,075.0	1,159.9
Operating income (in billions of yen)	25.1	11.0	52.1	47.4
Ordinary income (in billions of yen)	57.0	53.7	118.5	90.6
Net income (in billions of yen)	58.2	69.0	95.6	73.7
Net income per common share—Basic (in yen)	47.51	56.84	79.21	61.78
Total assets (in billions of yen)	1,166.2	1,238.8	1,416.7	1,644.8
Total net assets (in billions of yen)	622.5	609.7	645.9	631.5
Net assets per common share (in yen)	510.16	504.64	538.20	530.93

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

2. 'Gain on sale of investment securities', previously presented as 'Non-operating income', is now presented as 'Extraordinary income' from the beginning of the fiscal year ended December 31, 2020. The financial data for the year ended December 31, 2019, has been retrospectively adjusted to reflect this change.

3. Kubota Corporation has adopted Accounting Standard for Revenue Recognition from the beginning of the fiscal year ended December 31, 2022.

(5) Main Offices and Factories, and Material Affiliates**1) Kubota Corporation (As of December 31, 2022)**

	Business name	Location
Offices	Head Office Hanshin Office Tokyo Head Office	Osaka (Osaka) Amagasaki (Hyogo) Chuo-ku (Tokyo)
Regional Offices /Branch	Hokkaido Regional Office Tohoku Regional Office Chubu Regional Office Chushikoku Regional Office Kyusyu Regional Office Yokohama Branch	Sapporo (Hokkaido) Sendai (Miyagi) Nagoya (Aichi) Hiroshima (Hiroshima) Fukuoka (Fukuoka) Yokohama (Kanagawa)
Institute /Plants /Business Center	Kubota Global Institute of Technology Hanshin Plant (Mukogawa) Hanshin Plant (Amagasaki) Keiyo Plant Ichikawa Plant Shiga Plant Okajima Business Center Sakai Plant Utsunomiya Plant Tsukuba Plant Hirakata Plant Sakai-Rinkai Plant Kyuhoji Business Center	Sakai (Osaka) Amagasaki (Hyogo) Amagasaki (Hyogo) Funabashi (Chiba) Ichikawa (Chiba) Konan (Shiga) Osaka (Osaka) Sakai (Osaka) Utsunomiya (Tochigi) Tsukubamirai (Ibaraki) Hirakata (Osaka) Sakai (Osaka) Yao (Osaka)

2) Material Affiliates (As of December 31, 2022)

Business name	Location	Common stock	Percentage of investment shares (%)	Principal business activity	
(Subsidiaries)					
Japan	Kubota Credit CO., LTD.	Osaka, Japan	¥ 0.5 billion	77.8 [22.9]	Retail financing to purchasers of farm equipment and related products
	Kubota ChemiX Co., Ltd.	Amagasaki, Hyogo, Japan	¥ 3.1 billion	100.0	Manufacturing and sales of plastic pipes and fittings
North America	Kubota North America Corporation	U.S.A.	US\$ 597 million	100.0	Administration of subsidiaries in North America
	KUBOTA TRACTOR CORPORATION	U.S.A.	US\$ 37 million	100.0 [100.0]	Sales of tractors, outdoor power equipment, construction machinery and implements
	Kubota Credit Corporation U.S.A.	U.S.A.	US\$ 8 million	100.0 [90.0]	Retail financing to purchasers of tractors, outdoor power equipment, construction machinery and implements
	Kubota Manufacturing of America Corporation	U.S.A.	US\$ 10 million	100.0 [100.0]	Manufacturing of tractors and outdoor power equipment
	Kubota Industrial Equipment Corporation	U.S.A.	US\$ 70 million	100.0 [100.0]	Manufacturing of tractors and implements, construction machinery
	Kubota Engine America Corporation	U.S.A.	US\$ 10 million	100.0 [100.0]	Sales, engineering and after-sales service of engines, engine parts and engine accessories
	Great Plains Manufacturing, Inc.	U.S.A.	US\$ 0.1 million	100.0 [100.0]	Manufacturing and sales of implements and construction machinery
	Kubota Canada Ltd.	Canada	Can\$ 6 million	100.0	Sales of tractors, outdoor power equipment, construction machinery and implements
Europe	Kubota Holdings Europe B.V.	Netherlands	EUR 532 million	100.0	Administration of subsidiaries in Europe
	Kubota Europe S.A.S.	France	EUR 11 million	100.0 [100.0]	Sales of construction machinery, tractors, outdoor power equipment and engines
	Kubota Baumaschinen GmbH	Germany	EUR 14 million	100.0 [100.0]	Manufacturing and sales of construction machinery
	Kverneland AS	Norway	EUR 53 million	100.0 [100.0]	Manufacturing and sales of implements
Asia	Kubota China Holdings Co., Ltd.	China	RMB 1,701 million	100.0	Administration of subsidiaries in China
	Kubota Agricultural Machinery (Suzhou) Co., Ltd.	China	RMB 170 million	100.0 [100.0]	Manufacturing and sales of combine harvesters, rice transplanters and tractors
	Kubota China Financial Leasing Ltd.	China	RMB 527 million	100.0 [100.0]	Finance leasing of construction machinery and farm equipment, and factoring service

Business name		Location	Common stock	Percentage of investment shares (%)	Principal business activity
Asia	SIAM KUBOTA Corporation Co., Ltd.	Thailand	THB 2,739 million	60.0	Manufacturing and sales of tractors, combine harvesters, implements and horizontal type diesel engines, and sales of construction machinery
	Siam Kubota Leasing Co., Ltd.	Thailand	THB 2,000 million	100.0 [100.0]	Retail financing to purchasers of tractors and combine harvesters
	Kubota Engine (Thailand) Co., Ltd.	Thailand	THB 1,400 million	100.0	Manufacturing of vertical type diesel engines
	Escorts Kubota Ltd.	India	INR 1,319 million	44.8	Manufacturing and sales of tractors and construction machinery
Australia	Kubota Australia Pty Ltd.	Australia	A\$ 21 million	100.0	Sales of tractors, outdoor power equipment, construction machinery and engines
(Equity method affiliate)					
Japan	KMEW Co., Ltd.	Osaka, Japan	¥ 8.0 billion	50.0	Manufacturing and sales of roofing, siding materials and rain gutters

- (Notes) 1. Figures in square brackets represent ratio of indirect holding shares to total shares of each subsidiary, which is included in total percentage of investment shares.
2. As of December 31, 2022, the Company had 198 consolidated subsidiaries (including the 22 companies listed above).
3. Consolidated financial results for the year ended December 31, 2022 were described in "1. Item of Overview of Its Operations, (1) Review of Operations."

3) Other Major Affiliates

Business name		Location
Japan	Hokkaido Kubota and other sales companies of farm equipment	
	KUBOTA Construction Machinery Japan Corporation	Osaka (Osaka)
	Kubota Air Conditioner, Ltd.	Chuo-ku (Tokyo)
	Nippon Plastic Industry Co., Ltd.	Komaki (Aichi)
	KUBOTA Environmental Engineering Corporation	Chuo-ku (Tokyo)
	Kubota Construction Co., Ltd.	Osaka (Osaka)
North America	Kubota Materials Canada Corporation	Canada
Europe	Kubota Farm Machinery Europe S.A.S.	France
	Kubota (Deutschland) GmbH	Germany
	Kubota (U.K.) Ltd.	U.K.
Middle East	Kubota Saudi Arabia Company, LLC	Kingdom of Saudi Arabia

(6) Main Line of Business (As of December 31, 2022)

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, and Air purifier with humidification function
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
Materials, Urban Infrastructure-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

(7) Capital Expenditures

For the year ended December 31, 2022, the Company made capital expenditures totaling ¥169.4 billion, including establishment of a new R&D center in Sakai, Osaka and investment for manufacturing of new models and increasing production capacity in Japan and overseas.

(8) Financing

Capital expenditures were funded with Company's own capital mainly. The sales financing operations were funded with borrowings mainly.

(9) Employees (As of December 31, 2022)**1) Consolidated Basis**

Number of employees	Change from prior fiscal year-end
50,352	+7,059

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

2) Kubota Corporation

Number of employees	Change from prior fiscal year-end
12,474	+763

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

(10) Main Financing Bank (As of December 31, 2022)

Name	Balance of the loan
Mizuho Bank, Ltd.	¥315.3 billion
MUFG Bank, Ltd.	¥199.2 billion
Sumitomo Mitsui Banking Corporation	¥169.7 billion

2. Item on Shares of Kubota Corporation

(1) Information on the Shares (As of December 31, 2022)

- 1) **Total Number of Authorized Common Shares:** 1,874,700,000 shares
- 2) **Total Number of Common Shares Issued:** 1,191,006,846 shares
(including 8,574 shares of treasury shares)
- 3) **Number of Shareholders:** 96,282 shareholders
- 4) **Number of Shares Per Unit of Shares:** 100 shares
- 5) **Status of Share Distribution by Shareholder Type**

Shareholder Type	Number of Shares Held (thousands of shares)	Holding Ratio (%)
Individuals	107,406	9.02
Govt. & Local Govt.	0	0.00
Financial Institutions	546,339	45.87
Securities Companies	46,086	3.87
Other Domestic Corporations	41,770	3.51
Foreigners (corporations and individuals)	449,394	37.73
Treasury Shares	8	0.00
Total	1,191,006	100.00

6) Major Shareholders (Top 10)

Name	Number of Shares Held (thousands of shares)	Holding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	193,258	16.23
Nippon Life Insurance Company	62,542	5.25
Meiji Yasuda Life Insurance Company	59,929	5.03
Custody Bank of Japan, Ltd. (Trust Account)	52,411	4.40
Sumitomo Mitsui Banking Corporation	36,006	3.02
Mizuho Bank, Ltd.	31,506	2.65
Moxley & Co. LLC	27,998	2.35
SMBC Nikko Securities Inc.	23,596	1.98
BNYM TREATY DTT 15	20,378	1.71
STATE STREET BANK WEST CLIENT – TREATY 505234	18,358	1.54

(Note) Holding ratio is calculated excluding treasury shares as of December 31, 2022.

(2) Acquisition, Retirement, and Holding of Treasury Share

1) Treasury Share Acquired during This Fiscal Year

By resolution of the Board of Directors held on April 20, 2022, the Company acquired its own shares as follows:

- Class and number of shares acquired: Common share 9,245,400 shares
- Total amount of shares acquired: ¥ 19,999 million
- Period acquired: From April 21, 2022 to December 15, 2022

2) Treasury Share Retired during This Fiscal Year

By resolution of the Board of Directors held on September 16, 2022, the Company retired its treasury shares as follows:

Class and number of shares retired:	Common share 9,240,000 shares
Value of shares retired:	¥ 19,988 million
Date of retirement:	September 30, 2022

3) Treasury Share Held as of December 31, 2022

Common share:	8,574 shares
---------------	--------------

(3) Status of Shares Delivered to Company Officers as Consideration for the Performance of Duties during the Period

Not applicable

(Note) Information on the Company's stock compensation is stated in "3. Item of Directors, Audit & Supervisory Board Members, Senior Executive Officers and Executive Officers of Kubota Corporation (8) Policy for Determination of Remuneration, etc., and its Calculation Method for Directors and Audit & Supervisory Board Members (ii) Remuneration structure" of the Document Stating Matters of the 133rd Ordinary General Meeting of Shareholders Provided in Electronic Format."

(4) Policy for Cross-shareholdings

Kubota Corporation believes it is necessary to cooperate with various companies in every business process, such as product development, manufacturing, distribution, sales, service, and funding, to succeed in global competition and realize its sustainable growth and improvement of corporate value over the medium to long term. From this perspective, Kubota Corporation maintains cross-shareholdings based on comprehensive consideration of business relationships and the business strategies. Kubota Corporation's policy for cross-shareholdings is to examine each individual share at the meetings of the Board of Directors every year to see whether or not the shareholding is appropriate, based on comprehensive consideration of the holding purpose, benefits and risks involved in the shareholdings and others, and decrease its shareholdings gradually in light of the market environment and other factors when it determines that maintaining them is no longer appropriate. In the fiscal year ended December 31, 2022, Kubota Corporation sold ¥1.8 billion of its shares.

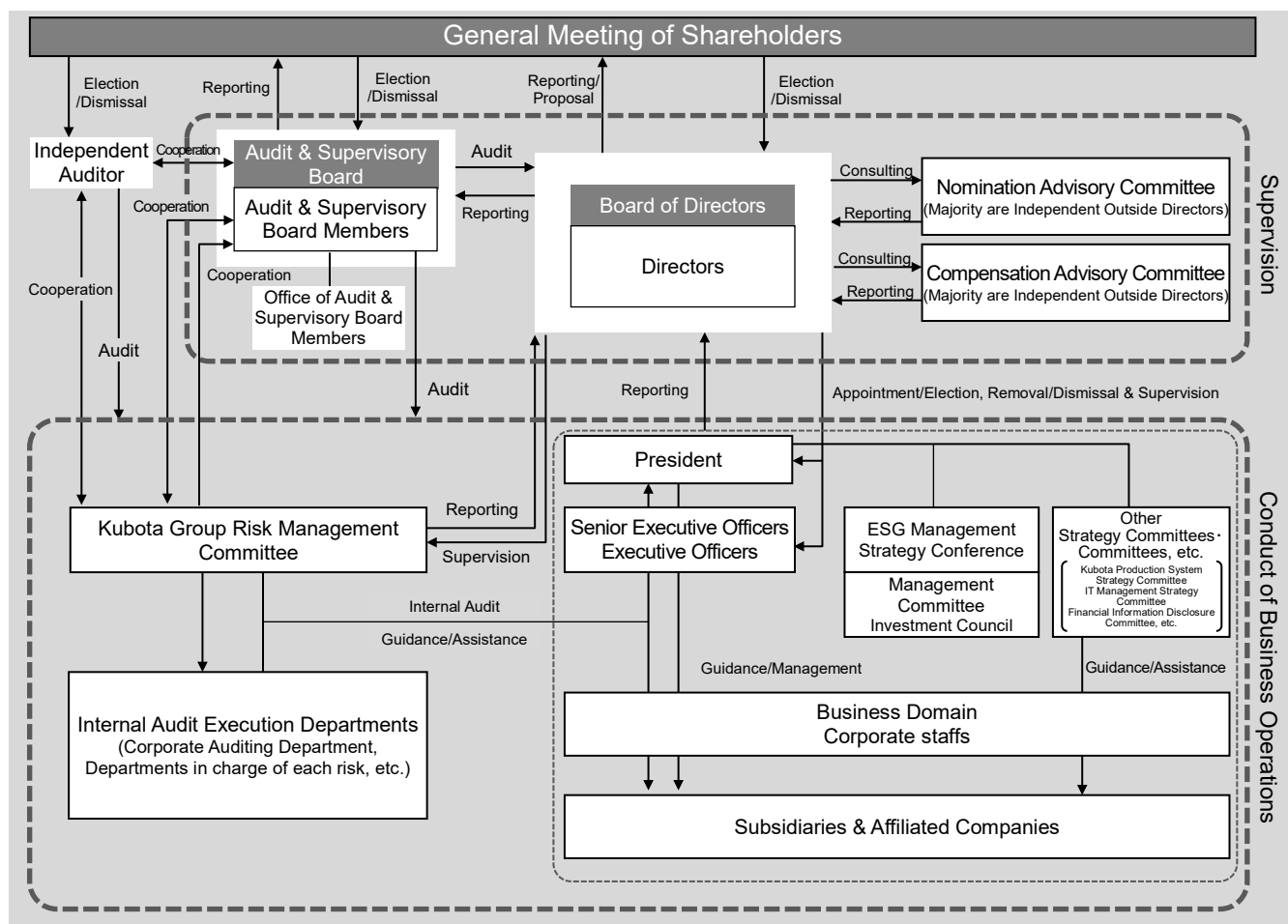
*"Information on the Shares" and "Status of Shares Delivered to Company Officers as Consideration for the Performance of Duties during the Period" are recorded under "Items not recorded in the documents issued in response to the request for delivery of documents based on laws and regulations and the Articles of Incorporation among the documents stating matters provided in electronic format" for the 133rd Ordinary General Meeting of Shareholders.

3. Item of Directors, Audit & Supervisory Board Members, Senior Executive Officers and Executive Officers of Kubota Corporation

(1) Policy of Organization Structure

The Company is basically a company with an Audit & Supervisory Board but also has a voluntary Nomination Advisory Committee and Compensation Advisory Committee. Kubota Corporation has a wide range of business domain that includes the areas of food, water, and the environment. Considering the scope of this domain, Kubota Corporation believes that the most appropriate governance structure is one in which the Board of Directors makes decisions on major fundamental management policies, based on the perspectives of internal Directors with in-depth experience and knowledge in particular areas of the Company's businesses as well as the objective viewpoints and broad knowledge of Outside Directors. The Board of Directors also supervises and oversees the Senior Executive Officers' conduct of business. On the other hand, the Audit & Supervisory Board Members, who are legally independent from the Board of Directors, provide a monitoring function through the highly effective, independent audit function. Kubota Corporation believes having the voluntary Nomination Advisory Committee and Compensation Advisory Committee, where the majority of members are Outside Directors, enables it to secure objectivity and transparency on matters regarding personnel and remuneration of officers, etc., and attain sustainable growth and increase its corporate value in the medium to long term while securing sound, efficient, and effective business operations.

Corporate Governance Structure (As of January 1, 2023)



(2) Name of Directors and Audit & Supervisory Board Members (As of December 31, 2022)

Position	Name	Responsibility at Kubota Corporation and Important Concurrent Positions
Chairman of the Board and Representative Director	Masatoshi Kimata	Outside Director of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION
President and Representative Director	Yuichi Kitao	
Representative Director and Executive Vice President	Masato Yoshikawa	General Manager of Planning and Control Headquarters, General Manager of Global ICT Headquarters
Director	Toshihiko Kurosawa	
Director and Senior Managing Executive Officer	Dai Watanabe	General Manager of Farm and Industrial Machinery Consolidated Division, General Manager of Innovation Center
Director and Managing Executive Officer	Hiroto Kimura*	General Manager of Research and Development Headquarters, General Manager of Kubota Global Institute of Technology, Deputy General Manager of Innovation Center, General Manager of Carbon Neutral Promotion Dept.
Outside Director	Yuzuru Matsuda	
Outside Director	Koichi Ina	Outside Director of Sansha Electric Manufacturing Co., Ltd.
Outside Director	Yutaro Shintaku	Outside Director of Santen Pharmaceutical Co., Ltd., Outside Director of KOZO KEIKAKU ENGINEERING Inc.
Outside Director	Kumi Arakane	External Director of Kagome Co., Ltd., Outside Director of TODA CORPORATION
Audit & Supervisory Board Member (Full-time)	Toshikazu Fukuyama	
Audit & Supervisory Board Member (Full-time)	Yasuhiko Hiyama	
Audit & Supervisory Board Member (Full-time)	Masashi Tsunematsu*	
Outside Audit & Supervisory Board Member	Yuichi Yamada	External Audit & Supervisory Board Member of Japan Finance Corporation, Representative of Yuichi Yamada Certified Public Accountant Firm
Outside Audit & Supervisory Board Member	Yuri Furusawa	Independent Outside Auditor of SUBARU CORPORATION
Outside Audit & Supervisory Board Member	Keijiro Kimura*	Representative Partner of Kyohei Law Office

- (Notes) 1. Kubota Corporation reported to the TSE that all Outside Directors and Outside Audit & Supervisory Board Members are Independent Directors/Audit & Supervisory Board Members defined by the TSE.
2. Mr. Yuichi Yamada has sufficient knowledge relating to finance and accounting.
3. Kubota Corporation has business transactions with Santen Pharmaceutical Co., Ltd. and KOZO KEIKAKU ENGINEERING Inc., of which Mr. Yutaro Shintaku holds important concurrent positions, the transactions are less than 0.01% of consolidated revenue of Kubota Corporation as well as of Santen Pharmaceutical Co., Ltd., and KOZO KEIKAKU ENGINEERING Inc.
- Kubota Corporation has business transactions with Kagome Co., Ltd. and TODA CORPORATION, of which Ms. Kumi Arakane holds important concurrent positions, the transactions are less than 0.01% of consolidated revenue of Kubota Corporation as well as of Kagome Co., Ltd., and TODA CORPORATION.
- Moreover, Kubota Corporation has no special relationship with the companies, of which other Outside Directors and Outside Audit & Supervisory Board Members hold important concurrent positions.
4. Mr. Yuzuru Matsuda was Outside Director of JSR Corporation, he retired on June 17, 2022.
- Mr. Yutaro Shintaku was Outside Director of J-Oil Mills, Inc., he retired on June 27, 2022.

Kubota Corporation has no special relationship with JSR Corporation, and J-Oil Mills, Inc.

5. Changes of Directors and Audit & Supervisory Board Members during the fiscal year ended December 31, 2022
 - 1) Each Director or Audit & Supervisory Board Member indicated by an asterisk (*) in the above table was newly elected at the 132nd Ordinary General Meeting of Shareholders held on March 18, 2022 and assumed their office.
 - 2) Mr. Masaki Fujiwara retired from his position as Audit & Supervisory Board Member due to the expiration of his term of office at the conclusion of the 132nd Ordinary General Meeting of Shareholders held on March 18, 2022, and was newly elected as Substitute Audit & Supervisory Board Member as approved at the said general meeting.
6. The following changes have been effective as of January 1, 2023.

Position	Name	Responsibility at Kubota Corporation and Important Concurrent Positions
Chairman of the Board	Masatoshi Kimata	Outside Director of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION
Director and Executive Vice President	Dai Watanabe	General Manager of Farm and Industrial Machinery Consolidated Division, General Manager of Innovation Center
Director and Senior Managing Executive Officer	Hiroto Kimura	General Manager of Research and Development Headquarters, General Manager of Kubota Global Institute of Technology, Deputy General Manager of Innovation Center, General Manager of Carbon Neutral Promotion Dept.

(3) Initiatives toward Improving the Effectiveness of the Board of Directors

1) Evaluating the effectiveness of the Board of Directors

At the end of each fiscal year, Kubota Corporation holds an evaluation of the effectiveness of the Board of Directors for the continuous improvement of its corporate governance. In fiscal 2022, an evaluation was conducted by a third-party organization in an aim to further increase the fairness and transparency of the Board of Directors. The method and process of evaluation are as follows. An overview of the results of evaluation of the effectiveness of the Board of Directors for fiscal 2022, including the evaluation results, will be disclosed in March and thereafter.

[Evaluation method and process]

An evaluation by a third-party organization was conducted from November 2022 to February 2023. The evaluation methodology is as outlined in (1) to (3) below.

(1) Questionnaire

The questionnaire based on questions created under the guidance of a third-party organization was given to all Directors and Audit & Supervisory Board Members (total 16 persons).

Evaluation major items: Overall Evaluation of the Board of Directors/Composition of the Board of Directors/Operations of the Board of Directors/Role and Contribution of Members/Leadership of Chair/Corporate Strategy and Sustainability/Monitoring of Business Portfolio and Management Resources (Human Resources, Business/Products, Finance/Accounting)/Creation of Synergies/Risk Management and Compliance/Response to Stakeholders/Monitoring of Execution and Performance/Analysis of Management Decisions/Sound Decision-making/Culture of the Board/Effectiveness of Committees on Nominations and Remuneration/Utilization of Effectiveness Evaluation/Own Contribution to the Board of Directors/Gap Analysis (evaluating the level of importance of proposals and the amount of discussion respectively on a scale of 10 and analyzing the gap)

(2) Interviews and group discussion

Based on the results of the (1) questionnaire, the third-party organization conducted an interview of about one hour per Director and a group discussion (about an hour and a half) among six Audit & Supervisory Board Members.

(3) Discussion at Board of Directors Meeting

The third-party organization reported the evaluation results of (1) and (2) at the Board of Directors Meeting, and discussion was held on the issues extracted and future initiatives.

2) Status of Value Up Discussion Meeting Held

Kubota Corporation regularly holds the “Value Up Discussion Meeting” (hereinafter, the “VUDM”), where the members of the Board of Directors discuss topics that contribute to the company’s sustainable growth and enhancing corporate value in the medium to long term.

The VUDM, which focuses on having discussions on medium-to-long-term themes, is positioned as a place not for decision-making but for exchanging opinions and sharing information, and the contents of discussions are communicated to the Executive Officers as appropriate.

[Past contents of deliberation]

Timing and Theme of Meeting	Key Topics of Deliberation
July 2021 “Carbon Neutrality”	Response toward promoting carbon neutrality, initiatives for greenhouse gas emissions reductions and negative emission

Timing and Theme of Meeting	Key Topics of Deliberation
October 2021 “K-ESG Management”	K-ESG management approach, Materiality of K-ESG management
January 2022 “Constructive Dialogue with Stakeholders”	Realization of growth strategy and views on accountability, approach to pursuing IR and SR activities for institutional investors and individual investors
April 2022 “Looking Back on VUDM and its Future”	Purpose and vision of VUDM, operation method, and selection of themes to address
October 2022 “Group Risk Management”	Risk identification process and company-wide risk control system

(4) Activity Report of the Nomination Advisory Committee and the Compensation Advisory Committee

(Period: January 1, 2022 - December 31, 2022)

Composition of Members (as of December 31, 2022)

Those in brackets [] indicate percentage of attendance.

			Nomination Advisory Committee	Compensation Advisory Committee
Outside Director	Yuzuru Matsuda	[100%]	● (Chairperson)	● (Chairperson)
Outside Director	Koichi Ina	[100%]	●	●
Outside Director	Yutaro Shintaku	[100%]	●	●
Outside Director	Kumi Arakane	[100%]	●	●
Chairman of the Board and Representative Director	Masatoshi Kimata	[100%]	●	
President and Representative Director	Yuichi Kitao	[100%]	●	
Representative Director and Executive Vice President	Masato Yoshikawa	[100%]	●	●
Senior Managing Executive Officer	Kazuhiro Kimura	[100%]		●
Outside Audit & Supervisory Board Member	Yuichi Yamada	[100%]		▲ (Observer)

The Nomination Advisory Committee met three times during the fiscal year for the purpose of deliberating the nomination of candidates for Directors and the nomination of Advisers. The committee is also looking at the composition and diversity of the Board of Directors using the skills matrix. Starting in fiscal 2022, the committee has added matters related to electing as well as dismissing a president along with succession planning to its agenda and

is actively discussing the qualities and abilities required of the Company's top management in addition to training methods.

(Activities)

1. March 15, 2022	Discussion on the initiatives toward building a governance structure with increased fairness and transparency Deliberation on the president's evaluation sheet (at the time of setting 2022 targets)
2. September 21, 2022	Deliberation on the president's succession planning and personnel requirements for president candidates Reporting on the progress of the president's evaluation sheet
3. October 25, 2022	Deliberation on the candidates for Directors and Advisors

The Compensation Advisory Committee met seven times during the fiscal year for the purpose of discussing both the consistency of levels of compensation paid to the Directors, Senior Executive Officers, Executive Officers, and Advisers, and the adequacy of the compensation system. In order to realize the Company's vision as set forth in Long-term Vision "GMB2030," the current remuneration plan sets competitive remuneration levels appropriate for the GMB Company and incorporates an evaluation system that is strongly linked to growth over the short, medium and long term.

(Activities)

1. February 3, 2022	Deliberation on setting targets for each of the evaluation indicators for fiscal 2022
2. February 24, 2022	Deliberation on setting targets for each of the evaluation indicators for fiscal 2022
3. June 7, 2022	Reporting of activities concerning K-ESG evaluation indicators in the first half and deliberation on setting targets for the second half
4. July 6, 2022	Reporting of activities concerning K-ESG evaluation indicators in the first half and deliberation on setting targets for the second half
5. October 28, 2022	Reverification of the current remuneration plan and deliberation on setting remuneration standards for fiscal 2023
6. November 30, 2022	Deliberation on the policy for determining remuneration of Directors for fiscal 2023 and the remuneration amount
7. December 14, 2022	Reporting of activities concerning K-ESG evaluation indicators in the second half and deliberation on the evaluation of activities

(5) Activity Report of the Audit & Supervisory Board

The main matters considered by the Audit & Supervisory Board are the audit policies and division of duties, status of the establishment and operation of internal control systems, evaluation of the Independent Auditor and determining their appointment and reappointment, the audit report and other matters.

In accordance with the audit policies, division of duties, and standards for the Audit & Supervisory Board Members as established by the Audit & Supervisory Board, the Audit & Supervisory Board Members communicated with the Directors, the internal audit department, employees, and others; committed to gathering information and enhancing the audit environment; attended meetings of the Board of Directors and other important meetings; received reports from the Directors, employees, and others regarding the performance of their duties; requested explanations as necessary; inspected important documents supporting decisions and other records; and examined the status of operations and assets at the head office and important operating locations.

In addition, the Audit & Supervisory Board Members periodically received reports from the Directors, employees, and others regarding the status of the development and operation of internal control systems; requested explanations as necessary; and expressed opinions.

As for the subsidiaries and affiliates, the Audit & Supervisory Board Members concurrently serve as Audit & Supervisory Board Members of major subsidiaries and affiliates in Japan and audit the execution of management of each company according to the audit policies and plans established by the Audit & Supervisory Board. In addition, more than one full-time Audit & Supervisory Board Members of subsidiaries have been appointed, and these full-time Audit & Supervisory Board Members have been assigned at some of the main subsidiaries in Japan in order to strengthen the monitoring system of the subsidiaries.

The Audit & Supervisory Board monitored and verified whether the Independent Auditor made appropriate audits while maintaining its independence. In addition, the Audit & Supervisory Board received reports from the Independent Auditor on its operations and requested explanations when necessary.

Although it was difficult for the Audit & Supervisory Board to conduct on-site audits in overseas up until the previous fiscal year due to the impact of the spread of COVID-19, the Audit & Supervisory Board was able to conduct on-site audits of key locations in North America, Europe and Thailand as well as conduct audits through online meetings during this fiscal year. Going forward, the Audit & Supervisory Board will further increase the number of on-site audits while making use of digital technology to conduct appropriate audits.

(6) Activity Report for Outside Directors and Outside Audit & Supervisory Board Members

Position	Name	Their Activities
Director	Yuzuru Matsuda	Mr. Yuzuru Matsuda attended all 12 meetings of the Board of Directors, and in his role as member of the Nomination Advisory Committee and Compensation Advisory Committee, attended every committee meeting. Serving as the chair of both committees, he worked to ensure that the committees operated effectively and transparently. Furthermore, in the fiscal year ended December 31, 2022, he also attended the “Value Up Discussion Meeting” (hereinafter, the “VUDM”), which was launched for the members of the Board of Directors to discuss important topics for enhancing corporate value in the medium to long term and individual interview to evaluate effectiveness of Board of Directors and other meetings. He also provided valuable statements backed by his extensive experience and wide-ranging knowledge of current trends as a corporate manager of a comprehensive manufacturer of biotechnology.
Director	Koichi Ina	Mr. Koichi Ina attended all 12 meetings of the Board of Directors, and in his role as member of the Nomination Advisory Committee and Compensation Advisory Committee, attended every committee meeting. Furthermore, in the fiscal year ended December 31, 2022, he attended the “VUDM,” which was launched for the members of the Board of Directors to discuss important topics for enhancing corporate value in the medium to long term and individual interview to evaluate effectiveness of Board of Directors and other meetings. He provided valuable comments using his deep knowledge in the field of manufacturing accumulated at an automotive manufacturer.
Director	Yutaro Shintaku	Mr. Yutaro Shintaku attended all 12 meetings of the Board of Directors, and in his role as member of the Nomination Advisory Committee and Compensation Advisory Committee, attended every committee meeting. Furthermore, in the fiscal year ended December 31, 2022, he attended the “VUDM,” which was launched for the members of the Board of Directors to discuss important topics for enhancing corporate value in the medium to long term and individual interview to evaluate effectiveness of Board of Directors and other meetings. He provided valuable comments using his experience actively promoting global strategy as a management of a medical device manufacturer.

Position	Name	Their Activities
Director	Kumi Arakane	Ms. Kumi Arakane attended all 12 meetings of the Board of Directors, and in her role as member of the Nomination Advisory Committee and Compensation Advisory Committee, attended every committee meeting. Furthermore, in the fiscal year ended December 31, 2022, she attended the "VUDM," which was launched for the members of the Board of Directors to discuss important topics for enhancing corporate value in the medium to long term and individual interview to evaluate effectiveness of Board of Directors and other meetings. She provided valuable comments using her knowledge gained at a cosmetics company in various areas of business including research and development, quality control, and purchasing, as well as her experience as an Audit & Supervisory Board Member at Kubota Corporation.
Audit & Supervisory Board Member	Yuichi Yamada	Mr. Yuichi Yamada attended all 12 meetings of the Board of Directors and all 17 Audit & Supervisory Board Meetings held during the fiscal year, and attended every meeting of the Compensation Advisory Committee as observer. Furthermore, in the fiscal year ended December 31, 2022, he attended the regular meetings with the President and Representative Director and the "VUDM," where the members of the Board of Directors discuss important topics for enhancing corporate value in the medium to long term. He also attended the "Discussion With Audit & Supervisory Board Members Regarding Evaluating the Effectiveness of the Board of Directors" and other meetings. He provided comments based on his expert viewpoints as well as his considerable experience as a certified public accountant, in accounting and financial matters including international accounting standards.
Audit & Supervisory Board Member	Yuri Furusawa	Ms. Yuri Furusawa attended 11 out of 12 meetings of the Board of Directors and all 17 Audit & Supervisory Board Meetings. Furthermore, in the fiscal year ended December 31, 2022, she also attended the regular meetings with the President and Representative Director and the "VUDM," where the members of the Board of Directors discuss important topics for enhancing corporate value in the medium to long term. She also attended the "Discussion With Audit & Supervisory Board Members Regarding Evaluating the Effectiveness of the Board of Directors" and other meetings. She provided valuable statements based on her expert viewpoints as well as her considerable experience gained in Japan and overseas in reforming work styles and promoting the empowerment of women and diversity, etc., which she worked on at central government.

Position	Name	Their Activities
Audit & Supervisory Board Member	Keijiro Kimura	Mr. Keijiro Kimura attended all 10 meetings of the Board of Directors and all 14 Audit & Supervisory Board Meetings held after his appointment on March 18, 2022. Furthermore, in the fiscal year ended December 31, 2022, he attended the regular meetings with the President and Representative Director and the "VUDM," where the members of the Board of Directors discuss important topics for enhancing corporate value in the medium to long term. He also attended the "Discussion With Audit & Supervisory Board Members Regarding Evaluating the Effectiveness of the Board of Directors" and other meetings. He provided valuable statements based on his wealth of legal knowledge as an attorney as well as his considerable experience acquired by assuming office as an outside auditor for several companies, etc., from his expert viewpoints.

(7) Remuneration, etc. for Directors and Audit & Supervisory Board Members

Title	Number of recipients (persons)	Total amount of remuneration, etc. (millions of yen)			
		Basic remuneration	Bonuses	Restricted stock unit	Performance share unit
Internal Directors	6	362	238	120	55
Internal Audit & Supervisory Board Members	3	120	–	–	–
Outside Directors	4	77	–	–	–
Outside Audit & Supervisory Board Members	4	49	–	–	–

- (Notes)
1. The above includes the remuneration of one Outside Audit & Supervisory Board Member who retired due to the expiration of their term of office at the conclusion of the 132nd Ordinary General Meeting of Shareholders held on March 18, 2022.
 2. Bonuses for the Internal Directors consist of cash remuneration in order to encourage achievement of business performance targets related to business size and profitability for the fiscal year and to accelerate K-ESG management initiatives. The indicators consist of a company-wide business performance-linked component (consolidated net sales and operating margin), an individual evaluation component, and a K-ESG evaluation component. For the fiscal year ended December 31, 2022, consolidated net sales were ¥2,678.8 billion and the operating margin was 8.2%.
 3. Matters concerning non-monetary compensation, etc. are described in “(8) Policy for Determination of Remuneration, etc. and its Calculation Method for Directors and Audit & Supervisory Board Members.”
 4. The maximum aggregate amount of basic remuneration for the Directors of the Company was set at ¥900 million or less per year (including ¥160 million or less per year for the Outside Directors) at the 132nd Ordinary General Meeting of Shareholders held on March 18, 2022. At the conclusion of the said Ordinary General Meeting of Shareholders, the number of Directors was ten (including four Outside Directors).
 5. The maximum aggregate amount of bonuses for the Directors (excluding Outside Directors) of the Company was set at ¥1,060 million or less per year at the 132nd Ordinary General Meeting of Shareholders held on March 18, 2022. At the conclusion of the said Ordinary General Meeting of Shareholders, the number of eligible Directors (excluding Outside Directors) was six.
 6. The maximum aggregate amount of stock compensation for the Directors (excluding Outside Directors) was set at ¥160 million or less per year for the fixed restricted stock unit (number of shares 140,000 shares or less) and ¥740 million or less per year for the performance-linked performance share unit (number of shares 630,000 shares or less) at the 132nd Ordinary General Meeting of Shareholders held on March 18, 2022. At the conclusion of the said Ordinary General Meeting of Shareholders, the number of Directors (excluding Outside Directors) eligible for stock compensation was six. The amounts of restricted stock units and performance share units shown above are the amounts expensed in the fiscal year ended December 31, 2022.
 7. The amount of remuneration for the Audit & Supervisory Board Members of the Company was set at ¥250 million or less per year at the 132nd Ordinary General Meeting of Shareholders held on March 18, 2022. At the conclusion of the said Ordinary General Meeting of Shareholders, the number of Audit & Supervisory Board Members was six (including three Outside Audit & Supervisory Board Members).

(8) Policy for Determination of Remuneration, etc. and its Calculation Method for Directors and Audit & Supervisory Board Members

(Remuneration for Directors)

The policy, etc. for determining the remuneration calculation method for fiscal 2022 as described below was determined at the meetings of the Board of Directors after the Compensation Advisory Committee had deliberated on the policy and reported its recommendations.

In addition, the details of individual Director remuneration, etc. for the fiscal year ended December 31, 2022 are determined by resolution of the Board of Directors based on objective deliberations by the Compensation Advisory Committee, of which the majority of members are Outside Directors, and are therefore deemed to be in accordance with said policy.

1) Policy for Determination of Remuneration, etc. for the Directors

Currently, the Company is committed to a shift to business operations with ESG positioned at the core of management under Long-term Vision “GMB2030,” with the aim of further strengthening the supervisory function of the Board of Directors (i.e., enhancing corporate governance). Under these circumstances, Kubota Corporation reviewed the remuneration plan for Directors and set up the basic principles regarding remunerations for Directors, etc.:

(Basic principles)

1. The purpose of the remuneration for the Internal Directors is to encourage the internal Directors to take the lead for sustainable growth while fulfilling social responsibilities as a company aiming to become a global major brand (hereinafter, “GMB”) company.
 - Motivate the Directors to achieve performance targets by reflecting in their remuneration quantitative and objective evaluation results based on financial performance indicators.
 - By reflecting evaluation results of the progress of the Kubota Group’s original ESG initiatives (hereinafter, the “K-ESG”) in remuneration of Directors to accelerate K-ESG management initiatives.
 - Encourage the Directors to hold shares of the Company’s stock during their tenure and make them strongly aware of the need to sustainably improve corporate value through a remuneration system that is closely linked to shareholder value.
 - Along with achievement of the Company’s performance targets, K-ESG and improvement of corporate value, set the levels of remuneration and performance linkage that allow the Directors to receive remuneration that is equivalent to or greater than the standard remuneration at other GMB companies that are defined by the Company.
2. To achieve the purpose of the remuneration, transparency and objectivity must be ensured in the administration of the remuneration plan.
 - Decisions on the development and administration of remuneration policies shall be reviewed by the Compensation Advisory Committee, a majority of whose members are Outside Directors, before being determined by the Board of Directors’ resolution.
 - In order to fulfill accountability for shareholders precisely, disclosure shall be made not limited to the scope required by laws and regulations, but also to facilitate shareholders’ understanding and dialogue with them.

2) Remuneration structure

(a) Internal Directors

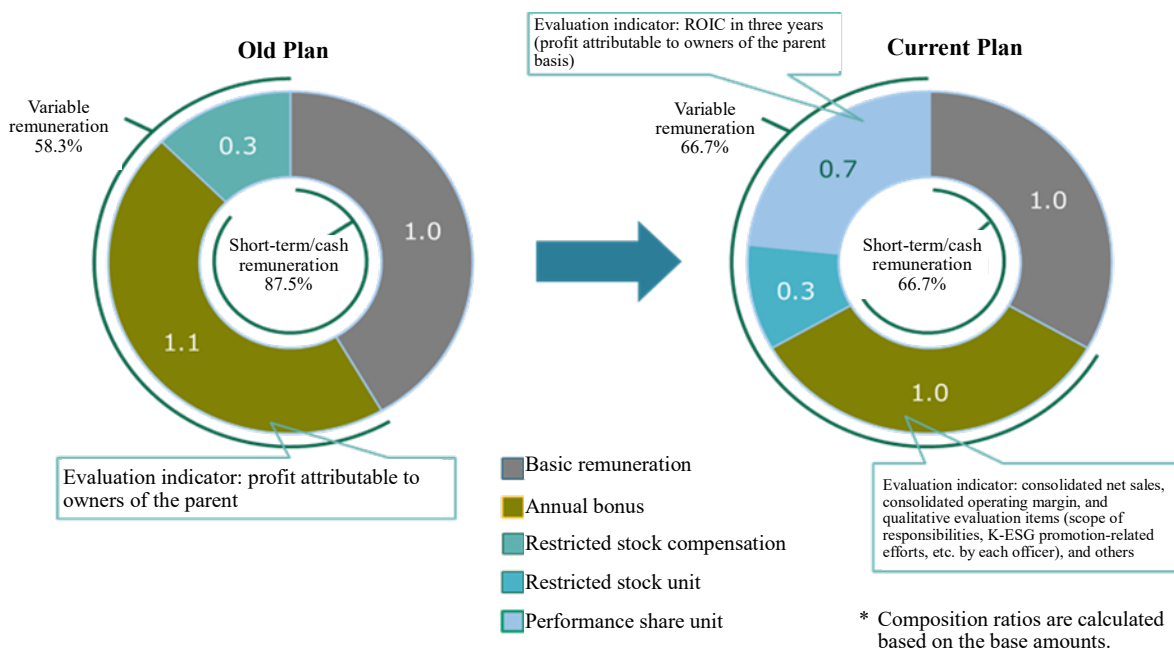
The remuneration for the Internal Directors consists of basic remuneration, which is fixed, and performance-linked remuneration.

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

- Shown below is an overview of the composition and elements of remuneration:

(Remuneration Composition)

Image of Remuneration Composition Ratios for the President and Representative Director
(Comparison of Old Plan and Current Plan)



(Overview of the elements of remuneration)

Type of remuneration	Overview
Basic remuneration	<p>[Fixed remuneration set in proportion to the size of duties by corporate rank, etc.]</p> <ul style="list-style-type: none"> The individual amount of basic remuneration shall be decided at the meeting of the Board of Directors based on the details of confirmation and deliberation by the Compensation Advisory Committee: the amount of (total) basic remuneration divided by 12 is paid on the same pay day as employees' salary, on a monthly basis.

Type of remuneration	Overview
Annual bonus	<p>[Cash remuneration intended to encourage the achievement of business size and profitability-related performance targets set for each fiscal year and accelerate the K-ESG management efforts]</p> <ul style="list-style-type: none"> • Consists of a portion linked to company-wide performance (50–70% of the bonus based on corporate rank), a portion of individual evaluation (10–30%), and a portion of K-ESG evaluation (20%) • The portion linked to company-wide performance changes between 0% and 200% of the base amount in proportion to the degree of achievement in the targeted consolidated revenue and operating profit margin, which are key indicators under the Mid-term Business Plan 2025. • The portion of individual evaluation changes between 0% and 200% of the base amount in proportion to the degree of achievement in strategic company-wide targets, specific targets in the efforts under the Mid-Term Business Plan, financial targets for the area(s) the person is in charge of, etc. which are set at the beginning of the fiscal year based on individual responsibilities/jurisdiction. • The portion of K-ESG evaluation changes between 0% and 200% of the base amount in proportion to the degree of achievement in K-ESG promotion targets set at the beginning of the fiscal year. • The target setting in and the evaluation result of each evaluation category shall be decided at the meeting of the Board of Directors based on the details of confirmation and deliberation by the Compensation Advisory Committee: paid annually in March, in principle.
Restricted stock unit (RS Trust)	<p>[Stock compensation intended to encourage continued shareholding while in service/office, through which the sharing of and improvements in shareholder value are promoted]</p> <ul style="list-style-type: none"> • The number of restricted stocks specified for each corporate rank shall be issued generally after the closing of each period, from the trust that sets the Company as the entruster in every period. In principle, the transfer restriction of issued shares shall be lifted at the time of (their) retirement (which means the point of time when they are no longer Directors or Senior Executive Officers of the Company; the same applies hereinafter).
Performance share unit (RS Trust)	<p>[Stock compensation for the purpose of improving the shareholder value by achieving the medium- to long-term performance target]</p> <ul style="list-style-type: none"> • Restricted stocks shall be issued generally after each performance evaluation period ends, from the trust that sets the Company as the entruster according to the result of the financial evaluation of the performance evaluation period of three years, which starts in every period. In principle, the transfer restriction of issued shares shall be lifted when Directors, etc. retire. • The indicator of the financial evaluation is ROIC on a net income basis for the purpose of promoting the maximization of corporate value in the medium to long term by effectively creating profit relative to invested capital, and the number of the shares to be issued in proportion to the degree of achievement changes between 0% and 200%.

* Basic views, etc. on the evaluation indicators and targets for annual bonuses and performance share units shall be re-examined on an ongoing basis in response to changes in the management environment and others, through a review by the Compensation Advisory Committee. Kubota Corporation is considering using the performance share unit as an indicator for the K-ESG evaluation from now on.

(b) Outside Directors

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

3) Remuneration level

- In order to properly secure competitiveness in terms of compensation suitable for a GMB company, the Company appropriately sets the level of remuneration for the Directors based on their corporate ranks and duties, by using data on objective executive remuneration surveys conducted by an external specialized institution ("Executive Compensation Database" by Willis Towers Watson), etc. to identify a group of companies whose size, profitability, type of business, overseas networks, etc. are comparable to the Company's as a benchmark for comparison.

4) Shareholding guideline

- For the purpose of deepening the level of shared value with its shareholders, the Company encourages the Directors to hold the Company stock basically as follows:
President and Representative Director: stock worth three times the basic remuneration by five years from taking office
Other Directors: stock worth 2.4 to 2.7 times the basic remuneration by five years from taking office

5) Clawback/recovery of remuneration, etc. (malus and clawback clauses)

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

6) Remuneration determination process

- The Kubota Corporation's policy on the decision of the details of remunerations for Directors and the details of individual remuneration, etc. shall be decided by the resolution of the Board of Directors based on the result of objective deliberation by the Compensation Advisory Committee, a majority of whose members are Outside Directors.
- The review by the Compensation Advisory Committee shall be attended/observed by a compensation advisor from Willis Towers Watson, an external specialized institution, where necessary, for the purpose of providing an objective point of view as well as expert knowledge and information concerning compensation plans.

(Remuneration for the Audit & Supervisory Board Members)

The remuneration for the Audit & Supervisory Board Members consists solely of basic remuneration because of the roles they play and the need to preserve their independence. The remuneration for the Audit & Supervisory Board Members is determined after consultation among the Audit & Supervisory Board Members within the range of the maximum aggregate amount of remuneration approved at the General Meeting of Shareholders in consideration of the roles of the respective Audit & Supervisory Board Members.

(9) Training for Executives

For Outside Directors and Outside Audit & Supervisory Board Members, Kubota Corporation explains the corporate principles (Kubota Global Identity), business strategies, business portfolio and other information when they assume office and proactively provides them with opportunities to conduct inspections of our main factories and on-site inspections overseas. In addition, Outside Directors and Outside Audit & Supervisory Board Members can deepen their understanding of priority management issues and medium-to-long-term objectives through preliminary briefings on the agenda for the Board of Directors meeting, discussions conducted at the “VUDM” and other opportunities.

For Senior Executive Officers and Executive Officers, the Company holds training hosted by external organizations for all newly appointed officers, featuring content pertaining to laws and regulations, and corporate governance. In addition, the Executive Officers’ Meeting is held monthly to provide directions and information to the officers about policies and resolutions decided by the Board of Directors. Furthermore, to provide an opportunity for examining company-wide matters and areas other than the commissioned area, the Company holds, as part of training, a sub-committee meeting on different from the day of the Executive Officers’ Meeting to continue lively discussions on priority management issues and other topics in small groups.

The Company holds multiple annual executive forums related to ESG, human rights, health and safety, the environment, quality, public relations, legal affairs, DX, compliance, etc. for all of its Directors, Audit & Supervisory Board Members, Senior Executive Officers and Executive Officers. We invite external lecturers, etc., and continue to hold these forums for the purpose of acquiring and updating knowledge on the rapidly changing external environment by also using online distribution.

(10) Overview of Agreements on Limitation of Liabilities of Outside Directors and Outside Audit & Supervisory Board Members

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

(11) Overview of Directors and Officers Liability Insurance

Kubota Corporation has purchased directors and officers liability insurance (D&O insurance) for all of the Directors (including Outside Directors) and Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) as the insured persons.

The insurance policies cover liability of Directors and Audit & Supervisory Board Members arising in the performance of their duties and damage claims received pertaining to the pursuit of said liability.

However, there are certain exclusions, such as no coverage for liability arising from actions taken with the knowledge that they were in violation of laws and regulations.

In addition, Kubota Corporation plans to renew the insurance policies with the above details at the time of renewal in November 2023.

4. 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, 2022

1) Amount of compensation, etc. paid to the Independent Auditor for the fiscal year ended December 31, 2022	¥324 million
2) Total amount of cash and other financial benefits payable by Kubota Corporation and its subsidiaries to the Independent Auditor	¥372 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 calculation base of 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 19 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, and 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.

5. Item of Systems to be Developed to Establish Internal Control Systems

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

(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, the 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, the 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 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 and Executive Officers.

At the Executive Officers’ Meeting, the President and Representative Director gives directions and information to the 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 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 decide important management matters. Kubota Corporation also implements multifaceted deliberations in the “Investment Council,” mainly consisting of the officers in charge of administrative departments, to discuss other important investment projects. 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 “Operation of the Management Committee and Investment Council.”

(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 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 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, the 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 Director 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 Company-Wide 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, while taking into account the situation regarding the spread of COVID-19. 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 in compliance with applicable laws even during the COVID-19 pandemic, such as by holding the meetings online, 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 and Investment Council to improve the efficiency of the execution of duties. Also, four 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 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 nomination 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 management regulations, Kubota Corporation received reports from these companies on the status of their business operations, and their management plans were also discussed in the management review committees. 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 existing Company-Wide Risk Management Committee will be integrated into the Kubota Group Risk Management Committee, established in January 2023, which will continue implementing the existing initiatives for building an internal control system. At the same time, the committee will regularly conduct risk assessment in consideration of the changes in the risk environment surrounding the company and other factors based on which it will promote countermeasures against risks that it has decided to address with priority because they were determined in particular to potentially have a material impact on management.

Consolidated Statement of Financial Position

Kubota Corporation and Its Subsidiaries

(Unit: millions of yen)

December 31:	2022
ASSETS	
Current assets:	
Cash and cash equivalents	¥ 225,799
Trade receivables	779,385
Finance receivables	480,658
Other financial assets	71,516
Contract assets	28,018
Inventories	644,471
Income taxes receivable	2,710
Other current assets	72,768
Total current assets	2,305,325
Noncurrent assets:	
Investments accounted for using the equity method	46,492
Finance receivables	1,203,856
Other financial assets	165,438
Property, plant, and equipment	635,700
Goodwill	162,439
Intangible assets	116,335
Deferred tax assets	74,443
Other noncurrent assets	21,245
Total noncurrent assets	2,425,948
Total assets	¥ 4,731,273

(Continued on the following page)

(Unit: millions of yen)

December 31:	2022
LIABILITIES AND EQUITY	
Current liabilities:	
Bonds and borrowings	¥ 640,889
Trade payables	454,780
Other financial liabilities	106,096
Income taxes payable	24,646
Provisions	65,823
Contract liabilities	33,509
Other current liabilities	268,787
Total current liabilities	1,594,530
Noncurrent liabilities:	
Bonds and borrowings	970,216
Other financial liabilities	41,135
Retirement benefit liabilities	14,293
Deferred tax liabilities	27,096
Other noncurrent liabilities	6,673
Total noncurrent liabilities	1,059,413
Total liabilities	2,653,943
Equity:	
Equity attributable to owners of the parent:	
Share capital	84,130
Share premium	79,247
Retained earnings	1,535,115
Other components of equity	188,386
Treasury shares	(3,557)
Total equity attributable to owners of the parent	1,883,321
Noncontrolling interests	194,009
Total equity	2,077,330
Total liabilities and equity	¥ 4,731,273

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

Consolidated Statement of Profit or Loss

Kubota Corporation and Its Subsidiaries

(Unit: millions of yen)

Year ended December 31:	2022
Revenue	¥ 2,678,772
Cost of sales	(1,982,248)
Selling, general, and administrative expenses	(485,644)
Other income	15,488
Other expenses	(7,426)
Operating profit	218,942
Finance income	16,982
Finance costs	(1,997)
Profit before income taxes	233,927
Income tax expenses	(59,149)
Share of profits of investments accounted for using the equity method	1,642
Profit for the year	¥ 176,420
Profit attributable to:	
Owners of the parent	¥ 156,182
Noncontrolling interests	¥ 20,238

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

Balance Sheet (Non-consolidated)

Kubota Corporation

(Unit: millions of yen)

December 31:	2022
ASSETS	
Current assets:	
Cash and deposits	¥ 75,736
Trade notes receivable	2,500
Electronically recorded accounts receivable	40,408
Trade accounts receivable	407,159
Contract assets	6,882
Finished goods	62,268
Work in process	30,857
Raw materials and supplies	25,523
Other	70,831
Allowance for doubtful receivables	(50)
Total current assets	722,119
Fixed assets:	
Property, plant, and equipment—net:	
Buildings	109,892
Machinery and equipment	67,192
Land	76,797
Construction in progress	14,559
Other	29,210
Total property, plant, and equipment—net	297,651
Intangibles—net:	
Software	46,034
Other	618
Total intangibles—net	46,652
Investments and other assets:	
Investment securities	72,583
Investments in affiliates	392,143
Long-term loans receivable	53,749
Deferred tax assets	10,443
Prepaid pension costs	21,656
Other	27,879
Allowance for doubtful receivables	(63)
Total investments and other assets	578,391
Total fixed assets	922,695
Total assets	¥ 1,644,815

(Continued on the following page)

(Unit: millions of yen)

December 31:	2022
LIABILITIES AND EQUITY	
Current liabilities:	
Trade notes payable	¥ 1,383
Electronically recorded accounts payable	227,820
Trade accounts payable	82,412
Short-term borrowings	30,000
Commercial paper	25,000
Other accounts payable	24,637
Income taxes payable	5,902
Accrued expenses	37,826
Contract liabilities	2,039
Deposits received	159,666
Provision for warranty costs	32,570
Provision for bonuses	9,393
Provision for directors' bonuses	278
Other	28,019
Total current liabilities	666,949
Long-term liabilities:	
Corporate bonds	150,000
Long-term borrowings	195,000
Other	1,320
Total long-term liabilities	346,320
Total liabilities	1,013,269
Shareholders' equity:	
Common stock	84,130
Capital surplus:	
Additional paid-in capital	73,117
Total capital surplus	73,117
Retained earnings:	
Legal reserve	19,539
Other retained earnings:	
Reserve for special depreciation	0
Reserve for reduction entry of land	171
Reserve for special accounts	885
General reserve	349,542
Unappropriated retained earnings	72,635
Total other retained earnings	423,235
Total retained earnings	442,774
Treasury stock	(3,429)
Total shareholders' equity	596,593
Valuation and translation adjustments:	
Unrealized holding gains on securities	34,946
Unrealized gains from hedging activities	6
Total valuation and translation adjustments	34,952
Total net assets	631,545
Total liabilities and net assets	¥ 1,644,815

* 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:	2022
Net sales	¥ 1,159,920
Cost of sales	934,524
Gross profit	225,396
Selling, general, and administrative expenses	177,971
Operating income	47,425
Non-operating income:	52,386
Interest and dividend income	16,274
Royalty income	13,119
Other	22,993
Non-operating expenses:	9,122
Interest expenses	951
Other	8,171
Ordinary income	90,689
Extraordinary income	1,238
Gain on sales of investment securities	1,238
Income before income taxes	91,927
Income taxes:	18,147
Current	23,436
Deferred	(5,288)
Net income	¥ 73,779

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

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, 2022	¥ 84,130	¥ 84,886	¥ 1,439,560	¥ 69,515	¥ (134)	¥ 1,677,957	¥ 107,016	¥ 1,784,973
Cumulative effect of changes in accounting policies			71	7		78	58	136
Profit for the year			156,182			156,182	20,238	176,420
Total other comprehensive income, net of income tax				129,475		129,475	6,072	135,547
Comprehensive income for the year			156,182	129,475		285,657	26,310	311,967
Transfer to retained earnings			10,757	(10,757)		—		—
Dividends paid			(51,466)			(51,466)	(6,673)	(58,139)
Purchases and sales of treasury shares					(23,412)	(23,412)		(23,412)
Retirement of treasury shares			(19,989)		19,989	—		—
Share-based payment transactions		552				552		552
Written put options over noncontrolling interests		(3,138)				(3,138)		(3,138)
Changes associated with business combination						—	70,034	70,034
Changes in ownership interests in subsidiaries		(3,053)		146		(2,907)	(2,736)	(5,643)
Balance as of December 31, 2022	¥ 84,130	¥ 79,247	¥ 1,535,115	¥ 188,386	¥ (3,557)	¥ 1,883,321	¥ 194,009	¥ 2,077,330

* 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 International Financial Reporting 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

198 entities are consolidated. 19 entities are accounted for using the equity method.

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 or groups of cash-generating units 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 [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 years for software for internal use, 5 years for capitalized development costs, 8-20 years for customer related assets, 10-20 years for trademarks and 10-14 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. The Water & Environment segment manufactures and distributes pipe-related products, environment-related products and social infrastructure-related products, and receives construction contracts for public buildings such as environment-related facilities and water supply facilities. 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 relative observable stand-alone selling price basis.

(2) Income from retail finance and finance leases

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

10. Other Significant Accounting Policies

Impairment of Nonfinancial Assets

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

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 is the higher of the fair value less costs of disposal and value in use. Value in use is determined by discounting the estimated future cash flows expected to be derived to its present value, using a pretax discount rate that reflects the time value of money and specific risks.

Since corporate assets do not generate separate cash inflows, if there are any indications that corporate assets may be impaired, 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. An impairment loss for a CGU is allocated to the assets of the unit, pro-rated across the respective carrying amounts of each asset in the 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.

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.

Notes to Changes in Accounting Policies

Allowance for credit losses on financial receivables

The Company has previously evaluated and recognized an allowance for doubtful accounts for lease receivables based on lifetime expected credit losses. Effective from the end of the current fiscal year, an allowance for doubtful accounts of which credit risk has not increased significantly since initial recognition

is recognized for the 12-month expected credit losses, and an allowance for doubtful accounts of which credit risk has increased significantly since initial recognition is recognized for lifetime expected credit losses.

In the current fiscal year, the Company has made this change since the Company has accumulated sufficient data from previous years to enable a more detailed evaluation of credit risk for the finance lease business offered mainly in Thailand.

The impact of the change to the consolidated financial statements for the year ended December 31, 2022 is immaterial.

Notes to Changes in Presentation

Consolidated Statement of Financial Position

“Contract assets” and “Contract liabilities”, previously included in “Other current assets” and “Other current liabilities” respectively, are presented separately from the current fiscal year for better clarity.

Goodwill, previously included in “Goodwill and intangible assets”, is presented separately from the current fiscal year as materiality has increased in terms of amount.

Changes made in accordance with the "Ministerial Ordinance Partially Amending the Corporate Calculation Regulations"

In accordance with the "Ministerial Ordinance Partially Amending the Corporate Calculation Regulations" (Ministry of Justice Ordinance No. 27 of 31 March 2020 and No. 45 of 12 August 2020), from the current year, [Notes on revenue recognition] is presented and [Notes on financial instruments] includes '3. The breakdown of the fair value of financial instruments by level'.

Notes to Accounting Estimates

1. Allowance for doubtful accounts related to expected credit losses on finance receivables is ¥23,069 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 ¥59,699 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 the 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 judgements 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 cash-generating unit is the higher of the value in use and the fair value less cost of disposal of the asset or cash-generating unit. In calculating the value in use, the Company makes certain assumptions about the future cash flows of the asset or cash-generating unit, 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 Consolidated Financial Statements - Significant Accounting Policies - 3. Business Combination", "Notes to Consolidated Financial Statements - Significant Accounting Policies - 7. Goodwill and Intangible Assets" and in "Notes to Consolidated Financial Statements - Notes to business combination". Information relating to impairment loss of intangible assets and goodwill is described in "Notes to Consolidated Financial Statements - Significant Accounting Policies - 10. Other Significant Accounting Policies - 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 a time series data of historical claims and payments, the incidence rate of asbestos-related disease, and other public information related to asbestos-related disease. However, 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 ¥29,048 million at December 31, 2022.
2. Property, plant, and equipment were composed of the following at December 31, 2022:

(Unit: millions of yen)

Land	¥	136,950
Buildings and structures		544,585
Machinery and other equipment		708,274
Construction in progress		42,368
Accumulated depreciation and accumulated impairment losses		(796,477)
Total	¥	635,700

3. Assets pledged as collateral were composed of the following at December 31, 2022:

(Unit: millions of yen)

Trade receivables	¥	13
Finance receivables—current		148,573
Other financial assets—current		3,991
Finance receivables—noncurrent		260,925
Property, plant, and equipment		404
Total	¥	413,906

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

(Unit: millions of yen)

Bonds and borrowings	¥	343,623
----------------------	---	---------

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, 2022 was ¥4,263 million.

Notes to Consolidated Statement of Changes in Equity

1. The number of shares issued was as follows at December 31, 2022:

Common shares 1,191,007 thousand shares

(Note) The number of treasury shares included in the number of shares issued above is 1,838 thousand. The number of treasury shares includes 1,492 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 14, 2022	Common shares	¥ 25,205	¥ 21.00	December 31, 2021	March 22, 2022
The Meeting of the Board of Directors on August 3, 2022	Common shares	¥ 26,294	¥ 22.00	June 30, 2022	September 1, 2022

(Note) The total amount of dividends based on the resolution of the Board of Directors on August 3, 2022, includes dividends of ¥33 million 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, 2022 and with an effective date after December 31, 2022

Resolution	Class of shares	Dividends (millions of yen)	Dividends per common share (yen)	Record date	Effective date
The Meeting of the Board of Directors on February 14, 2023	Common shares	¥ 26,202	¥ 22.00	December 31, 2022	March 27, 2023

(Note) Total dividends include dividends of ¥33 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 day past-due dates.

The carrying amount of these financial assets, net of impairment losses, stated in the consolidated statement of financial position is the Company's maximum exposures of credit risk on financial assets.

These receivables arise from sales of the Company's products to a large number of dealers and to retail end users. The Company 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 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, 2022 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	¥ 1,684,514	¥ 1,647,387
Long-term trade accounts receivable	65,608	69,441
Debt financial assets	44,132	42,892
Written put options over noncontrolling interests	(3,238)	(3,238)
Bonds and borrowings	(1,611,105)	(1,556,033)

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	¥ 65,593	¥ -	¥ 3,002	¥ 68,595
Financial assets measured at fair value through profit or loss:				
Debt financial assets	27,855	-	7,660	35,515
Derivatives				
Foreign exchange contracts	-	9,022	-	9,022
Interest rate swap contracts	-	92	-	92
Cross-currency interest rate swap contracts	-	1,838	-	1,838
Total	¥ 93,448	¥ 10,952	¥ 10,662	¥ 115,062
Financial liabilities				
Financial liabilities measured at fair value through profit or loss:				
Derivatives				
Foreign exchange contracts	¥ -	¥ 736	¥ -	¥ 736
Interest rate swap contracts	-	108	-	108
Cross-currency interest rate swap contracts	-	2,146	-	2,146
Total	¥ -	¥ 2,990	¥ -	¥ 2,990

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 1.7 to 15.1), 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 the levels for the year ended December 31, 2022.

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

(Unit: millions of yen)

Balance as of the beginning of the year	¥ 10,018
Gains or losses	
Profit or loss	862
Other comprehensive income	(1,811)
Purchases	1,682
Sales	(89)
Balance as of the end of the year	¥ 10,662

(Notes)

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, 2022 was ¥966 million.

Notes to Per Common Share Information

1. Total equity per share attributable to owners of the parent ¥ 1,583.73

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

Basic ¥ 130.82

(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 number of outstanding common shares as of the end of fiscal year and weighted-average number of common share issued since they are recognized as treasury shares. The number of outstanding common shares as of the end of fiscal year and weighted-average number of common share issued regarding shares of the Parent Company held by the trust in connection with the stock compensation plan is 1,492 thousand shares and 994 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, 2022	Japan	North America	Europe	Asia outside Japan	Other areas	Total
Farm equipment and engines	¥ 261,021	¥ 707,211	¥ 223,894	¥ 447,726	¥ 66,559	¥ 1,706,411
Construction machinery	38,730	301,270	111,306	34,626	20,526	506,458
Farm & Industrial Machinery	299,751	1,008,481	335,200	482,352	87,085	2,212,869
Pipe-related products	130,275	893	-	3,439	21	134,628
Social infrastructure-related products	39,829	10,162	2,092	7,485	9,390	68,958
Environment-related products	106,514	3,057	681	8,331	5,433	124,016
Water & Environment	276,618	14,112	2,773	19,255	14,844	327,602
Other	23,154	10	3	13	-	23,180
Revenue recognized from contracts with customers	599,523	1,022,603	337,976	501,620	101,929	2,563,651
Revenue recognized from other sources	2,853	79,357	-	31,369	1,542	115,121
Total	¥ 602,376	¥ 1,101,960	¥ 337,976	¥ 532,989	¥ 103,471	¥ 2,678,772

Revenue recognized from other sources of revenue includes revenue from retail finance calculated using effective interest rate method and revenue from finance leases. The amounts of the above revenue were ¥81,272 million for the year ended December 31, 2022

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 the 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-related products, environment-related products, and social infrastructure-related products and constructions. 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 36,336 million are included in other financial assets (noncurrent).

Contract assets are the Company's rights to consideration, excluding any amounts presented as a 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	¥70,020
Decrease by transfer to receivables	(66,709)
Contract liabilities	
Increase by receipt of cash	100,073
Decrease by recognition of revenue	(94,818)

The amounts of revenue recognized during the reporting period, which were included in the beginning balance of contract liabilities, is ¥16,304 million for the year ended December 31, 2022.

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) were ¥178,818 million for the year ended December 31, 2022. 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 Business Combinations

Year ended December 31, 2022

(Acquisition of Escorts Limited (hereinafter, "EKL"))

(1) Outline of the Business Combination

1) Name and nature of business of the acquiree

Name: Escorts Limited (Corporate name has been changed to Escorts Kubota Limited on June 9, 2022.)

Business: Manufacture and sales of agricultural machinery, construction machinery, etc.

2) Primary reason for business combination

The market of tractors that are designed to be highly durable with limited functions and at affordable prices (hereinafter, "basic tractors") are expected to expand primarily in the emerging countries. The Parent Company aims to provide basic tractors of good quality at an affordable price in this market by combining expertise of EKL in the development and manufacturing of basic tractors with accumulated product development knowledge and capabilities to improve quality and productivity of the Parent Company.

3) Acquisition date

April 11, 2022

4) Shareholding ratio acquired

44.8%

5) Method by which control of the acquiree was obtained

The Company acquired additional shares of EKL in cash, and the shareholding ratio of the Parent Company in EKL has increased to 44.8%. EKL is considered substantially controlled by the Parent Company as officers

from the Parent Company were appointed as members of EKL's Board of Directors, and became a subsidiary of the Parent Company during the three months ended June 30, 2022.

(2) Acquisition Cost

(Unit: millions of yen)	
Fair value of acquisition cost	Amount
Cash	¥ 123,722
Equity interests held immediately prior to the acquisition date	71,351
Total	¥ 195,073

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

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

(Notes)

- The above amounts are provisional estimates since the allocation of acquisition cost has not been completed as of December 31, 2022.
- Noncontrolling interests are recognized at the proportion of the fair value of the identifiable assets and liabilities of the acquiree.

(4) Composition of Goodwill Recognized

Goodwill reflects the future excess earning power expected from the business development and synergies between the Company and EKL.

(5) Impact of the Business Combination on Earnings

Revenue and profit for the year of EKL from the acquisition date to December 31, 2022 are ¥104,076 million and ¥7,046 million, respectively.

Assuming that such business combination occurred as of January 1, 2022, revenue and profit of the Company for the year ended December 31, 2022 are ¥2,711,389 million and ¥179,612 million, respectively. This pro forma information is not subject to audit certification.

(Other business combinations)

Business combinations other than the acquisition of Escorts Limited that are individually immaterial but are material collectively are disclosed in aggregate.

The business combinations during the year ended December 31, 2022, took place in the Farm & Industrial Machinery segment, and the aggregate information of these business combinations is as follows.

(1) Acquisition Cost

(Unit: millions of yen)	
Fair value of acquisition cost	Amount
Cash	¥ 30,386
Total	¥ 30,386

(Note)

The above amounts have been finalized following the completion of post-acquisition adjustments.

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

(Unit: millions of yen)	
Fair value of assets acquired and liabilities assumed	Amount
Current assets	¥ 11,910
Noncurrent assets	10,530
Current liabilities	5,889
Noncurrent liabilities	3,445
Fair value of assets acquired and liabilities assumed, net	¥ 13,106
Noncontrolling interests	943
Goodwill	18,223
Total	¥ 30,386

(Notes)

1. The allocation of acquisition cost was completed by December 31, 2022 and the above amounts have been finalized.
2. Noncontrolling interests are recognized at the proportion of the fair value of the identifiable assets and liabilities of the acquiree.
3. Written put options are granted to noncontrolling shareholder of the acquiree. In principle, the present value of the redemption amount is recognized as a financial liability (noncurrent) and the same amount is reduced from share premium.

(3) Composition of Goodwill Recognized

Goodwill resulting from these business combinations is recorded in the Farm & Industrial Machinery segment. Goodwill reflects the future excess earning power from synergies with existing operations expected to arise from acquisitions that do not qualify for separate recognition.

(4) Impact of the Business Combination on Earnings

Revenue and profit for the year of acquirees from the acquisition date to December 31, 2022, as well as revenue and profit for the year of the Company assuming that such business combinations occurred as of January 1, 2022, are not disclosed since the impact on the consolidated financial statements is immaterial.

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 special depreciation	Reserve for reduction entry of land	Reserve for special accounts	General reserve	Unappropriated retained earnings	
Balance as of January 1, 2022	¥ 84,130	¥ 73,117	¥ -	¥ 19,539	¥ 0	¥ 171	¥ 672	¥ 349,542	¥ 70,556	
Changes in the year										
Transfer of reserve for special depreciation					(0)				0	
Appropriation to reserve for special accounts							213		(213)	
Dividends									(51,498)	
Net income									73,779	
Purchase of treasury stock										
Sales of treasury stock				(0)						
Retirement of treasury stock									(19,988)	
Transfer from retained earnings to capital surplus			0						(0)	
Net change of items other than shareholders' equity										
Total changes in the year	-	-	-	-	(0)	-	213	-	2,078	
Balance as of December 31, 2022	¥ 84,130	¥ 73,117	¥ -	¥ 19,539	¥ 0	¥ 171	¥ 885	¥ 349,542	¥ 72,635	

	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, 2022	¥ (5)	¥ 597,724	¥ 48,259	¥ (2)	¥ 48,256	¥ 645,981
Changes in the year						
Transfer of reserve for special depreciation		-			-	-
Appropriation to reserve for special accounts		-			-	-
Dividends		(51,498)			-	(51,498)
Net income		73,779			-	73,779
Purchase of treasury stock	(23,412)	(23,412)			-	(23,412)
Sales of treasury stock	0	0			-	0
Retirement of treasury stock	19,988	-			-	-
Transfer from retained earnings to capital surplus		-			-	-
Net change of items other than shareholders' equity		-	(13,313)	9	(13,304)	(13,304)
Total changes in the year	(3,423)	(1,131)	(13,313)	9	(13,304)	(14,435)
Balance as of December 31, 2022	¥ (3,429)	¥ 596,593	¥ 34,946	¥ 6	¥ 34,952	¥ 631,545

* 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 five 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.

Accrued retirement and pension costs (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, 2022 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 19.4 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 19.4 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. The Water & Environment segment manufactures and distributes pipe-related products, environment-related products and social infrastructure-related products, and receives construction contracts for public buildings such as environment-related facilities and water supply facilities.

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.

(4) Adoption of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Japanese group relief system

With respect to items subject to the review of the Non-Consolidated Taxation System conducted to coincide with transition from the Consolidated Taxation System to the Japanese group relief system, which was created under the Act on Partial Revision of the Income Tax Act, etc. (Act No. 8 of 2020), the

Company and some of its domestic consolidated subsidiaries have not applied the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 issued February 16, 2018) in accordance with the treatment set out in Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Japanese group relief system (PITF No.39 issued March 31, 2020) and the amounts of deferred tax liabilities and deferred tax assets are based on the provisions of tax laws before the revision.

Notes to Changes in Accounting Policies

1. Application of accounting standards for revenue recognition

The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, 31 March 2020) and other standards from the beginning of the current financial year and recognizes revenue when control of the promised goods or services has passed to the customer, at the amount expected to be received in exchange for those goods or services.

The impact of the adoption of these and other standards on the Company's financial statements is not material. In applying these standards, the cumulative effect of retrospectively applying new accounting policies before the beginning of the current period is added to or deducted from retained earnings at the beginning of the current period, in accordance with the transitional treatment set out in the proviso to paragraph 84 of these standards. The cumulative effect of retrospectively applying new accounting policies before the beginning of the current financial year is added to or deducted from retained earnings at the beginning of the current financial year. This policy has been adopted. This transition has no impact on retained earnings at the beginning of the current year. As a result of the application of these standards, part of the amounts previously included in 'Trade receivables' and 'Other' in current liabilities in the balance sheet are now presented as 'Contract assets' and 'Contract liabilities', respectively, from the current period.

2. Application of accounting standards for the calculation of market value

Accounting Standard for Market Value Calculation' (ASBJ Statement No. 30, 4 July 2019. Hereinafter 'Accounting Standard for Market Value Calculation') is applied from the beginning of the current financial year, and paragraph 19 of the Accounting Standard for Market Value Calculation and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, 4 July 2019) are applied.

The adoption of this standard has no impact on the Company's financial statements.

Notes to Accounting Estimates

Provisions for warranty costs

Provisions for warranty costs are ¥32,570 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 ¥21,477 million and the estimates individually made are ¥11,093 million.

Matters Related to the Health Hazards of Asbestos

This is stated in "Matters Related to the Health Hazards of Asbestos in Notes to Accounting Estimates of Notes to Consolidated Financial Statements".

Notes to Balance Sheet

1. Monetary claims from and debts to affiliates	
Short-term receivables from affiliates	¥ 421,468 million
Long-term receivables from affiliates	¥ 53,744 million
Short-term payables to affiliates	¥ 178,564 million
2. Accumulated depreciation of property, plant, and equipment	¥ 408,069 million
3. Contingent liabilities:	
Guarantees	
Guarantees for borrowings of affiliates from financial institutions	
Kubota Saudi Arabia Company, LLC	¥ 208 million
Credit guarantees for group financing	
Kubota Credit Co., Ltd.	¥ 2,050 million
4. The following notes that matured on December 31, 2022, 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	¥ 91 million
Electronically recorded accounts receivable	¥ 2,852 million
Trade notes payable	¥ 50 million
Electronically recorded accounts payable	¥ 46,890 million

Notes to Statement of Income

Transactions with affiliates	
Sales to affiliates	¥ 993,405 million
Purchases from affiliates	¥ 185,703 million
Transactions with affiliates other than operating transactions	¥ 32,822 million

Notes to Statement of Changes in Net Assets

1. The number of treasury stock at December 31, 2022 was as follows:

Common stock 1,500 thousand shares
(Note) Treasury stock include 1,492 thousand shares held by the trust in connection with the stock compensation plan.

Notes to Deferred Tax Assets and Liabilities

1. Significant components of deferred tax assets

Accrued enterprise tax	¥	824million
Provision for warranty costs		9,966million
Provision for bonuses		2,873million
Valuation losses on investment securities and investments in affiliates		4,274million
Other		15,122million
Subtotal		33,061million
Valuation allowance		(5,602) million
Total deferred tax assets	¥	27,459 million

2. Significant components of deferred tax liabilities

Prepaid pension costs	¥	(3,740) million
Unrealized holding gains on securities		(12,447) million
Other		(829) million
Total deferred tax liabilities		(17,016) million
Net deferred tax assets	¥	10,443 million

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, 2022 (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)	349,300	Trade accounts receivable	124,541
	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)	94,801	Trade accounts receivable	33,931
	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)	63,852	Trade accounts receivable	25,489
	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)	44,747	Trade accounts receivable	15,380
	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)	24,999	Trade accounts receivable	15,152
	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)	4,207	Other (Current assets)	1,690
							Patent royalty (Note 2)	4,419	Other (Current assets)	1,793
	Kubota Credit Co., Ltd.	Osaka, Japan	¥500 million	Retail financing to purchasers of farm equipment and related products	55.0 22.9*	Financial assistance Credit guarantee Interlocking directors	Lending (Notes 3 and 4)	62,216	Short-term loans receivable	15,850
							Interest receipt (Note 3)		95	Other (Current assets)
							Depositing (Notes 3 and 4)	27,974	Deposits received	31,776
Interest payment (Note 3)							23	Other (Current liabilities)	3	
Credit guarantee (Note 5)							2,050	—	—	
Kubota Holdings Europe B.V.	North Holland, Netherlands	EUR 532 million	Supervision of European subsidiaries	100.0	Financial assistance Interlocking directors	Capital increase	18,004	—	—	

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, 2022 (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)	23,712	Deposits received	19,629
							Interest payment (Note 3)	12	Other (Current liabilities)	0
	Kubota China Holdings Co.,Ltd.	Shanghai, China	RMB 1,701 million	Administration of subsidiaries in China	100.0	Depositing Interlocking directors	Depositing (Notes 3 and 4)	6,191	Deposits received	6,471
							Interest payment (Note 3)	155	Other (Current liabilities)	9

*Indirect holding

Amount of transactions do not include consumption taxes, while balance at December 31, 2022 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.

Notes to Revenue recognition

Information on the basis for understanding revenue from contracts with customers is given in 'Notes to Consolidated Financial Statements [Significant Accounting Policies] 9. Revenue Recognition' and 'Notes to Consolidated Financial Statements [Notes to Revenue Recognition]'.

Note to Per Common Share Information

- | | |
|--|----------|
| 1. Net assets per common share | ¥ 530.93 |
| 2. Net income per common share – basic | ¥ 61.78 |

(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 number of outstanding common shares as of the end of fiscal year and weighted-average number of common share issued since they are recognized as treasury shares. The number of outstanding common shares as of the end of fiscal year and weighted-average number of common share issued regarding shares of the Parent Company held by the trust in connection with the stock compensation plan is 1,492 thousand shares and 994 thousand shares, respectively.

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

INDEPENDENT AUDITOR'S REPORT

February 13, 2023

To the Board of Directors of Kubota Corporation:

Deloitte Touche Tohmatsu LLC
Osaka office

Designated Engagement Partner	Certified Public Accountant:	Hiroaki Sakai
Designated Engagement Partner	Certified Public Accountant:	Takeshi 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, 2022, and the consolidated statement of profit or loss and the consolidated statement of changes in equity for the fiscal year from January 1, 2022 to December 31, 2022, 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, 2022, 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 International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with 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 International Financial Reporting Standards.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

· Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with 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 International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

· Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 13, 2023

To the Board of Directors of Kubota Corporation:

Deloitte Touche Tohmatsu LLC		
Osaka office		
Designated Engagement Partner	Certified Public Accountant:	Hiroaki Sakai
Designated Engagement Partner	Certified Public Accountant:	Takeshi 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, 2022, and the statement of income (Non-consolidated) and the statement of changes in net assets (Non-consolidated) for the 133rd fiscal year from January 1, 2022 to December 31, 2022, 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, 2022, 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, 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 nonconsolidated 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 nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

the nonconsolidated 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, related safeguards.

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.

Copy of the Audit Report of the Audit & Supervisory Board

(Translation)

AUDIT REPORT

In respect of the execution of duties of the Directors during the 133rd business term, from January 1, 2022 to December 31, 2022, the Audit & Supervisory Board (hereinafter “we”), following the discussion among ourselves, have prepared this audit report based on the audit report prepared by each Audit & Supervisory Board Member, and hereby report as follows:

1. Methods and details of audits by the Audit & Supervisory Board Members and the Audit & Supervisory Board

We have formulated an audit policy to share duties among the Audit & Supervisory Board Members and other audit-related items. We have received reports from each Audit & Supervisory Board Member on the implementation and results of audits, and received reports from the Directors of Kubota Corporation, the Independent Auditor, and other parties on their execution of duties, and requested explanations from them when necessary.

In accordance with the audit policies, division of duties, and standards for the Audit & Supervisory Board Members as established by the Audit & Supervisory Board, each Audit & Supervisory Board Member communicated with the Directors, the internal audit department, employees, and others; committed to gathering information and enhancing the audit environment; attended meetings of the Board of Directors and other important meetings; received reports from the Directors, employees, and others regarding the performance of their duties; requested explanations as necessary; inspected important documents supporting decisions and other records; and examined the status of operations and assets at the head office and important operating locations. In addition, each Audit & Supervisory Board Member periodically received reports from the Directors, employees, and others; requested explanation as necessary; inspected important documents supporting decisions and other records; and expressed opinions regarding the details of the Board of Directors’ resolutions and the system that is developed and operated in accordance with such resolutions concerning the development of systems to ensure that Directors’ performance of duties are in compliance with laws and regulations, the Articles of Incorporation, and the system to ensure the adequacy of operations of the Kubota Group, consisting of Kubota Corporation and its subsidiaries, as stipulated under Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act (internal control system). In addition, as to internal controls over financial reporting, we have received reports from the Directors and the Independent Auditor regarding the assessment of internal controls and the status of audits, and requested explanations from them as necessary. As for the subsidiaries, each Audit & Supervisory Board Member promoted communications with the Directors and the Audit & Supervisory Board Members, etc. of the subsidiaries and received reports on the business of the subsidiaries as necessary. Through these methods, each Audit & Supervisory Board Member examined the business report and the accompanying supplementary schedules for the fiscal year under review.

In addition, we monitored and verified whether the Independent Auditor made appropriate audits while maintaining its independence. We received reports from the Independent Auditor on its operations and requested explanations when necessary. The Independent Auditor notified us, and we requested explanations when necessary, concerning its establishment of a “System for Ensuring the Appropriate Execution of Duties” (the Ordinance on Company Accounting Article 131) in accordance with the “Quality Control Standards for Audits” (issued by the Business Accounting Council on October 28, 2005). Through these methods, we examined the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to consolidated financial statements); and the non-consolidated financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to non-consolidated financial statements) and the accompanying supplementary schedules for the fiscal year under review.

2. Results of the Audit:

(1) Results of the Audit of the Business Report

- 1) We have found that the business report and the supplementary schedules present fairly, the current financial position of Kubota Corporation in conformity with applicable laws and regulations and the Articles of Incorporation.
- 2) With respect to the execution of duties of the Directors, we have found neither improper conduct nor any material breach of applicable laws and regulations and the Articles of Incorporation.
- 3) We have found that the resolutions of the Board of Directors regarding the internal control system are proper and correct. We have found nothing that needs to be highlighted concerning the content of the business report and the Directors' performance of duties regarding the internal control system.

(2) Results of the Audit of the Consolidated Financial Statements, the Non-consolidated Financial Statements, and the Supplementary Schedules

We have found that the auditing methods employed by Deloitte Touche Tohmatsu LLC, Independent Auditor, and the results thereof are appropriate and sufficient.

February 13, 2023

The Audit & Supervisory Board of Kubota Corporation

Audit & Supervisory Board Member (full time)	Toshikazu Fukuyama
Audit & Supervisory Board Member (full time)	Yasuhiko Hiyama
Audit & Supervisory Board Member (full time)	Masashi Tsunematsu
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Yuichi Yamada
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Yuri Furusawa
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Keijiro Kimura

The above represents a translation, for convenience only, of the original report issued in the Japanese language.