

(Reference) Integrated Report / ESG Report

Since 2011, the Kubota Group has published the KUBOTA REPORT, which integrated the Annual Report and CSR Report, so that all stakeholders might gain a better understanding of the Group's initiatives and value creation.

From 2022, the Group has published an Integrated Report summarizing Kubota concepts and future prospects in line with our medium- to long-term management strategies, and an ESG Report summarizing our initiatives from an ESG perspective.

We will continue to communicate our value creation to our shareholders, investors and other stakeholders in an easy-to-understand manner.

Integrated Report / ESG Report

<https://www.kubota.com/ir/financial/integrated/index.html>

Kubota Group Integrated Report 2023

Kubota concepts and future prospects for continuously improving corporate value in line with our medium- to long-term management strategies are found here.

The Integrated Report for fiscal 2023, in response to feedback we gained from shareholders and investors, we have included fuller explanations of our value creation process and implementation strategies we will utilize to achieve the Long-Term Vision.

In addition, we listen to the voices at the front line that are working on the creation of value, and include feature articles that are available only in the report, such as "*Employee Roundtable Discussion*" among those who will lead Kubota in the next generations, "*R&D and Sales Leader Roundtable Discussion*" and "*Outside Directors Converse With an Institutional Investor.*" We would be delighted if you took the time to read these articles.

Kubota Group ESG Report 2023

We promote Kubota's unique K-ESG Management, which places ESG at the core of management, and comprehensive information on our initiatives that contribute to the realization of a sustainable society is found here.

In the Kubota Group ESG Report for fiscal 2023, details of E, S, and G activities are reported to be categorized into ESG parts as in the last fiscal year. Our philosophy and policy, together with corporate outlines, are shown in the profile part lead to ESG parts, which are a foundation of each activity. We strive to enhance relationships with all stakeholders through keeping the approach to information disclosure that is open and transparent.

BUSINESS REPORT FOR THE 134TH PERIOD
(FROM JANUARY 1, 2023 TO DECEMBER 31, 2023)

1. Item of Overview of Its Operations

(1) Review of Operations

1) General Condition of Kubota Corporation and Subsidiaries

The results of operations for the year ended December 31, 2023 of Kubota Corporation and its subsidiaries (hereinafter, the “Company”), revenue and profit increased from the prior year.

Revenue increased by ¥343.7 billion (12.8%) from the prior year to ¥3,020.7 billion.

Domestic revenue increased by ¥40.8 billion (6.8%) from the prior year to ¥643.1 billion because of increased revenue in Farm & Industrial Machinery and Water & Environment.

Overseas revenue also increased by ¥303.0 billion (14.6%) from the prior year to ¥2,377.6 billion because of increased revenue in Farm & Industrial Machinery and Water & Environment. As a result, overseas revenue accounted for 78.7% of consolidated revenue, which increased by 1.2 percentage points from the prior year.

Operating profit increased by ¥114.4 billion (53.4%) from the prior year to ¥328.8 billion due to sales price increase and favorable impact from foreign exchange rates, although there were some negative effects, such as an increase in sales incentive cost caused by an interest rate hike, a rise in material prices, and an increase in various expenses due to inflation. Profit before income taxes increased by ¥111.1 billion (48.1%) from the prior year to ¥342.3 billion due to increased operating profit. Profit for the year increased by ¥85.6 billion (49.0%) to ¥260.0 billion, reflecting income tax expenses of ¥84.4 billion and share of profits of investments accounted for using the equity method of ¥2.1 billion. Profit attributable to owners of the parent increased by ¥82.0 billion (52.4%) from the prior year to ¥238.5 billion.

2) Review of Operations by Reportable Segments

(a) Farm & Industrial Machinery

Revenue in this segment increased by 13.3% from the prior year to ¥2,636.7 billion, which accounted for 87.3% of consolidated revenue.

Domestic revenue increased by 4.4% from the prior year to ¥315.8 billion mainly due to increased sales of construction machinery and engines.

Overseas revenue increased by 14.7% from the prior year to ¥2,321.0 billion. In North America, revenue increased from the prior year. Sales of construction machinery increased thanks to firm demand for housing construction and infrastructure development by the government, although the Company struggled with tractor business due to weak residential market. In Europe, revenue increased from the prior year. Sales of construction machinery were solid, supported by public construction demand. Sales of tractors also increased thanks to replenishment of dealer inventory. Sales in Thailand continued suffering purchase postponement caused by unfavorable weather such as drought. Sales in India increased due to consolidation of Escorts Limited (currently, Escorts Kubota Limited) since the second quarter of the prior year and firm sales development in dryland farming.

Operating profit in this segment increased by 53.0% from the prior year to ¥355.8 billion due to favorable effects of sales price increase and fluctuation of exchange rates, although there were some negative effects from an increase in sales incentive cost caused by an interest rate hike, a rise in material prices, and an increase in various expenses caused by inflation.

(b) Water & Environment

Revenue in this segment increased by 11.3% from the prior year to ¥364.5 billion, which accounted for 12.1% of consolidated revenue.

Domestic revenue increased by 11.3% from the prior year to ¥307.9 billion due to increased sales of environment business and pipe system business.

Overseas revenue increased by 11.0% from the prior year to ¥56.6 billion mainly due to firm sales of industrial products business, such as cracking tubes, supported by demand for overseas plant constructions, and increased sales of environment business, especially MBR system.

Operating profit in this segment increased by 77.1% from the prior year to ¥30.5 billion due to the compensation of negative effect from a rise in material prices by sales price increase.

(c) Other

Revenue in this segment decreased by 15.8% from the prior year to ¥19.5 billion and accounted for 0.6% of consolidated revenue.

(2) Issues to Be Addressed

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) Reinforcement of the Management Base and Operation Capabilities

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 six main themes. However, to adapt to the business environment of recent years, which is drastically changing, we need constant innovation. Therefore, this year, in addition to existing themes, we will launch our management structure reform project, development reform project, operation reform project and human resources and global personnel system reform project.

(a) Management structure reform project

For the further expansion of the overseas business, we need to globalize our Japan-focused management structure. First, we will clarify the responsibilities and authorities by business, function and region. Based on the clarification, we will build a system that enables us to make speedy decision-making. What we are establishing is a global governance organization structure that allows us to determine clear market-based strategies, move quickly and generate new added value, which is unique to Kubota Corporation formed on its strengths and weaknesses.

(b) Development reform project

We are currently establishing our development system at six bases in Japan, the U.S., Europe, Thailand, China and India. It is impossible to survive in the global competition unless we maintain a high level of development efficiency with a system that lets global development teams connect to and stimulate each other and unlock their creativity based on clear market strategies. We will reform the development method by utilizing the platform design technique that improves development efficiency and reduces production costs with standardization. In addition, we will promote the improvement of efficiency by introducing Kubota Production System (KPS). By working on such reform to improve innovation capability and productivity in development, we will establish a structure to advance our technical and product development capabilities, which is one of the strengths of Kubota Corporation.

(c) Operation reform project

Last year, a new enterprise system was launched at the plants in Japan. By linking the entire processes from order taking to product delivery, we will eliminate the redundancy of operations. At the same time, we will review our production sites and procurement system through reconsidering how the entire operations of Kubota Corporation should be while taking various risks including geopolitical risks into consideration.

(d) Human resources and global personnel system reform project

When a company tries to create value, the key is intangible assets. While intangible assets include organizations, intellectual property and skillful operation, the main element is human resources. We will increase our corporate value by establishing a system to develop and nurture global talents to drive and support our business growth and building and enhancing a global personnel system while respecting local characteristics.

3) Promotion of Mid-Term Business Plan 2025

With regard to the progress on each theme of Mid-Term Business Plan 2025, as to “Establishment of the foundation for realizing GMB2030 that supports the next generation,” Kubota Smart Agri System (KSAS) has become more open and collaboration with outside companies and data accumulation have progressed smoothly. As for the “Expansion of revenue in existing businesses,” the construction machinery business and the basic tractor business are performing well, indicating the possibility that they would become important pillars for the future growth. Other themes are also demonstrating some progress and contributing as a source of revenue.

We will continue to promote these themes steadily in 2024.

(3) Report on Initiatives upon 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 393 parties up to December 31, 2023.

- 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 ¥500 million over the five-year period from 2023 to 2027, of which the Company has paid its portion of the contribution earmarked for fiscal 2023.

(4) 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, 2024 that it would pay ¥24 of the year-end dividend per common share commencing its payment on March 25, 2024. As a result, including the interim dividend of ¥24 per common share already paid, the annual dividend per common share for the year ended December 31, 2023 is ¥48

(5) The Financial Position and the Results of Operations

1) Consolidated Financial Summary

(IFRS)

Fiscal period (Business term)	Year ended December 31, 2020 (131st)	Year ended December 31, 2021 (132nd)	Year ended December 31, 2022 (133rd)	Year ended December 31, 2023 (134th)
Revenue (in billions of yen)	1,853.2	2,196.8	2,677.0	3,020.7
Operating profit (in billions of yen)	175.3	244.6	214.4	328.8
Profit before income taxes (in billions of yen)	185.9	250.9	231.2	342.3
Profit attributable to owners of the parent (in billions of yen)	128.5	174.8	156.5	238.5
Earnings per share attributable to owners of the parent—Basic (in yen)	105.85	144.80	131.06	201.74
Total assets (in billions of yen)	3,189.3	3,773.7	4,765.1	5,359.2
Total equity (in billions of yen)	1,574.2	1,785.1	2,102.5	2,416.1
Equity attributable to owners of the parent (in billions of yen)	1,476.0	1,678.0	1,874.5	2,175.8
Equity attributable to owners of the parent per share (in yen)	1,221.95	1,398.47	1,576.30	1,851.75
Ratio of profit attributable to owners of the parent to equity attributable to owners of the parent (%)	8.8	11.1	8.8	11.8

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

2) Financial Summary (Non-consolidated)

Fiscal period (Business term)	Year ended December 31, 2020 (131st)	Year ended December 31, 2021 (132nd)	Year ended December 31, 2022 (133rd)	Year ended December 31, 2023 (134th)
Net sales (in billions of yen)	865.5	1,075.0	1,159.9	1,223.4
Operating income (in billions of yen)	11.0	52.1	47.4	73.0
Ordinary income (in billions of yen)	53.7	118.5	90.6	109.2
Net income (in billions of yen)	69.0	95.6	73.7	123.7
Net income per common share—Basic (in yen)	56.84	79.21	61.78	104.68
Total assets (in billions of yen)	1,238.8	1,416.7	1,644.8	1,711.5
Total net assets (in billions of yen)	609.7	645.9	631.5	679.5
Net assets per common share (in yen)	504.64	538.20	530.93	578.22

- (Notes)
1. Amounts less than presentation units are rounded down.
 2. The Company has adopted Accounting Standard for Revenue Recognition, etc. from the beginning of the fiscal year ended December 31, 2022. Amounts for fiscal year ended December 31, 2022 and subsequent periods are after the application of the same standard, etc.

(6) Main Offices and Factories, and Material Affiliates (As of December 31, 2023)**1) Kubota Corporation**

	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 Sakai Plant (Rinkai Plant) Sakai Plant (Mihara Plant) Utsunomiya Plant Tsukuba Plant Hirakata Plant Kyuhoji Business Center	Sakai (Osaka) Amagasaki (Hyogo) Amagasaki (Hyogo) Funabashi (Chiba) Ichikawa (Chiba) Konan (Shiga) Osaka (Osaka) Sakai (Osaka) Sakai (Osaka) Sakai (Osaka) Utsunomiya (Tochigi) Tsukubamirai (Ibaraki) Hirakata (Osaka) Yao (Osaka)

2) Material Affiliates

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 machinery businesses 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 machinery businesses 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 1,709 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 2,625 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 1,104 million	54.5	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, 2023, the Company had 199 consolidated subsidiaries (including the 22 companies listed above).
3. On January 1, 2024, Kubota Manufacturing of America Corporation absorbed and merged with Kubota Industrial Equipment Corporation, making Kubota Manufacturing of America Corporation the surviving company.
4. Consolidated financial results for the year ended December 31, 2023 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

(7) Main Line of Business (As of December 31, 2023)

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
Industrial-related products	Reformer and Cracking tubes, Hearth rolls, TXAX (friction materials), Spiral welded steel pipes (steel pipe pile, steel pipe sheet pile), and Air-conditioning equipment
Environment-related products	Waste water treatment equipment and plants, Pumps and plants, Membrane solutions, Water purification plants, Night-soil treatment plants, Waste incinerating and melting plants, Waste shredding and sorting plants, Flue gas desulfurization apparatus, Membrane methane fermentation plants, Wastewater Treatment Plant (Johkasou), and Valves for private sector
Other	
	Services such as logistics, Roofing, and Siding materials

(8) Capital Expenditures

For the year ended December 31, 2023, the Company made capital expenditures totaling ¥147.0 billion, including investment for increased production capacity in Japan and overseas and BCP measures in Japan.

(9) Financing

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

(10) Employees (As of December 31, 2023)**1) Consolidated Basis**

Number of employees	Change from prior fiscal year-end
52,608	+2,256

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

2) Kubota Corporation

Number of employees	Change from prior fiscal year-end
14,638	+2,164

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

(11) Main Financing Bank (As of December 31, 2023)

Name	Balance of the loan
Mizuho Bank, Ltd.	¥292.6 billion
MUFG Bank, Ltd.	¥262.4 billion
Sumitomo Mitsui Banking Corporation	¥178.5 billion
Sumitomo Mitsui Trust Bank, Limited.	¥167.3 billion

2. Item on Shares of Kubota Corporation

(1) Information on the Shares (As of December 31, 2023)

- 1) **Total Number of Authorized Common Shares:** 1,874,700,000 shares
- 2) **Total Number of Common Shares Issued:** 1,176,666,846 shares
(including 23,636 shares of treasury shares)
- 3) **Number of Shareholders:** 111,990 shareholders
- 4) **Number of Shares Per Unit of Shares:** 100 shares
- 5) **Major Shareholders (Top 10)**

Name	Number of Shares Held (thousands of shares)	Holding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	189,908	16.14
Custody Bank of Japan, Ltd. (Trust Account)	65,222	5.54
Nippon Life Insurance Company	62,542	5.32
Meiji Yasuda Life Insurance Company	59,929	5.09
Sumitomo Mitsui Banking Corporation	36,006	3.06
Mizuho Bank, Ltd.	31,506	2.68
Moxley & Co. LLC	21,332	1.81
BNYM TREATY DTT 15	20,379	1.73
STATE STREET BANK WEST CLIENT — TREATY 505234	19,842	1.69
MUFG Bank, Ltd.	18,156	1.54

(Note) Holding ratio is calculated excluding treasury shares as of December 31, 2023.

6) Status of Share Distribution by Shareholder Type

Shareholder Type	Number of Shares Held (thousands of shares)	Holding Ratio (%)
Individuals, Others	108,660	9.23
Govt. & Local Govt.	0	0.00
Financial Institutions	557,764	47.40
Securities Companies	59,429	5.05
Other Domestic Corporations	40,360	3.43
Foreigners (corporations and individuals)	410,427	34.88
Treasury Shares	23	0.00
Total	1,176,666	100.00

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

1) Treasury Share Acquired during This Fiscal Year

- (a) By resolution of the Board of Directors held on April 19, 2023, the Company acquired its own shares as follows:

Class and number of shares acquired: Common share 9,931,300 shares

Total amount of shares acquired: ¥ 19,999 million

Period acquired: From April 20, 2023 to December 18, 2023

- (b) By resolution of the Board of Directors held on August 4, 2023, the Company acquired its own shares as follows:

Class and number of shares acquired:	Common share 4,422,400 shares
Total amount of shares acquired:	¥ 9,999 million
Period acquired:	From August 5, 2023 to December 18, 2023

2) Treasury Share Retired during This Fiscal Year

- (a) By resolution of the Board of Directors held on July 18, 2023, the Company retired its treasury shares as follows:

Class and number of shares retired:	Common share 9,930,000 shares
Value of shares retired:	¥ 19,998 million
Date of retirement:	July 31, 2023

- (b) By resolution of the Board of Directors held on December 19, 2023, the Company retired its treasury shares as follows:

Class and number of shares retired:	Common share 4,410,000 shares
Value of shares retired:	¥ 9,969 million
Date of retirement:	December 28, 2023

3) Treasury Share Held as of December 31, 2023

Common share:	23,636 shares
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(3) Status of Shares Delivered to Company Officers as Consideration for the Performance of Duties during the Period

	Class and number of shares	Number of recipients
Directors (excluding Outside Directors)	Common shares of the Company: 56,643 shares	6
Outside Directors	-	-
Audit & Supervisory Board Members	-	-

- (Note) 1. The Company delivered common shares of the Company 167,986 shares to the above 6 Directors (excluding Outside Directors) and 35 Senior Executive Officers who do not hold a concurrent position as Director and Executive Officer as of April 21, 2023. 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 (9) 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 134th Ordinary General Meeting of Shareholders Provided in Electronic Format.
2. There is one director included who retired at the 133rd ordinary general meeting of shareholders on March 24, 2023 in the above Directors.

(4) Policy for Cross-shareholdings

The Company 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. Based on this policy, in the fiscal year ended December 31, 2023, the Company sold ¥11.6 billion of its shares.

Number of Issues and Amount Recorded in the Balance Sheets are described below.

	Number of issues (issuers)	Total amount recorded in balance sheets (millions of yen)
Unlisted shares	43	12,281
Other than unlisted shares	32	72,498

Increase in the number of shares held for the year ended December 31, 2023

	Number of issues (issuers)	Total amount acquired due to increase in number of shares held (millions of yen)	Reasons of increase
Unlisted shares	5	3,071	Investment to promote open innovation in collaboration with external partners
Other than unlisted shares	—	—	—

Decrease in the number of shares held for the year ended December 31, 2023

	Number of issues (issuers)	Total amount sold due to decrease in number of shares held (millions of yen)
Unlisted shares	—	—
Other than unlisted shares	6	11,561

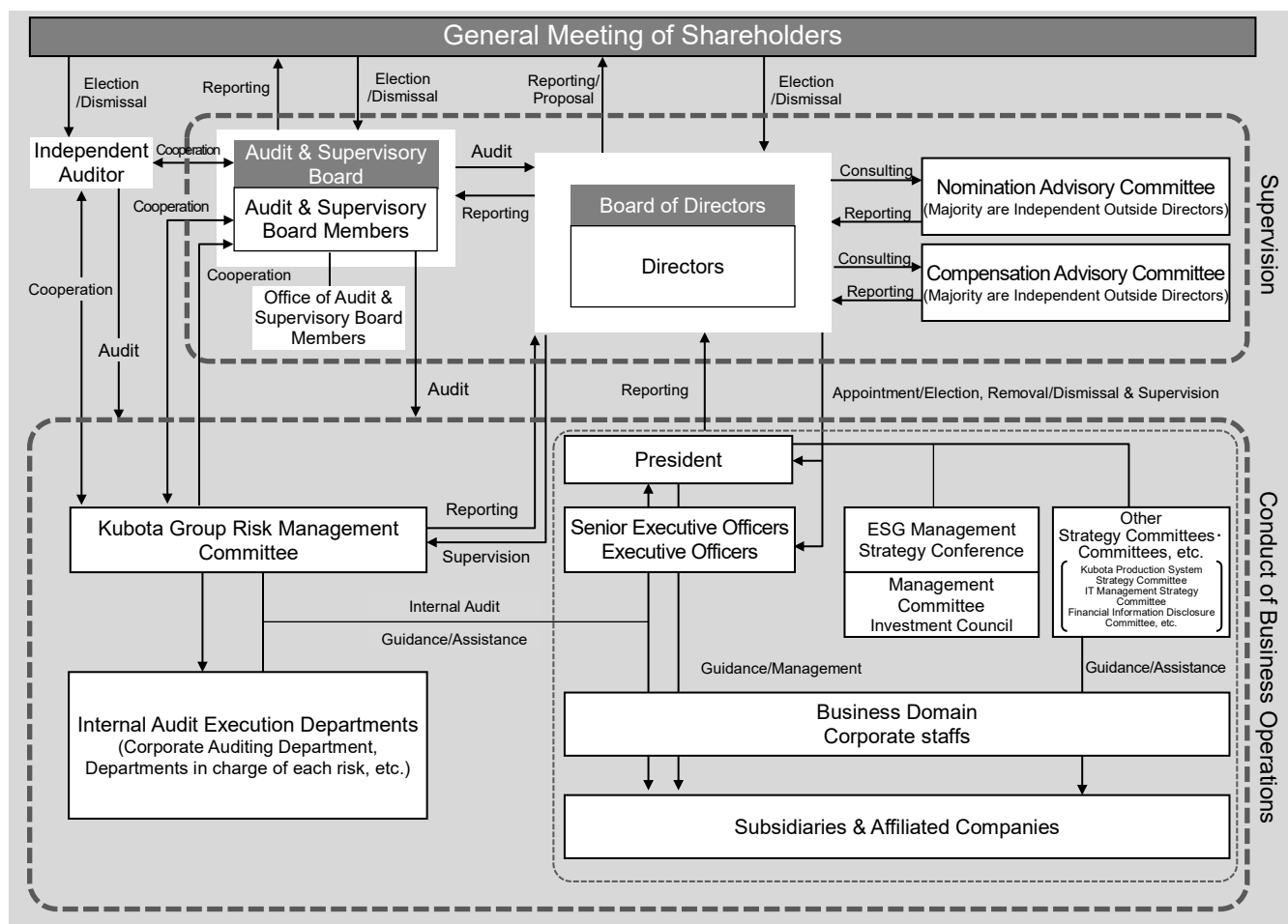
* "Information on the Shares" and "Status of Shares Delivered to Company Officers as Consideration for the Performance of Duties during the Period" are recorded under "Items not recorded in the documents issued in response to the request for delivery of documents based on laws and regulations and the Articles of Incorporation among the documents stating matters provided in electronic format" for the 134th 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. The Company has a wide range of business domain that includes the areas of food, water, and the environment. Considering the scope of this domain, the Company 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 conduct of business by the Senior Executive Officers and Executive Officers. 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. The Company 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, 2024)



(2) Name of Directors and Audit & Supervisory Board Members (As of December 31, 2023)

Position	Name	Responsibility at Kubota Corporation and Important Concurrent Positions
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 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.
Director and Senior Managing Executive Officer	Eiji Yoshioka*	General Manager of Water and Environment Infrastructure Consolidated Division, Deputy General Manager of Innovation Center, General Manager of Tokyo Head Office
Director and Managing Executive Officer	Shingo Hanada*	President of Kubota North America Corporation President of KUBOTA TRACTOR CORPORATION
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
Outside Director	Koichi Kawana*	Outside Director of TOKYO ELECTRON DEVICE LIMITED, Outside Director of Bandai Namco Holdings Inc., External Director of ispace, inc., Director, Chairman of RENOVA, Inc. (part-time/non-executive)
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	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	Keiji Kimura	Representative Partner of Kyoei 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 KOZO KEIKAKU ENGINEERING Inc., Kagome Co., Ltd., TODA CORPORATION, TOKYO ELECTRON DEVICE LIMITED, Japan Finance Corporation and SUBARU

CORPORATION, but the transactions are less than 0.1% of consolidated revenue of Kubota Corporation as well as of KOZO KEIKAKU ENGINEERING Inc., Kagome Co., Ltd., TODA CORPORATION, TOKYO ELECTRON DEVICE LIMITED, Japan Finance Corporation and SUBARU CORPORATION. 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. Koichi Kawana was Outside Director (Audit & Supervisory Committee Member) of COMSYS Holdings Corporation, but he retired on June 20, 2023.
Kubota Corporation has no special relationship with COMSYS Holdings Corporation.
5. Changes of Directors and Audit & Supervisory Board Members during the fiscal year ended December 31, 2023.
 - 1) Each Director or Audit & Supervisory Board Member indicated by an asterisk (*) in the above table was newly elected at the 133rd Ordinary General Meeting of Shareholders held on March 24, 2023 and assumed their office.
 - 2) Mr. Masatoshi Kimata and Mr. Toshihiko Kurosawa retired as Director due to the expiration of their term of office at the conclusion of the 133rd Ordinary General Meeting of Shareholders held on March 24, 2023.
6. The following changes have been effective as of January 1, 2024.

Position	Name	Responsibility at Kubota Corporation and Important Concurrent Positions
Representative Director and Executive Vice President	Masato Yoshikawa	General Manager of Planning and Control Headquarters General Manager of Human Resources and General Affairs Headquarters, In charge of ESG Promotion, General Manager of Head Office, General Manager of Kubota Technical Training Center
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
Director and Senior Managing Executive Officer	Shingo Hanada	General Manager of Farm and Industrial Machinery Strategy and Operations Headquarters, Deputy General Manager of Planning and Control Headquarters, Deputy General Manager of Innovation Center

(3) Activity Report of the Board of Directors

1) Board of Directors

The Board of Directors makes strategic decisions and oversees the execution of duties by the Senior Executive Officers and Executive Officers. In addition to its regular monthly board meetings, it also meets as and when required to discuss and make decisions relating to management planning, financial planning, investment, business restructuring, governance, and other important management issues.

The number of meetings of the Board of Directors held during the fiscal year is 13. As a general rule, the meeting of the Board of Directors is conducted once a year at a site in Japan or overseas which is important from the viewpoint of management strategies. In addition to the meetings themselves, onsite inspections, etc., are arranged to enhance discussions at the meetings of the Board of Directors.

At the meetings of the Board of Directors during the fiscal year, the following topics were discussed in addition to those required by laws and regulations.

Theme of Meetings	Key Topics of Deliberation
Management Planning-related	Progress of the Mid-Term Business Plan, Management Policy
Investment and Business restructuring-related	Business plan, Capital expenditure plan, Other important investment/business restructuring
Governance-related	Evaluation of the effectiveness of the Board of Directors, Risk Management, Assignment of Directors and Audit & Supervisory Board Members, Assignment of Senior Executive Officers and Executive Officers, Executive remuneration

2) Value Up Discussion Meeting

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 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.

In 2023, to promote the formulation of a system for board succession to support a high degree of effectiveness, which is one of the issues identified in the Board of Directors effectiveness evaluation in fiscal 2022, we discussed an ideal form of the Board of Directors of Kubota Corporation to realize the Long-Term Vision, “GMB2030.”

To be more specific, the members of the Board of Directors exchanged opinions on the current situation of Kubota Corporation and the future direction of the Board of Directors, and clarified how the Board of Directors should be through case studies and discussions with external experts. Based on the results, we set the goals for “Strengthening of corporate governance,” which is one of the materiality objectives for K-ESG management, to pave the way to enhance corporate governance.

Timing	Topics of Meeting
April / May 2023	Confirmation of Kubota Corporation's current position and future direction of the Board of Directors
June 2023	Case study (Business strategies of the Engine Division)
September 2023	Review of the agenda to be discussed at the Board of Directors
October 2023	Discussion with external experts (Ideal form of the Board of Directors)
December 2023	Setting targets for Materiality of K-ESG management "Strengthening of corporate governance"

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

(Period: January 1, 2023 - December 31, 2023)

Composition of Members (as of December 31, 2023)

		Nomination Advisory Committee		Compensation Advisory Committee	
		Member	Per-centage of atten-dance	Member	Per-centage of atten-dance
Outside Director	Yuzuru Matsuda	● (Chairperson)	100%	● (Chairperson)	100%
Outside Director	Koichi Ina	●	100%	●	100%
Outside Director	Yutaro Shintaku	●	100%	●	100%
Outside Director	Kumi Arakane	●	100%	●	100%
Outside Director	Koichi Kawana	●	100%	●	100%
President and Representative Director	Yuichi Kitao	●	100%		100%
Representative Director and Executive Vice President	Masato Yoshikawa	●	100%	●	100%
Senior Managing Executive Officer	Kazuhiro Kimura	●	100%	●	100%
Outside Audit & Supervisory Board Member	Yuichi Yamada			▲ (Observer)	100%

- (Notes) 1. The attendance of the meetings of Nomination Advisory Committee and Compensation Advisory Committee of Mr. Kawana is only counted for the meetings held after his assumption of office on March 24, 2023.
2. Mr. Kimura retired as a member of Nomination Advisory Committee and Compensation Advisory Committee due to his retirement as Senior Managing Executive Officer on December 31, 2023.
3. Mr. Kimata retired as a member of Nomination Advisory Committee due to his retirement as Director at the conclusion of the 133rd Ordinary General Meeting of Shareholders held on March 24, 2023.

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)

April 2023	Deliberation on the operation of the Nomination Advisory Committee for fiscal 2023
August 2023	Deliberation on consideration status of the president's succession planning Reporting on the progress of the president's evaluation sheet
October 2023	Deliberation on the candidates for Directors and Advisors

The Compensation Advisory Committee met seven times during the fiscal year for the purpose of deliberating on both the consistency of levels of compensation paid to the Directors, Senior Executive Officers, Executive Officers, and Advisors, 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)

January 2023	Deliberation on the president's evaluation for fiscal 2022 and setting targets for the president for fiscal 2023
February 2023	Deliberation on the annual bonuses for fiscal 2022
March 2023	Deliberation on setting targets for each of the evaluation indicators for fiscal 2023
April 2023	Deliberation on the operation of the Compensation Advisory Committee for fiscal 2023
October 2023	Deliberation on the selection of comparative company group for remuneration benchmark
November 2023	Reverification of the current remuneration plan and deliberation on setting remuneration standards for fiscal 2024
December 2023	Deliberation on the policy for determining remuneration of Directors for fiscal 2024 and the remuneration amount

(5) 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. The method and process of evaluation for fiscal 2023 are as follows. An overview of the results of evaluation of the effectiveness of the Board of Directors for fiscal 2023, including the evaluation results, will be disclosed on the Company's website and in the Integrated Report / ESG Report in April 2024 and thereafter.

1) Discussion at Board of Directors Meeting (December 2023)

Based on the evaluation method and process reviewed at the time of the implementation of the third party evaluation in fiscal 2022, after the deliberation of the Board of Directors, we determined the evaluation method and process for 2), 3) and 4) below for fiscal 2023.

2) Questionnaire (from December 2023 to January 2024)

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 17 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 Function of Members/Status of role, function, and discussion of the Board of Directors/Effectiveness of Committees on Nominations and Remuneration/Status of Utilization of Effectiveness Evaluation/Self-evaluation/Gap Analysis (evaluating the level of importance of proposals and the amount of discussion respectively on a scale of 10 and analyzing the gap)

3) Discussion by Outside Directors and Audit & Supervisory Board Members (January 2024)

Based on the results of the questionnaire above, we discussed the effectiveness of the Board of Directors that consists of five Outside Directors and six Audit & Supervisory Board Members.

4) Discussion at Board of Directors Meeting (February/March 2024)

The evaluation results were reported at the Board of Directors Meeting held in February 2024, and discussion was held on the issues extracted and the direction of future initiatives. While taking into account the details discussed at the Board of Directors Meeting held in February, the Company plans to determine the action plan for fiscal 2024 at the Board of Directors Meeting to be held in March 2024.

(6) 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. Specific agenda (activities) is as follows. The results of the audits by Full-time Audit & Supervisory Board Members are reported to other Audit & Supervisory Board Members at the meeting of the Audit & Supervisory Board as required.

Item	Specific activity	Executor
Attendance to important meetings	Confirmation of the status of the managerial decision-making process and internal control environment with the attendance of the Meetings of the Board of Directors	All Audit & Supervisory Board Member
	Confirmation of the handling status of priority management issues with the attendance of the Management Committee and Investment Council	Audit & Supervisory Board Member (Full-time)
Implementation of audits of Audit & Supervisory Board Members	Viewing of important documents including the minutes of the meeting of the Board of Directors and Executive Committee, reports by each department and business performance-related materials	All Audit & Supervisory Board Member
	On-site inspections (conducted by members on a rotating basis; sometimes performed through online meetings) of the status of internal control, asset management, and business operations, etc. at each department of the Kubota Corporation's Head Office, plants, offices, subsidiaries and affiliated companies accounted for by the equity-method (nine locations in Japan, 13 subsidiaries and affiliated companies accounted for by the equity-method in Japan and 29 overseas subsidiaries)	Audit & Supervisory Board Member (Full-time)
	Understanding of the business performance figures with the financial results briefing	All Audit & Supervisory Board Member
	Implementation of investigation on the Kubota Audit & Supervisory Board Member hotline system	Audit & Supervisory Board Member (Full-time)
Cooperation with Independent Auditor	Exchange of opinions regarding an audit plan and key audit matters (KAM) with the Independent Auditor	All Audit & Supervisory Board Member
	Understanding of audit results and every quarterly financial results status through periodical meetings with Independent Auditor	All Audit & Supervisory Board Member
	Verification of independence of Independent Auditor and appropriateness of audits	All Audit & Supervisory Board Member
Cooperation with Audit & Supervisory Board Members of subsidiaries, internal audit department, etc.	Sharing the issues for internal control and business operations based on the audit results by the audit department	All Audit & Supervisory Board Member
	Confirmation of internal control status by sharing information at meetings with Audit & Supervisory Board Members of Japanese subsidiaries (once a year) and dedicated auditors	All Audit & Supervisory Board Member
	Report by departments that manage risks	Audit & Supervisory Board Member (Full-time)
Exchange of opinions with directors	Conduct meetings to discuss overall management with Representative Director (Four times a year)	All Audit & Supervisory Board Member
	Hearing regarding the progress of business from Directors, etc.	Audit & Supervisory Board Member (Full-time)

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

Position	Name	Their Activities
Outside Director	Yuzuru Matsuda	Mr. Yuzuru Matsuda attended all 13 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, 2023, at 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 the evaluation of the Board of Directors' effectiveness, 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.
Outside Director	Koichi Ina	Mr. Koichi Ina attended all 13 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, 2023, at 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 the evaluation of the Board of Directors' effectiveness, he provided valuable comments using his deep knowledge in the field of manufacturing accumulated at an automotive manufacturer.
Outside Director	Yutaro Shintaku	Mr. Yutaro Shintaku attended all 13 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, 2023, at 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 the evaluation of the Board of Directors' effectiveness, he provided valuable comments using his experience actively promoting global strategy as a management of a medical device manufacturer.
Outside Director	Kumi Arakane	Ms. Kumi Arakane attended all 13 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, 2023, at 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 the evaluation of the Board of Directors' effectiveness, 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.

Position	Name	Their Activities
Outside Director	Koichi Kawana	Mr. Koichi Kawana attended all 10 meetings of the Board of Directors held after his appointment on March 24, 2023, and in his role as member of the Nomination Advisory Committee and Compensation Advisory Committee, attended every committee meeting held after his appointment. Furthermore, in the fiscal year ended December 31, 2023, at 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 the evaluation of the Board of Directors' effectiveness, he provided valuable comments using his experience of executing mega-projects in Japan and overseas and leading the investment in the infrastructure business as a manager of a plant engineering company.
Outside Audit & Supervisory Board Member	Yuichi Yamada	Mr. Yuichi Yamada attended all 13 meetings of the Board of Directors and all 18 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, 2023, 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 Among 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.
Outside Audit & Supervisory Board Member	Yuri Furusawa	Ms. Yuri Furusawa attended all 13 meetings of the Board of Directors and all 18 Audit & Supervisory Board Meetings. Furthermore, in the fiscal year ended December 31, 2023, 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 Among 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 the center of government.

Position	Name	Their Activities
Outside Audit & Supervisory Board Member	Keijiro Kimura	Mr. Keijiro Kimura attended all 13 meetings of the Board of Directors and all 18 Audit & Supervisory Board Meetings. Furthermore, in the fiscal year ended December 31, 2023, 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 Among 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.

(8) 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	8	373	363	99	70
Internal Audit & Supervisory Board Members	3	131	–	–	–
Outside Directors	5	95	–	–	–
Outside Audit & Supervisory Board Members	3	50	–	–	–

- (Notes)
1. The above includes the remuneration of two Internal Directors who retired at the conclusion of the 133rd Ordinary General Meeting of Shareholders held on March 24, 2023.
 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, 2023, consolidated net sales were ¥3,020.7 billion and the operating margin was 10.9%.
 3. Matters concerning non-monetary compensation, etc. are described in “(9) 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, 2023.
 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).

(9) 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 2023 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, 2023 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.

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. Under these circumstances, Kubota Corporation reviewed the remuneration plan for Directors and set up the basic principles regarding remunerations for Directors, etc.:

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

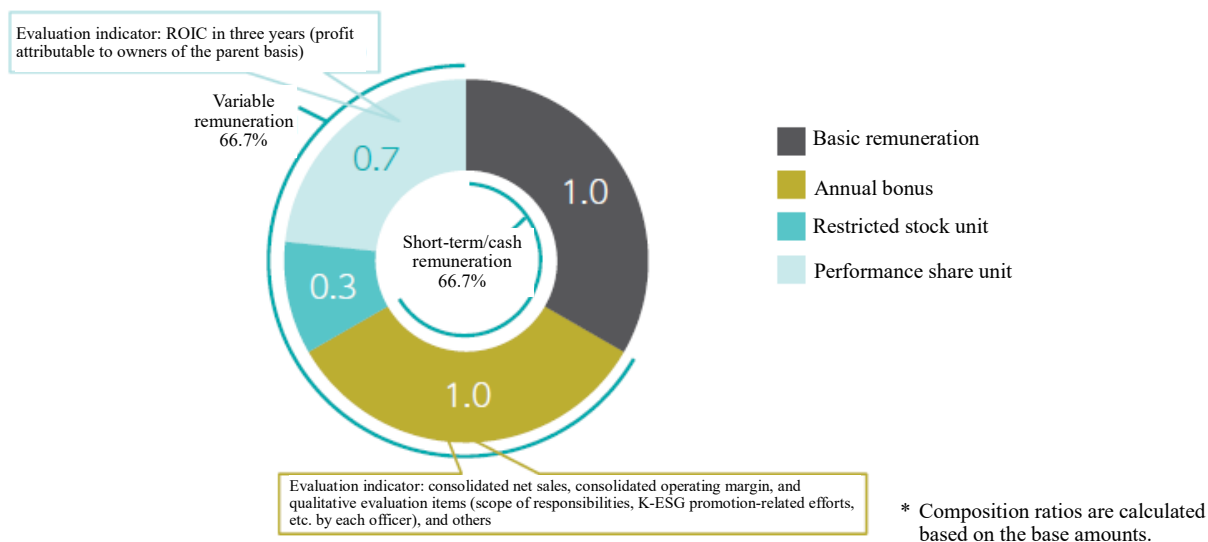
The remuneration for the Internal Directors consists of basic remuneration, which is fixed, and performance-linked remuneration.

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



(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.

(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 Internal Directors based on their corporate ranks and duties, by using data on objective 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 Internal 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.

(10) 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 “Value Up Discussion Meeting” (hereinafter, 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.

(11) 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, the Company 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.

(12) Overview of Directors and Officers Liability Insurance

The Company has purchased directors and officers liability insurance (D&O insurance) for Directors (including Outside Directors), Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) and Senior Executive Officers, etc. 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. The insurance premiums are fully paid by the Company.

In addition, the Company plans to renew the insurance policies with the above details at the time of renewal in November 2024.

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, 2023

1) Amount of compensation, etc. paid to the Independent Auditor for the fiscal year ended December 31, 2023	¥375 million
2) Total amount of cash and other financial benefits payable by Kubota Corporation and its subsidiaries to the Independent Auditor	¥436 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, or that it is appropriate not to reappoint it as the Independent Auditor, comprehensively taking into account the status of the duties executed on audit and other factors, the Audit & Supervisory Board may submit a proposal to dismiss or not to reappoint the Independent Auditor by the resolution of the Audit & Supervisory Board.

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

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

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

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

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

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

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

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

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

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

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

(4) System to Ensure the Efficient Execution of Duties by Directors

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

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

Kubota Corporation enhances efficiency of its decision-making process by having adequate discussions in the “Management Committee,” with the participation of the President and Representative Director and other officers, to decide important management matters. Kubota Corporation also implements multifaceted deliberations in the “Investment Council,” mainly consisting of the Directors and Executive 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 and Executive Officers in charge, the Kubota Group Risk Management Committee, the President and Representative Director, the Board of Directors, and the Audit & Supervisory Board Members.
- (b) Kubota Corporation manages its subsidiaries in accordance with the subsidiary and affiliate management regulations it has established in order to maintain the appropriateness of their operations. The subsidiaries report the status of their business and the execution of the duties by their executives to the department in charge at Kubota Corporation. Kubota Corporation emphasizes the business connections between the subsidiaries and the operating divisions of Kubota Corporation and assigns the relevant departments to be departments primarily in charge of managing those subsidiaries. Kubota Corporation then receives reports on management planning and other matters from the subsidiaries and works to ensure the efficient execution of the duties of their Directors through discussions at management review committees and other means.

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

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

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

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

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

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

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

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

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

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

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

Main Measures Implemented This Period

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

- The Kubota Group Risk Management Committee took a central role and implemented education and internal audits for legal and ethical compliance directed toward the Group including its overseas subsidiaries, based on the risk management activity policy decided at the start of the period as well as the operational regulations. The results of those activities were reported to the Board of Directors, the Audit & Supervisory Board Members, and others.
- Revisions of the in-house rules, regulations, and manuals, in response to the enactment and revision of laws and regulations as well as changes in management risks were promoted.
- The “Kubota Hotline” was instituted as a whistle blowing system, which accepted reports from and provided consultation to Group employees and others and implemented the responses necessary in the departments in charge. A contact point of the Kubota Hotline to outside lawyers was established as a point of contact for improved accessibility. Each company is also carrying out operations in stages to arrange whistle blowing systems and consultation offices, even at overseas subsidiaries.
- Based on the Regulations of the Board of Directors, the Board of Directors met once a month, the meetings were held and decisions were made in a timely and appropriate manner. The Board of Directors decided matters such as the management execution policies, while giving information at the Executive Officers’ Meeting and conducting deliberations at the Management Committee and Investment Council to improve the efficiency of the execution of duties. Also, five Outside Directors, who are independent from the execution of duties, have been appointed to reinforce the supervisory functions of the Board of Directors regarding the execution of duties by the Directors, Senior Executive Officers and Executive Officers. Furthermore, Kubota Corporation has a Nomination Advisory Committee and Compensation Advisory Committee in place, in which more than half of the members are the Outside Directors, to give advice to the Board of Directors. The Nomination Advisory Committee and Compensation Advisory Committee met to deliberate on 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 and affiliate 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.
- As of January 2023, the existing Company-Wide Risk Management Committee was renamed to the Kubota Group Risk Management Committee which has continued implementing the existing initiatives for building an internal control system. At the same time, the Committee promotes

responses to the changes in the risk environment surrounding the company and other factors. Conducting a risk assessment for the Kubota Group during the fiscal year and considering the amount of financial impact when a risk occurs, the frequency of occurrence, etc., the Committee has determined that two risks, economic security and human rights DD, which had no internal rules and regulations for risk management and assigned department in charge, are those that may have a particularly significant impact on the management and should be responded to with high priority and promotion of measures.

Consolidated Statement of Financial Position

Kubota Corporation and Its Subsidiaries

(Unit: millions of yen)

December 31:		2023
ASSETS		
Current assets:		
Cash and cash equivalents	¥	222,118
Trade receivables		945,490
Finance receivables		552,419
Other financial assets		83,018
Contract assets		47,669
Inventories		668,048
Income taxes receivable		5,763
Other current assets		55,846
Total current assets		2,580,371
Noncurrent assets:		
Investments accounted for using the equity method		46,523
Finance receivables		1,349,047
Other financial assets		188,654
Property, plant, and equipment		727,061
Goodwill		145,715
Intangible assets		187,000
Deferred tax assets		96,091
Other noncurrent assets		38,785
Total noncurrent assets		2,778,876
Total assets	¥	5,359,247

(Continued on the following page)

(Unit: millions of yen)

December 31:	2023
LIABILITIES AND EQUITY	
Current liabilities:	
Bonds and borrowings	¥ 663,294
Trade payables	300,902
Other financial liabilities	93,270
Insurance contract liabilities	51,333
Income taxes payable	29,706
Provisions	77,791
Contract liabilities	33,043
Other current liabilities	244,323
Total current liabilities	1,493,062
Noncurrent liabilities:	
Bonds and borrowings	1,326,913
Other financial liabilities	44,701
Retirement benefit liabilities	15,907
Deferred tax liabilities	55,653
Other noncurrent liabilities	6,944
Total noncurrent liabilities	1,450,118
Total liabilities	2,943,180
Equity:	
Equity attributable to owners of the parent:	
Share capital	84,130
Share premium	97,377
Retained earnings	1,693,681
Other components of equity	303,794
Treasury shares	(3,209)
Total equity attributable to owners of the parent	2,175,773
Noncontrolling interests	240,294
Total equity	2,416,067
Total liabilities and equity	¥ 5,359,247

* 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:	2023
Revenue	¥ 3,020,711
Cost of sales	(2,144,242)
Selling, general, and administrative expenses	(538,621)
Other income	22,174
Other expenses	(31,193)
Operating profit	328,829
Finance income	18,713
Finance costs	(5,253)
Profit before income taxes	342,289
Income tax expenses	(84,402)
Share of profits of investments accounted for using the equity method	2,111
Profit for the year	¥ 259,998
Profit attributable to:	
Owners of the parent	¥ 238,455
Noncontrolling interests	¥ 21,543

* 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, 2023	¥ 84,130	¥ 79,247	¥ 1,533,272	¥ 186,604	¥ (3,557)	¥ 1,879,696	¥ 227,998	¥ 2,107,694
Cumulative effect of changes in accounting policies			(4,024)	(1,182)		(5,206)		(5,206)
Profit for the year			238,455			238,455	21,543	259,998
Total other comprehensive income, net of income tax				129,015		129,015	18,044	147,059
Comprehensive income for the year			238,455	129,015		367,470	39,587	407,057
Transfer to retained earnings			10,429	(10,429)		—		—
Dividends paid			(54,483)			(54,483)	(9,610)	(64,093)
Purchases and sales of treasury shares					(29,620)	(29,620)		(29,620)
Retirement of treasury shares			(29,968)		29,968	—		—
Share-based payment transactions		96				96		96
Changes in ownership interests in subsidiaries		18,034		(214)		17,820	(17,681)	139
Balance as of December 31, 2023	¥ 84,130	¥ 97,377	¥ 1,693,681	¥ 303,794	¥ (3,209)	¥ 2,175,773	¥ 240,294	¥ 2,416,067

* 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

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

The measurement of goodwill on initial recognition is described in “Notes to the Consolidated Financial Statements [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 8-14 years for technology related assets. Estimated useful lives and the amortization method are reviewed at least at each fiscal year end. Any changes in the useful life and amortization method are accounted for prospectively as a change in estimates. Intangible assets with indefinite useful lives are not amortized. They are tested for impairment annually or whenever there is an indication that the asset may be impaired or circumstances change.

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

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

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

8. Basis of Provision for Allowance

Provisions are recognized when the Company has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations. Provisions are measured based on the best estimate of expenditure required to settle the present obligation at the end of the reporting period. When the effect of the time value of money is material, a provision is measured at the present value of the expenditures required to settle the obligation.

9. Revenue Recognition

(1) Revenue from contracts with customers

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

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company provides various products and services. The Farm & Industrial Machinery segment manufactures and distributes farm equipment, agricultural-related products, engines, and construction machinery. Water & Environment is composed of pipe system business (ductile iron pipes, plastic pipes, and other products), industrial products business (reformer and cracking tubes, spiral-welded steel pipes, air-conditioning equipment, and other products), and environment business (environmental control plants, pumps, and other products). The Company has determined that control over the products is transferred to customers, and that the Company satisfies a performance obligation when the products are delivered to customers, considering indicators of the transfer of control, such as the transfer of significant risks and rewards of physical possession and ownership of products. Accordingly, revenue from sales of products is recognized at that point in time. For construction contracts, the Company considers that its satisfaction of performance obligations under the contracts does not create an asset with an alternative use to the Company, the Company has an enforceable right to payment for performance completed to date, and it transfers the control over the assets to customers over time. Accordingly, revenue is recognized over the construction period based on its progress towards complete satisfaction of performance obligations measured at the end of the reporting period. Since the Company considers that it is possible to develop reasonable estimates of the total contract cost and to reasonably estimate the extent of progress towards complete satisfaction of performance obligations under the contracts, the Company uses the input method to measure the extent of progress towards completion based on the costs incurred relative to the total expected costs by contract.

Revenue is measured at the consideration promised in contracts with customers, less discounts, rebates depending on sales volume, and other items. Variable consideration, including discounts, rebates, and other payments, is estimated considering all the information (historical, current, and forecast) that is reasonably available to the Company, and revenue is recognized only to the extent that it is highly probable that a significant reversal of recognized revenue will not occur. When two or more performance obligations are identified in the contract, the transaction price is primarily allocated to each of the performance obligations on a 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.

(3) Insurance revenue

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

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

10. 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 based on an individual asset or the CGU to which an asset belongs. If such an indication exists, a recoverable amount of the asset or CGU is estimated.

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

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

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

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

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

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

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

1. Adoption of IFRS 17 “Insurance Contracts”

Effective from the current consolidated fiscal year, the Company has adopted IFRS 17 “Insurance Contracts.” The Company has retrospectively applied IFRS 17 with a transition date of January 1, 2022. The retrospective application of IFRS 17 is in accordance with the following transitional provisions stipulated in the standard:

- Identify, recognize and measure each group of insurance contracts as if IFRS 17 had always applied
- Identify, recognize and measure any assets for insurance acquisition cash flows as if IFRS 17 had always applied (recoverability assessment before the transition date is not required)
- Derecognize any existing balances that would not exist had IFRS 17 always applied
- Recognize any resulting net difference in equity

As a result of this change, the figures as of January 1, 2023, of the consolidated statement of changes in equity has been retrospectively adjusted, and the number of retained earnings have been decreased by ¥4,024 million.

In accordance with the application of IFRS 17, liabilities related to insurance contracts are presented separately as “Insurance contract liabilities” in the consolidated statement of financial position.

Following is the accounting policy for insurance contracts after the adoption of IFRS 17.

1) Classification and Level of Aggregation

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

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

2) Recognition

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

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

3) Measurement

The Company, on initial recognition, measures a group of insurance contracts at the total of the fulfillment cash flows and contractual service margin. The fulfillment cash flows is an explicit, unbiased and

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

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

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

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

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

4) Derecognition

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

2. Adoption of IAS 12 "Income taxes" (revised)

From this fiscal year, the Company has applied an exception to the requirements of IAS 12 Income Taxes under the Pillar Two Model Rules issued by the Organization for Economic Co-operation and Development ("OECD"), which allows the Company not to recognize deferred tax assets and deferred tax liabilities for income taxes.

This exception adoption has no material impact on the Company's consolidated financial statements.

Notes to Accounting Estimates

1. Allowance for doubtful accounts related to expected credit losses on finance receivables is ¥24,644 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 ¥70,584 million.

The Company provides contractual product warranties under which it generally guarantees the performance of products sold according to a product specification which the Company and its customers have mutually agreed on. The Company records the free repair cost that can occur in the future as provision for warranty costs. Provisions for product warranties consist of estimations based on an analysis of the Kubota Corporation's historical data of costs expensed under product warranties and recall or service campaign estimations individually calculated from repair cost per unit price and eligible units.

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

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

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

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

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

When allocating the acquisition cost transferred from business combinations, management's 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 CGU is the higher of the value in use and the fair value less cost of disposal of the asset or CGU. The fair value less cost of disposal of the asset or CGU is calculated based on quoted prices in an active market and control premiums estimated based on market transactions and other factors. In allocating this fair value to the several CGUs, the Company considers many factors such as the projected EBITDA composition by business unit. In calculating the value in use, the Company makes certain assumptions about the future cash flows of the asset or CGU, expected market growth rate, discount rate and other factors.

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

Information relating to the measurement of intangible assets and goodwill acquired from business combinations is described in "Notes to 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 ¥30,304 million at December 31, 2023.
2. Property, plant, and equipment were composed of the following at December 31, 2023:

		(Unit: millions of yen)
Land	¥	145,128
Buildings and structures		604,200
Machinery and other equipment		767,091
Construction in progress		56,277
Accumulated depreciation and accumulated impairment losses		(845,635)
Total	¥	727,061

3. Assets pledged as collateral were composed of the following at December 31, 2023:

		(Unit: millions of yen)
Finance receivables—current		180,308
Other financial assets—current		4,060
Finance receivables—noncurrent		293,647
Total	¥	478,015

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

(Unit: millions of yen)

Bonds and borrowings	¥	381,548
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4. The Company is contingently liable as guarantor of the indebtedness of certain distributors, including associates and customers for their borrowings from financial institutions. The maximum potential amount of undiscounted future payments of these financial guarantees at December 31, 2023 was ¥4,719 million.

5. Contingent liability regarding Legal Proceedings

Since May 2007, the Company has been subject to 66 asbestos-related lawsuits in Japan, which were filed against the Company or defendant parties consisting of the Japanese government and asbestos-related companies, including the Company. With regard to the six lawsuits consolidating 18 cases, the Supreme Court has concluded proceedings and ruled that the government and a part of asbestos using companies were liable for compensation. However, all claims against the Company were rejected.

Other 48 lawsuits are still ongoing, and the total claims for compensation of all lawsuits aggregate to ¥24,529 million, which relate to 714 construction workers who suffered from asbestos-related diseases. Of these ongoing lawsuits, five first instance judgements have been rendered in 17 lawsuits, and the Company was ordered to pay compensation damages of ¥2 million in one lawsuit and other four lawsuits were decided in favor of the Company. These four cases in five lawsuits are being heard on the second instance. The court in the second instance rendered a judgement to support the opinion of the first instance for one of the three lawsuits that were decided in favor of the Company. This lawsuit has been appealed to a higher court.

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

The Company does not have any cost-sharing arrangements with other potentially responsible parties, including the government, for all of these lawsuits.

6. Other Contingent Liabilities

The Company has various outstanding tax matters with tax authorities, primarily in India. The outstanding matters mostly relate to interpretation and application of law. The Company believes that, due to the existence of multiple legal issues and large number of parties involved, it is currently unable to predict the ultimate outcome of matters.

Notes to Consolidated Statement of Changes in Equity

1. The number of shares issued was as follows at December 31, 2023:

Common shares 1,176,667 thousand shares

(Note) The number of treasury shares included in the number of shares issued above is 1,685 thousand. The number of treasury shares includes 1,324 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, 2023	Common shares	¥ 26,202	¥ 22.00	December 31, 2022	March 27, 2023
The Meeting of the Board of Directors on August 4, 2023	Common shares	¥ 28,346	¥ 24.00	June 30, 2023	September 1, 2023

(Note) The total amount of dividends based on the resolution of the Board of Directors on February 14, 2023 and August 4, 2023, includes dividends of ¥33 million and ¥32 million respectively for shares of Kubota Corporation (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, 2023 and with an effective date after December 31, 2023

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, 2024	Common shares	¥ 28,240	¥ 24.00	December 31, 2023	March 25, 2024

(Note) Total dividends include dividends of ¥32 million on the Parent Company shares held by the trust in connection with the stock compensation plan.

Notes to Financial Instruments

1. Description of Financial Instruments

(1) Capital Management

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

(2) Financial risk management

In the course of its business, the Company is exposed to various risks associated with financial instruments (credit risk, liquidity risk, foreign exchange risk, interest rate risk, etc.) and manages these risks in order to mitigate them. The Company's internal sources of funds include cash flows generated by operating activities and cash and cash equivalents. In addition, the Company raises funds by borrowings from financial institutions, financing by securitization of receivables, and issuance of bonds and commercial paper in capital markets, if necessary. The Company's policy is to finance working capitals and capital expenditures primarily by internally generated funds and, to a lesser extent, by funds raised through borrowings from financial institutions, etc. The Company also uses derivative transactions to hedge foreign exchange and interest rate risks and does not enter into speculative transactions.

Credit Risk management

The Company is exposed to the credit risk of its customers regarding its trade receivables, contract assets, finance receivables, and long-term trade accounts receivable in cases where customers become unable to satisfy their debt obligations.

With regard to trade receivables and contract assets, the Company determines a maximum credit limit of its customers individually, considering the customer's credit rating, details of transactions, and financial conditions, and monitors them on a regular basis in order to mitigate the credit risk. The Company obtains guarantee deposits, collaterals, and bank guarantees, if necessary. With regard to finance receivables and long-term trade accounts receivable, the Company performs credit research on its customers by referring to information for internal use and external credit reporting services at the time of entering into contracts with them. After the commencement of transactions, the Company manages and monitors due dates and performs collection activities, including reminders through calls, emails, and letters, visits to customers, and repossessions of products sold or leased, depending on the number of days past due.

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

These receivables arise from sales of the Company's products to a large number of dealers and retail end users. The Company considers there to be no credit risk due to specific dealers or customers with significant transaction volumes.

The Company is exposed to the credit risk of issuers of financial assets, which are held by the Company to invest excess funds, and derivatives, which are utilized by the Company to mitigate foreign currency risk.

To prevent these credit risks, the Company raises funds mainly through bonds with low risk and conducts transactions only with financial institutions with high credit ratings.

Liquidity Risk management

The Company is exposed to liquidity risk that the Company may have difficulties in satisfying payment obligations. The Company manages liquidity risk by maintaining retained earnings at an appropriate level and monitoring cash flow plans and actual results.

Foreign currency exchange rate risk management

The Company's exposure to foreign currency risk relates primarily to assets and liabilities denominated in foreign currencies associated with international operations. The Company enters into forward foreign exchange contracts, cross-currency swap contracts, and cross-currency interest rate swap contracts, which are designated to mitigate its exposure to foreign currency exchange rate risk.

Interest rate risk management

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

Market price volatility risk management

The Company is exposed to interest rate risk principally on its equity and debt financial assets, principally on its policy for holding shares. Policy for holding shares is examined annually at the meeting of the Board of Directors in order to verify 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, 2023 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	¥ 1,901,466	¥ 1,873,016
Long-term trade accounts receivable	63,572	67,369
Debt financial assets	52,201	52,053
Written put options over noncontrolling interests	(3,642)	(3,642)
Bonds and borrowings	(1,990,207)	(1,956,861)

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	¥ 75,618	¥ -	¥ 8,481	¥ 84,099
Financial assets measured at fair value through profit or loss:				
Debt financial assets	31,469	-	8,554	40,023
Derivatives				
Foreign exchange contracts	-	4,518	-	4,518
Interest rate swap contracts	-	130	-	130
Cross-currency interest rate swap contracts	-	1,554	-	1,554
Total	¥ 107,087	¥ 6,202	¥ 17,035	¥ 130,324
Financial liabilities				
Financial liabilities measured at fair value through profit or loss:				
Derivatives				
Foreign exchange contracts	¥ -	¥ 2,063	¥ -	¥ 2,603
Cross-currency interest rate swap contracts	-	3,295	-	3,295
Total	¥ -	¥ 5,898	¥ -	¥ 5,898

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 20.3), etc. As the EBIT ratio increases (decreases), the fair values on those equity financial assets increase (decrease).

Transfers between levels are recognized at the end of the reporting periods when such transfers occur. There were no significant transfers of financial instruments between the levels for the year ended December 31, 2023.

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

(Unit: millions of yen)

Balance as of the beginning of the year	¥ 10,662
Gains or losses	
Profit or loss	214
Other comprehensive income	1,146
Purchases	3,926
Sales	(3)
Other	1,090
Balance as of the end of the year	¥ 17,035

(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, 2023 was ¥214 million.

Notes to Per Common Share Information

- Total equity per share attributable to owners of the parent ¥ 1,851.75
- Earnings per share attributable to owners of the parent:

Basic	¥ 201.74
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(Note) In calculating the per common share information, shares of the Parent Company held by the trust in connection with the stock compensation plan have been deducted from the number of outstanding common shares as of the end of fiscal year and weighted-average number of common 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 are 1,324 thousand shares and 1,366 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, 2023	Japan	North America	Europe	Asia outside Japan	Other areas	Total
Farm equipment and engines	¥ 268,409	¥ 738,501	¥ 275,907	¥ 493,205	¥ 70,946	¥ 1,846,968
Construction machinery	44,544	387,484	139,857	48,674	20,565	641,124
Farm & Industrial Machinery	312,953	1,125,985	415,764	541,879	91,511	2,488,092
Pipe system	141,688	652	—	3,379	37	145,756
Industrial products	40,186	11,444	1,397	11,367	8,735	73,129
Environment	126,012	6,104	1,134	8,412	3,922	145,584
Water & Environment	307,886	18,200	2,531	23,158	12,694	364,469
Other	19,485	5	7	18	—	19,515
Revenue recognized from:						
Contracts with customers	640,324	1,144,190	418,302	565,055	104,205	2,872,076
Other sources	2,820	108,023	—	35,543	2,249	148,635
Total	¥ 643,144	¥ 1,252,213	¥ 418,302	¥ 600,598	¥ 106,454	¥ 3,020,711

Interest income and insurance income calculated using the effective interest method, included in income recognized from other sources, were ¥ 110,472 million and ¥ 30,200 million respectively.

The Company engages in various fields of business and industries by providing products and services which are categorized mainly into the Farm & Industrial Machinery business and the Water & Environment business. Performance obligations for each business are as follows

(1) Farm & Industrial Machinery

In the Farm & Industrial Machinery business, the Company manufactures products such as farm equipment, agricultural-related products, engines, and construction machinery in Japan and overseas countries and sells those products to 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 system business (ductile iron pipes, plastic pipes, and other products), industrial products business (reformer and cracking tubes, spiral-welded steel pipes, air-conditioning equipment, and other products), and environment business (environmental control plants, pumps, and other products). The main customers are national/local government of Japan and corporation in/outside of Japan. The Company has determined that performance obligations are satisfied when the products are delivered to customers, and therefore, revenue from the sale of products is recognized at that time. For construction contracts, revenue is recognized over a construction period since a performance obligation is satisfied in accordance with the progress of construction. The Company uses the input method that is based on the costs incurred relative to the total expected costs of individual contracts, as the method to measure the extent of progress towards completion. The Company does not adjust the promised amount of consideration for the effects of a significant financing component as a practical expedient since the customers pay for those products within one year. Revenue is measured at the consideration promised in a contract with customers, less discounts, rebates depending on sales volume, and other items. The Company recognizes the consideration received from a customer as a liability when the Company expects to refund it in the future.

There are no significant obligations for return to customers.

The Company provides product warranties to cover free replacements and/or repairs on defects found for a certain period after the sale. The warranties generally guarantee to customers the performance of the products sold according to product specifications or services rendered according to an intention of service, which the Company and its customers have mutually agreed on. The Company recognizes provisions for product warranties.

2. Contract Balances

A receivable is an unconditional right to receive consideration in exchange for satisfying a performance obligation. In addition to being presented as trade receivables in the consolidated statement of financial position, receivables of ¥36,305 million are included in other financial assets (noncurrent).

Contract assets are the Company's rights to consideration, excluding any amounts presented as receivable, in exchange for services rendered under the construction contracts in the Water & Environment business, in which revenue is recognized over time by measuring the progress toward complete satisfaction. Contract assets are included in other current assets in the consolidated statement of financial position and reclassified into receivables at the time when the Company's right to consideration becomes an unconditional right to payment before its payment due date.

Contract liabilities include accounts such as advances from customers.

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

(Unit: millions of yen)

Contract assets	
Increase by revenue recognition	¥84,196
Decrease by transfer to receivables	(66,013)
Contract liabilities	
Increase by receipt of cash	121,573
Decrease by recognition of revenue	(123,957)

The amounts of revenue recognized during the reporting period, which were included in the beginning balance of contract liabilities, is ¥24,639 million for the year ended December 31, 2023.

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 ¥191,513 million for the year ended December 31, 2023. 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

Finalization of the provisional accounting for the business combination

The allocation of acquisition cost of Escorts Limited (currently, Escorts Kubota Limited), which the Company acquired on April 11, 2022, was not completed as of December 31, 2022, and therefore, the provisional accounting for the business combination was applied. However, the allocation of acquisition cost has been completed during current consolidated fiscal year, and the amount of goodwill has been adjusted as follows based on the determined allocation of acquisition cost: (Acquisition of Escorts Limited (hereinafter, "EKL"))

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

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

(Notes)

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

2. Noncontrolling interests are recognized at the proportion of the fair value of the identifiable assets and liabilities of the acquiree.

In accordance with the finalization of the provisional accounting, the corresponding figures as of January 1, 2023, of the consolidated statement of changes in equity have been retrospectively adjusted, and the number of retained earnings have been decreased by ¥1,843 million, and noncontrolling interest increased by ¥ 33,989 million, respectively.

Balance Sheet (Non-consolidated)

Kubota Corporation

(Unit: millions of yen)

December 31:	2023
ASSETS	
Current assets:	
Cash and deposits	¥ 58,535
Trade notes receivable	2,621
Electronically recorded accounts receivable	42,635
Trade accounts receivable	391,310
Contract assets	18,520
Finished goods	69,905
Work in process	38,696
Raw materials and supplies	29,706
Other	93,334
Allowance for doubtful receivables	(50)
Total current assets	745,216
Fixed assets:	
Property, plant, and equipment—net:	
Buildings	123,242
Machinery and equipment	77,742
Land	77,310
Construction in progress	27,483
Other	31,505
Total property, plant, and equipment—net	337,284
Intangibles—net:	
Software	49,067
Other	401
Total intangibles—net	49,469
Investments and other assets:	
Investment securities	85,116
Investments in affiliates	393,455
Long-term loans receivable	34,465
Deferred tax assets	12,255
Prepaid pension costs	23,061
Other	31,265
Allowance for doubtful receivables	(63)
Total investments and other assets	579,556
Total fixed assets	966,310
Total assets	¥ 1,711,527

(Continued on the following page)

(Unit: millions of yen)

December 31:	2023
LIABILITIES AND EQUITY	
Current liabilities:	
Trade notes payable	¥ 25
Electronically recorded accounts payable	110,338
Trade accounts payable	80,188
Other accounts payable	21,074
Income taxes payable	13,788
Accrued expenses	39,694
Contract liabilities	1,194
Deposits received	161,382
Provision for warranty costs	34,535
Provision for bonuses	10,068
Provision for directors' bonuses	315
Other	22,641
Total current liabilities	495,248
Long-term liabilities:	
Corporate bonds	270,000
Long-term borrowings	265,000
Provision for retirement benefits	150
Other	1,531
Total long-term liabilities	536,682
Total liabilities	1,031,930
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 reduction entry of land	171
Reserve for special accounts	885
General reserve	349,542
Unappropriated retained earnings	111,893
Total other retained earnings	462,493
Total retained earnings	482,032
Treasury stock	(3,080)
Total shareholders' equity	636,199
Valuation and translation adjustments:	
Unrealized holding gains on securities	43,397
Unrealized losses from hedging activities	(0)
Total valuation and translation adjustments	43,397
Total net assets	679,596
Total liabilities and net assets	¥ 1,711,527

* 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:	2023
Net sales	¥ 1,223,415
Cost of sales	972,184
Gross profit	251,230
Selling, general, and administrative expenses	178,179
Operating income	73,051
Non-operating income:	60,264
Interest and dividend income	35,039
Royalty income	15,052
Other	10,173
Non-operating expenses:	24,077
Interest expenses	2,376
Other	21,701
Ordinary income	109,238
Extraordinary income	35,335
Gain on extinguishment of tie-in shares	26,342
Gain on sales of investment securities	8,992
Income before income taxes	144,574
Income taxes:	20,801
Current	25,614
Deferred	(4,813)
Net income	¥ 123,773

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

Statement of Changes in Net Assets (Non-consolidated)

Kubota Corporation

(Unit: millions of yen)

	Shareholders' equity									
	Capital surplus				Retained earnings					
	Common stock	Additional paid-in capital	Other capital surplus	Legal reserve	Other retained earnings					
					Reserve for special depreciation	Reserve for reduction entry of land	Reserve for special accounts	General reserve	Unappropriated retained earnings	
Balance as of January 1, 2023	¥ 84,130	¥ 73,117	¥ -	¥ 19,539	¥ 0	¥ 171	¥ 885	¥ 349,542	¥ 72,635	
Changes in the year										
Transfer of reserve for special depreciation					(0)				0	
Dividends									(54,547)	
Net income									123,773	
Purchase of treasury stock										
Sales of treasury stock				(0)						
Retirement of treasury stock									(29,967)	
Transfer from retained earnings to capital surplus			0						(0)	
Net change of items other than shareholders' equity										
Total changes in the year	-	-	-	-	(0)	-	-	-	39,258	
Balance as of December 31, 2023	¥ 84,130	¥ 73,117	¥ -	¥ 19,539	-	¥ 171	¥ 885	¥ 349,542	¥ 111,893	

	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, 2023	¥ (3,429)	¥ 596,593	¥ 34,946	¥ 6	¥ 34,952	¥ 631,545
Changes in the year						
Transfer of reserve for special depreciation		-			-	-
Appropriation to reserve for special accounts		-			-	-
Dividends		(54,547)			-	(54,547)
Net income		123,773			-	123,773
Purchase of treasury stock	(30,002)	(30,002)			-	(30,002)
Sales of treasury stock	383	383			-	383
Retirement of treasury stock	29,967	-			-	-
Transfer from retained earnings to capital surplus		-			-	-
Net change of items other than shareholders' equity		-	8,451	(6)	8,445	8,445
Total changes in the year	348	(39,606)	8,451	(6)	8,445	48,051
Balance as of December 31, 2023	¥ (3,080)	¥ 636,199	¥ 43,397	¥ (0)	¥ 43,397	¥ 679,596

* 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.

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

Since the fair value of pension assets as of December 31, 2023 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. Water & Environment is composed of pipe system business (ductile iron pipes, plastic pipes, and other products), industrial products business (reformer and cracking tubes, spiral-welded steel pipes, air-conditioning equipment, and other products), and environment business (environmental control plants, pumps, and other products).

Revenue from sales of products is recognized when the products are delivered to the customers since the Company considered that the performance obligation is satisfied at that point in time. Revenue is recognized over a construction period since a performance obligation is satisfied in accordance with the progress of construction. The Company uses the input method, which is based on the costs incurred relative to the total expected costs of individual contracts, as the method to measure the extent of progress toward completion. Revenue is measured at the consideration promised in a contract with customers, less discounts, rebates depending on sales volume, and other items. The Company recognizes the consideration received from a customer as a liability when the Company expects to refund it in the future.

5. Other Significant Accounting Policies

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

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

(2) Hedge accounting

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

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

(3) Consolidated taxation system

Kubota Corporation adopts the consolidated taxation system.

(4) Accounting for income tax and local income tax and deferred tax accounting

The Company has transitioned from the Consolidated Taxation System to the Japanese Group Tax Sharing System from the beginning of this fiscal year. In line with this, the accounting treatment and disclosure of corporate and local income taxes and tax effect accounting are in accordance with the "Practical Solution

on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021. Hereinafter “PITF No. 42”).

In accordance with Paragraph 32(1) of PITF No. 42, the Company assessed the changes in accounting policies as a result of the application of PITF No. 42 as no impact.

Notes to Changes in Accounting Policies

Application of accounting standards for the calculation of market value

“Accounting Standard for Market Value Calculation” (ASBJ Statement No. 31, June 17, 2021, hereinafter “Accounting Standard for Market Value Calculation”) is applied from the beginning of the current financial year, and paragraph 27-2 of the Accounting Standard for Market Value Calculation 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 ¥34,535 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 ¥26,513 million and the estimates individually made are ¥8,022 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	¥ 420,691 million
Long-term receivables from affiliates	¥ 46,812 million
Short-term payables to affiliates	¥ 168,996 million
2. Accumulated depreciation of property, plant, and equipment	¥ 418.778 million
3. Contingent liabilities:	
Guarantees	
Credit guarantees for group financing	
Kubota Credit Co., Ltd.	¥ 3,250 million
Guarantees for bond issued by subsidiaries	
Kubota Credit Corp., (U.S.A.)	¥ 70,915 million
Guarantees for underwriting reinsurance	
Kubota Re Corp.	¥ 1,369 million
Guarantees for borrowings from the bank	
Kubota Myanmar Co., Ltd.	¥ 198 million
4. The following notes that matured on December 31, 2023, 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	¥ 187 million
Electronically recorded accounts receivable	¥ 3,237 million
Trade notes payable	¥ 18 million
Electronically recorded accounts payable	¥ 23,554 million

Notes to Statement of Income

Transactions with affiliates	
Sales to affiliates	¥ 1,050,099 million
Purchases from affiliates	¥ 189,538 million
Transactions with affiliates other than operating transactions	¥ 53,788 million

Notes to Statement of Changes in Net Assets

1. The number of treasury stock at December 31, 2023 was as follows:	
Common stock	1,347 thousand shares
(Note) Treasury stock include 1,324 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	¥	1,077 million
Provision for warranty costs		10,176 million
Provision for bonuses		3,081 million
Valuation losses on investment securities and investments in affiliates		4,447 million
Other		20,227 million
Subtotal		39,009 million
Valuation allowance		(5,554) million
Total deferred tax assets	¥	33,465 million

2. Significant components of deferred tax liabilities

Prepaid pension costs	¥	(3,738) million
Unrealized holding gains on securities		(16,052) million
Other		(1,418) million
Total deferred tax liabilities		(21,209) million
Net deferred tax assets	¥	12,255 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, 2023 (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)	329,457	Trade accounts receivable	102,429
	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)	95,455	Trade accounts receivable	28,455
	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)	84,693	Trade accounts receivable	31,115
	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)	60,697	Trade accounts receivable	20,724
	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)	29,672	Trade accounts receivable	16,140
	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)	4,174	Other (Current assets)	1,850
							Patent royalty (Note 2)	4,139	Other (Current assets)	2,108
	Kubota Credit Co., Ltd.	Osaka, Japan	¥500 million	Retail financing to purchasers of farm equipment and related products	54.9 22.9*	Financial assistance Credit guarantee Interlocking directors	Lending (Notes 3 and 4)	58,304	Short-term loans receivable	23,550
									Long-term loans receivable	34,400
							Interest receipt (Note 3)	95	Other (Current assets)	23
Depositing (Notes 3 and 4)							28,630	Deposits received	29,537	
Interest payment (Note 3)							22	Other (Current liabilities)	5	
Credit guarantee (Note 5)	3,250	-	-							

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, 2023 (millions of yen)
	KUBOTA Environmental Engineering Corporation	Tokyo, Japan	¥400 million	Design, manufacture, installation, repair, operation, maintenance and management of various environmental equipment and environmental plants.	100.0	Depositing Interlocking directors	Depositing (Notes 3 and 4)	30,734	Deposits received	29,227
							Interest payment (Note 3)	14	-	-
	KUBOTA Credit Corp., (U.S.A.)	Texas, U.S.A.	US\$8 million	Retail financing to purchasers of tractors, outdoor power equipment, construction machineries, and implements	10.0 90.0*	Debit Guarantee Interlocking directors	Debit Guarantee (Note 6)	70,915	-	-
	Kubota China Holdings Co., Ltd.	Shanghai, China	RMB 1,709 million	Administration of subsidiaries in China	100.0	Depositing Interlocking directors	Depositing (Notes 3 and 4)	7,034	Deposits received	6,579
							Interest payment (Note 3)	223	Other (Current liabilities)	72

*Indirect holding

Amount of transactions do not include consumption taxes, while balance at December 31, 2023 include consumption taxes in the above table.

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

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

Note to Revenue recognition

Information on the basis for understanding revenue from contracts with customers is given in “Notes to 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

- Net assets per common share ¥ 578.22
- Net income per common share – basic ¥ 104.68

(Notes) In calculating the per common share information, shares of the Parent Company held by the trust in connection with the stock compensation plan have been deducted from the number of outstanding common shares as of the end of fiscal year and weighted-average number of common 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 are 1,324 thousand shares and 1,366 thousand shares, respectively.

Note to business combination

- Absorption of wholly owned subsidiaries

In accordance with the resolution of Board of Directors held on July 20, 2022, the Company absorbed wholly owned subsidiary KUBOTA Systems Inc., on April 1, 2023. In addition, based on the same resolution, the Company absorbed wholly owned subsidiary Kubota Seiki Corp. and Kanto Kubota Seiki, which is wholly

owned by Kubota Seiki, on May 1, 2023.

(1) Outline of the transaction

1) Names, business description, and dates of the mergers

Name	Business description	Merger date
KUBOTA Systems Inc.	Planning, development, construction, maintenance, operation, and consulting of information systems and information communications infrastructure	April 1, 2023
Kubota Seiki Corp.	Production and sales of hydraulic parts for agricultural and construction machinery	May 1, 2023
Kanto Kubota Seiki Corp.	Production of components for agricultural machinery (tractor front axle, hydraulic components, HST transmissions and gear pumps).	May 1, 2023

2) Legal form of the business combination

Absorption-type merger with the Company as the surviving company and the three wholly owned subsidiaries as the absorbing companies.

3) Name of the Company after combination

Kubota Corporation

4) Other matters relating to the transaction

The Company absorbed KUBOTA Systems Inc. in order to accelerate digital transformation and efficiently utilize them in the field of digital specialization by unifying IT human resources within Kubota Group.

Also, the Company absorbed Kubota Seiki Corp. and Kanto Kubota Seiki Corp. aiming at improving the competitiveness of the agricultural and construction machinery business by unifying and strengthening development and production systems in the hydraulic equipment business for the Company's products.

(2) Outline of accounting procedures implemented

In accordance with resolution of the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019), the transaction was treated as a transaction under common control.

In relation to this transaction, an extraordinary gain of ¥24,410 million was recognized as a gain on extinguishment of tie-in shares as of the effective date of the transaction.

2. Transfer of business of a wholly owned subsidiary by demerger

In accordance with the Board of Directors held on January 24, 2023, the Company took part of the business of Kubota Environmental Engineering Ltd, a wholly owned subsidiary of the Company, to the Company through an absorption-type demerger, on April 1, 2023.

(1) Outline of the transaction

1) Name, business description, and date of the transfer

Name	Business description	Merger date
Kubota Environmental Engineering Ltd	Cleaning facility construction projects and ancillary projects related to refuse incineration, melting projects, crushing, and recycling projects under the Construction Industry Law (excluding projects related to the operation or maintenance of completed cleaning facilities located in Japan and repair works).	April 1, 2023

2) Legal form of the business combination

Absorption-type demerger (simplified demerger) with Kubota Environmental Engineering Co.

3) Name of the Company after combination
Kubota Corporation

4) Other matters relating to the transaction

The Company transferred a part of Kubota Environmental Engineering Ltd.'s business to itself, in order to strengthen competitiveness by consolidating resources in the environmental plant business and to strengthen cooperation between the Company and Kubota Environmental Engineering Ltd. Kubota Environmental Engineering Ltd. will continue to be responsible for the contracted operation and maintenance of the plant.

(2) Outline of accounting procedures implemented

In accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019), the transaction was treated as a transaction under common control.

In relation to this transaction, an extraordinary gain of ¥1,931 million was recognized as a gain on extinguishment of tie-in shares as of the effective date of the transaction.

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

INDEPENDENT AUDITOR'S REPORT

February 13, 2024

To the Board of Directors of Kubota Corporation:

Deloitte Touche Tohmatsu LLC		
Osaka office		
Designated Engagement Partner	Certified Public Accountant:	Takashige Ikeda
Designated Engagement Partner	Certified Public Accountant:	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, 2023, and the consolidated statement of profit or loss and the consolidated statement of changes in equity for the fiscal year from January 1, 2023 to December 31, 2023, 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, 2023, 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, actions taken to eliminate threats or safeguards applied.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

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

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

INDEPENDENT AUDITOR'S REPORT

February 13, 2024

To the Board of Directors of Kubota Corporation:

Deloitte Touche Tohmatsu LLC		
Osaka office		
Designated Engagement Partner	Certified Public Accountant:	Takashige Ikeda
Designated Engagement Partner	Certified Public Accountant:	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, 2023, and the statement of income (Non-consolidated) and the statement of changes in net assets (Non-consolidated) for the 134th fiscal year from January 1, 2023 to December 31, 2023, 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, 2023, 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, actions taken to eliminate threats or safeguards applied.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

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

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 134th business term, from January 1, 2023 to December 31, 2023, 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, 2024

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.