

[Translation]

# Quarterly Report

(The First Quarter of the 132<sup>nd</sup> Business Term)  
From January 1, 2021 to March 31, 2021

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

**Kubota Corporation**

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Confirmation Letter

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[Document Filed]	Quarterly Report (“Shihanki Hokokusho”)
[Applicable Law]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	May 14, 2021
[Fiscal Year]	The First Quarter of the 132 <sup>nd</sup> Business Term (from January 1, 2021 to March 31, 2021)
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This is an English translation of the Quarterly Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

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

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

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

# 1. Overview of the Company

## 1. Key Financial Data

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

	Three months ended March 31, 2021	Three months ended March 31, 2020	Year ended December 31, 2020
Revenue	¥ 537,686	¥ 439,543	¥ 1,853,234
Profit before income taxes	78,318	31,030	185,899
Profit attributable to owners of the parent	52,041	20,756	128,524
Comprehensive income attributable to owners of the parent	111,845	(20,342)	96,656
Equity attributable to owners of the parent	1,565,211	1,400,086	1,476,039
Total assets	3,384,634	3,035,659	3,189,317
Earnings per share attributable to owners of the parent:			
Basic	43.08	17.01	105.85
Diluted	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	46.2	46.1	46.3
Net cash (used in) provided by operating activities	(22,459)	(27,499)	142,919
Net cash used in investing activities	(18,364)	(19,793)	(47,133)
Net cash provided by (used in) financing activities	815	6,152	(68,354)
Cash and cash equivalents, at the end of the period	190,103	151,460	222,919

(Notes)

1. The condensed consolidated financial statements and the consolidated financial statements are prepared in accordance with International Financial Reporting Standards.
2. As the Company prepares the condensed consolidated financial statements, its nonconsolidated financial data are not presented.
3. Revenue does not include consumption taxes.
4. Amounts less than presentation units are rounded to the nearest unit.
5. Earnings per share attributable to owners of the parent—Diluted is not stated because Kubota Corporation did not have potentially dilutive common shares that were outstanding during the period.

## 2. Description of Business

There were no material changes in the Company's business during the three months ended March 31, 2021, nor were there any material changes in its associates.

Beginning with this period, in conformity with the change in the business reporting structure of the Company, the amounts related to "Financial services businesses" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Other" segment.

## 2. Business Overview

### 1. Risk Factors

For the three months ended March 31, 2021, there are no major risks for which managements recognize that they may have a significant impact on the consolidated financial condition, business results, or cash flow information of the Company in "2. Business Overview" or "4. Financial Information".

There were no material changes in the information described in the Risk Factors section of the Annual Securities Report for the year ended December 31, 2020.

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

#### (1) Analysis of Results of Operations

For the three months ended March 31, 2021, revenue of Kubota Corporation and its subsidiaries (hereinafter, the "Company") increased by ¥98.1 billion [22.3%] from the same period in the prior year to ¥537.7 billion.

Domestic revenue increased by ¥10.0 billion [6.7%] from the same period in the prior year to ¥160.0 billion because of increased revenue in Farm & Industrial Machinery mainly due to increased sales of farm equipment, while revenue in Water & Environment was almost at the same level as the prior year.

Overseas revenue increased by ¥88.1 billion [30.4%] from the same period in the prior year to ¥377.6 billion because of significantly increased sales of farm equipment and construction machinery. In addition, revenue in Water & Environment also increased from the same period in the prior year.

Operating profit increased by ¥47.3 billion [155.2%] from the same period in the prior year to ¥77.7 billion due to increased revenue in the domestic and overseas markets and improved foreign exchange gain/loss. In addition, there was a negative effect from deteriorated profitability of products, which had been shipped in the same period in the prior year, in its manufacturing bases along with a significant reduction in production in the fourth quarter of 2019. Profit before income taxes increased by ¥47.3 billion [152.4%] from the same period in the prior year to ¥78.3 billion due to increased operating profit. Income tax expenses were ¥21.4 billion. Share of profits of investments accounted for using the equity method was ¥0.5 billion. Profit for the period increased by ¥34.2 billion [147.4%] from the same period in the prior year to ¥57.5 billion. Profit attributable to owners of the parent increased by ¥31.3 billion [150.7%] from the same period in the prior year to ¥52.0 billion.

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

Beginning with this period, in conformity with the change in the business reporting structure of the Company, the amounts related to "Financial services businesses" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Other" segment. The information for the prior period has been retrospectively adjusted to conform to the current fiscal year's presentation.

#### 1) Farm & Industrial Machinery

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

Revenue in this segment increased by 28.1% from the same period in the prior year to ¥444.5 billion and accounted for 82.7% of consolidated revenue.

Domestic revenue increased by 14.7% from the same period in the prior year to ¥76.1 billion. Sales of farm equipment and agricultural-related products increased significantly due to a recovery from adverse reaction from rushed demand before the consumption tax hike and increased demand resulting from subsidies for business continuation of farmers.

Overseas revenue increased by 31.3% from the same period in the prior year to ¥368.3 billion. In North America, sales of tractors and construction machinery increased significantly mainly due to strong demand along with trend in move to suburbs, despite delay in shipment caused by port congestion and other effects. In Europe, sales of construction machinery, tractors, and engines increased due to a recovery from sluggish sales along with the infection spread of

COVID-19 in the prior year. In Asia outside Japan, sales of farm equipment in Thailand significantly increased mainly due to eased concerns about drought along with rainfall in the prior year and stable crop prices at a high level. In addition, sales of farm equipment in China, Philippines, and India were strong as well. In Other areas, sales of tractors and construction machinery in Australia increased significantly due to more rainfall than usual and government stimulus measures.

Operating profit in this segment increased by 123.1% from the same period in the prior year to ¥68.1 billion mainly due to significantly increased revenue in the domestic and overseas markets and deteriorated profitability of products, which had been shipped in the same period in the prior year, in its manufacturing bases.

## 2) Water & Environment

Water & Environment is comprised of pipe- and infrastructure-related products (ductile iron pipes, plastic pipes, valves for public sector, industrial castings, spiral-welded steel pipes, air-conditioning equipment, and other products) and environment-related products (environmental control plants, pumps, valves for private sector, and other products).

Revenue in this segment increased by 1.0% from the same period in the prior year to ¥85.7 billion and accounted for 15.9% of consolidated revenue.

Domestic revenue increased by 0.6% from the same period in the prior year to ¥76.4 billion. In pipe- and infrastructure-related products, sales of ductile iron pipes and construction business decreased mainly due to a negative effect from postponed construction period along with a state of emergency. In environment-related products, sales of pumps increased significantly due to increased sales of drainage pump vehicles.

Overseas revenue increased by 4.8% from the same period in the prior year to ¥9.3 billion. Sales of construction business and other products increased.

Operating profit in this segment increased by 50.6% from the same period in the prior year to ¥12.5 billion mainly due to an improvement in plant construction costs.

## 3) Other

Other is mainly comprised of a variety of services.

Revenue in this segment decreased by 2.4% from the same period in the prior year to ¥7.5 billion and accounted for 1.4% of consolidated revenue.

Operating profit in this segment increased by 4.3% from the same period in the prior year to ¥1.0 billion.

## (2) Analysis of Financial Position

Total assets at March 31, 2021 were ¥3,384.6 billion, an increase of ¥195.3 billion from the prior fiscal year-end. With respect to assets, the yen value of assets denominated in foreign currencies, such as finance receivables, increased significantly due to the yen depreciation compared with the prior fiscal year-end. In addition, trade receivables increased due to increased revenue in the domestic and overseas markets.

With respect to liabilities, the yen value of bonds and borrowings denominated in foreign currencies increased mainly due to the yen depreciation compared with the prior fiscal year-end and an increase in working capital. Equity increased due to an improvement in other components of equity along with fluctuations mainly in foreign exchange rates and the accumulation of retained earnings. The ratio of equity attributable to owners of the parent to total assets stood at 46.2%, 0.1 percent lower than the prior fiscal year-end.

## (3) Analysis of Cash Flows

Net cash used in operating activities during the three months ended March 31, 2021 was ¥22.5 billion, a decrease of ¥5.0 billion in net cash outflow compared with the same period in the prior year. This decrease was mainly due to an increase in profit for the period, despite an increase in cash outflow related to an increase in finance receivables and the changes in working capital, such as trade receivables.

Net cash used in investing activities was ¥18.4 billion, a decrease of ¥1.4 billion in net cash outflow compared with the same period in the prior year. This decrease was mainly due to an increase in cash inflow related to net decrease in restricted cash, despite an increase in cash outflow related to acquisition of property, plant, and equipment and intangible assets.

Net cash provided by financing activities was ¥0.8 billion, a decrease of ¥5.3 billion in net cash inflow compared with

the same period in the prior year mainly due to a decrease in funding.

As a result of the above, and after taking into account the effects from exchange rate changes, cash and cash equivalents at March 31, 2021 were ¥190.1 billion, a decrease of ¥32.8 billion from the beginning of the current period.

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

There were no material changes in the outstanding issues for the Company to address during the three months ended March 31, 2021, and no additional issues arose during the period.

#### (5) Research and Development

The Company's research and development expenses for the three months ended March 31, 2021 were ¥13.8 billion. There were no material changes in the Company's research and development activities during the three months ended March 31, 2021.

### 3. Material Contracts

There were no material contracts which were approved for conclusion or concluded for the three months ended March 31, 2021.

### 3. Information on Kubota Corporation

#### 1. Information on the Shares of Kubota Corporation

##### (1) Total Number of Shares

###### 1) Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common shares	1,874,700,000
Total	1,874,700,000

###### 2) Issued Shares

Class	Number of shares issued as of end of period (shares) (March 31, 2021)	Number of shares issued as of filing date (shares) (May 14, 2021)	Stock exchange on which Kubota Corporation is listed	Description
Common shares	1,208,576,846	1,208,576,846	Tokyo Stock Exchange, Inc. (the first section)	The number of shares per one unit of shares is 100 shares.
Total	1,208,576,846	1,208,576,846	—	—

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Date	Changes in the total number of issued shares (thousands of shares)	Balance of the total number of issued shares (thousands of shares)	Changes in common shares (millions of yen)	Balance of common shares (millions of yen)	Changes in capital reserve (millions of yen)	Balance of capital reserve (millions of yen)
From: January 1, 2021	—	1,208,576	¥ —	¥ 84,130	¥ —	¥ 73,117
To: March 31, 2021	—	1,208,576	¥ —	¥ 84,130	¥ —	¥ 73,117

##### (5) Major Shareholders

Not applicable.



## (6) Information on Voting Rights

Information on voting rights on the shareholders' list as of December 31, 2020 is stated in this subsection since Kubota Corporation could not identify the number of voting rights as of March 31, 2021 due to the lack of information.

### 1) Issued Shares

(As of December 31, 2020)

Classification		Number of shares (shares)	Number of voting rights	Description
Shares without voting rights		—	—	—
Shares with restricted voting rights (treasury shares, etc.)		—	—	—
Shares with restricted voting rights (others)		—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares)		—	—
	Common shares:	306,700		
	(Crossholding shares)			
	Common shares:	718,400		
Shares with full voting rights (others)	Common shares:	1,207,284,400	12,072,844	—
Shares less than one unit	Common shares:	267,346	—	Shares less than one unit (100 shares)
Number of issued shares		1,208,576,846	—	—
Total number of voting rights		—	12,072,844	—

(Note)

The *Shares with full voting rights (others)* row includes 1,000 shares (10 voting rights) registered in the name of Japan Securities Depository Center, Incorporated.

### 2) Treasury Shares

(As of December 31, 2020)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
(Treasury share)					
Kubota Corporation	2-47, Shikitsuhashigashi 1-chome, Naniwa-ku, Osaka, JAPAN	306,700	—	306,700	0.03
(Crossholding shares)					
Akita Kubota Corporation	295-38, Terauchikamiyashiki, Akita-shi, Akita, JAPAN	41,400	—	41,400	0.00
Minami Tohoku Kubota Corporation	16-1, Takakura Sugishita, Hiwadamachi, Koriyama-shi, Fukushima, JAPAN	102,000	—	102,000	0.01
Hokuriku Kinki Kubota Corporation	956-1, Shimokashiwanomachi, Hakusan-shi, Ishikawa, JAPAN	9,000	—	9,000	0.00
Fukuoka Kyushu Kubota Corporation	11-36, Noma 1-chome, Minami-ku, Fukuoka, JAPAN	566,000	—	566,000	0.05
Total crossholding shares	—	718,400	—	718,400	0.06
Total	—	1,025,100	—	1,025,100	0.08

## 2. Changes in Directors and Senior Management

There has been no change in Directors nor senior management since the filing date of the Annual Securities Report for the 131<sup>st</sup> business term to March 31, 2021.

(Reference Information)

Kubota Corporation adopted the Executive Officer System. There has been no change in the Executive Officers who do not hold the post of Director since the filing date of the Annual Securities Report for the 131<sup>st</sup> business term to March 31, 2021.

## 4. Financial Information

### 1. Condensed Consolidated Financial Statements

Kubota Corporation and Its Subsidiaries

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

(Unit: millions of yen)

	Notes	March 31, 2021	December 31, 2020
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents		¥ 190,103	¥ 222,919
Trade receivables		678,052	592,027
Finance receivables		335,164	317,626
Other financial assets	5	49,387	49,967
Inventories		412,984	373,998
Income taxes receivable		4,852	9,700
Other current assets		62,017	72,305
<b>Total current assets</b>		<b>1,732,559</b>	<b>1,638,542</b>
<b>Noncurrent assets:</b>			
Investments accounted for using the equity method		36,636	36,124
Finance receivables		879,728	807,342
Other financial assets	5	148,450	138,583
Property, plant, and equipment		434,988	424,672
Goodwill and intangible assets		77,334	72,539
Deferred tax assets		47,089	43,641
Other noncurrent assets		27,850	27,874
<b>Total noncurrent assets</b>		<b>1,652,075</b>	<b>1,550,775</b>
<b>Total assets</b>		<b>¥ 3,384,634</b>	<b>¥ 3,189,317</b>

(Unit: millions of yen)

	Notes	March 31, 2021	December 31, 2020
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Bonds and borrowings		¥ 463,829	¥ 366,038
Trade payables		317,299	323,607
Other financial liabilities	6	92,846	87,445
Income taxes payable		24,401	14,676
Provisions		39,560	39,736
Other current liabilities	7	207,640	194,924
Total current liabilities		1,145,575	1,026,426
<b>Noncurrent liabilities:</b>			
Bonds and borrowings		485,239	508,398
Other financial liabilities	6	29,957	31,537
Retirement benefit liabilities		16,386	16,144
Deferred tax liabilities		31,771	28,088
Other noncurrent liabilities	7	4,577	4,539
Total noncurrent liabilities		567,930	588,706
<b>Total liabilities</b>		<b>1,713,505</b>	<b>1,615,132</b>
<b>Equity:</b>			
Equity attributable to owners of the parent:			
Share capital		84,130	84,130
Share premium		85,215	84,943
Retained earnings		1,354,661	1,325,764
Other components of equity		41,842	(18,162)
Treasury shares		(637)	(636)
Total equity attributable to owners of the parent		1,565,211	1,476,039
Noncontrolling interests		105,918	98,146
<b>Total equity</b>		<b>1,671,129</b>	<b>1,574,185</b>
<b>Total liabilities and equity</b>		<b>¥ 3,384,634</b>	<b>¥ 3,189,317</b>

See notes to condensed consolidated financial statements.

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

Condensed Consolidated Statement of Profit or Loss

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

Three months ended March 31:	Notes	<b>2021</b>		<b>2020</b>	
			%		%
Revenue	8	¥ 537,686	100.0	¥ 439,543	100.0
Cost of sales		(378,262)		(321,818)	
Selling, general, and administrative expenses		(86,841)		(88,068)	
Other income		5,810		3,183	
Other expenses		(670)		(2,382)	
<b>Operating profit</b>		<b>77,723</b>	<b>14.5</b>	<b>30,458</b>	<b>6.9</b>
Finance income		908		1,195	
Finance costs		(313)		(623)	
<b>Profit before income taxes</b>		<b>78,318</b>	<b>14.6</b>	<b>31,030</b>	<b>7.1</b>
Income tax expenses		(21,381)		(8,089)	
Share of profits of investments accounted for using the equity method		530		287	
<b>Profit for the period</b>		<b>¥ 57,467</b>	<b>10.7</b>	<b>¥ 23,228</b>	<b>5.3</b>

**Profit attributable to:**

Owners of the parent		¥ 52,041	9.7	¥ 20,756	4.7
Noncontrolling interests		¥ 5,426	1.0	¥ 2,472	0.6

**Earnings per share attributable to owners of the parent:**

Basic	9	¥ 43.08		¥ 17.01	
Diluted		¥ —		¥ —	

Condensed Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

Three months ended March 31:	Notes	<b>2021</b>		<b>2020</b>	
<b>Profit for the period</b>		<b>¥ 57,467</b>		<b>¥ 23,228</b>	
<b>Other comprehensive income, net of income tax:</b>					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit pension plans		(202)		203	
Net change in fair value of financial assets measured at fair value through other comprehensive income		6,425		(13,408)	
Items that may be reclassified subsequently to profit or loss:					
Exchange rate differences on translating foreign operations		56,371		(34,135)	
<b>Total other comprehensive income, net of income tax</b>		<b>62,594</b>		<b>(47,340)</b>	
<b>Comprehensive income for the period</b>		<b>¥ 120,061</b>		<b>¥ (24,112)</b>	
<b>Comprehensive income attributable to:</b>					
Owners of the parent		¥ 111,845		¥ (20,342)	
Noncontrolling interests		¥ 8,216		¥ (3,770)	

See notes to condensed consolidated financial statements.

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

(Unit: millions of yen)

	Notes	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Noncontrolling interests	Total equity
		Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares			
<b>Balance as of January 1, 2021</b>		¥ 84,130	¥ 84,943	¥ 1,325,764	¥ (18,162)	¥ (636)	¥ 1,476,039	¥ 98,146	¥ 1,574,185
Profit for the period				52,041			52,041	5,426	57,467
Total other comprehensive income, net of income tax					59,804		59,804	2,790	62,594
<b>Comprehensive income for the period</b>				52,041	59,804		111,845	8,216	120,061
Transfer to retained earnings				(187)	187		—		—
Dividends paid	10			(22,957)			(22,957)	(183)	(23,140)
Purchases and sales of treasury shares						(1)	(1)		(1)
Share-based payments with transfer restrictions			28				28		28
Changes in ownership interests in subsidiaries			244		13		257	(261)	(4)
<b>Balance as of March 31, 2021</b>		¥ 84,130	¥ 85,215	¥ 1,354,661	¥ 41,842	¥ (637)	¥ 1,565,211	¥ 105,918	¥ 1,671,129
<b>Balance as of January 1, 2020</b>		¥ 84,130	¥ 84,671	¥ 1,238,824	¥ 35,849	¥ (637)	¥ 1,442,837	¥ 94,377	¥ 1,537,214
Profit for the period				20,756			20,756	2,472	23,228
Total other comprehensive income, net of income tax					(41,098)		(41,098)	(6,242)	(47,340)
<b>Comprehensive income for the period</b>				20,756	(41,098)		(20,342)	(3,770)	(24,112)
Transfer to retained earnings				1,434	(1,434)		—		—
Dividends paid	10			(23,185)			(23,185)	(50)	(23,235)
Share-based payments with transfer restrictions			24				24		24
Changes in ownership interests in subsidiaries			719		33		752	(853)	(101)
<b>Balance as of March 31, 2020</b>		¥ 84,130	¥ 85,414	¥ 1,237,829	¥ (6,650)	¥ (637)	¥ 1,400,086	¥ 89,704	¥ 1,489,790

See notes to condensed consolidated financial statements.

## (4) Condensed Consolidated Statement of Cash Flows

(Unit: millions of yen)

Three months ended March 31:	Notes	2021	2020
<b>Cash flows from operating activities:</b>			
Profit for the period		¥ 57,467	¥ 23,228
Depreciation and amortization		17,541	16,527
Profit or loss from disposal of property, plant, and equipment and intangible assets, net		230	(2,316)
Finance income and costs		(523)	(692)
Income tax expenses		21,381	8,089
Share of profits of investments accounted for using the equity method		(530)	(287)
Increase in trade receivables		(73,225)	(31,481)
(Increase) decrease in finance receivables		(19,714)	12,539
Increase in inventories		(22,449)	(14,977)
Decrease in other assets		10,606	9,346
Decrease in trade payables		(12,642)	(39,988)
Increase in other liabilities		7,959	6,953
Net changes in retirement benefit assets and liabilities		129	211
Other, net		(1,331)	(145)
Interest received		425	588
Dividends received		80	253
Interest paid		(171)	(388)
Income taxes paid, net		(7,692)	(14,959)
Net cash used in operating activities		(22,459)	(27,499)
<b>Cash flows from investing activities:</b>			
Payments for acquisition of property, plant, and equipment		(15,576)	(11,451)
Payments for acquisition of intangible assets		(6,787)	(4,472)
Proceeds from sales of property, plant, and equipment		1,358	3,798
Payments for acquisition of securities		(308)	(419)
Proceeds from sales and redemptions of securities		10	2,022
Payments for loans receivable from associates		(9,800)	(15,550)
Collection of loans receivable from associates		8,408	11,800
Payments for time deposits		(6,026)	(10,706)
Proceeds from withdrawal of time deposits		202	5,603
Net decrease in restricted cash		10,163	1,332
Payments for acquisition of short-term investments		—	(2,789)
Proceeds from sales and redemptions of short-term investments		—	1,032
Other, net		(8)	7
Net cash used in investing activities		(18,364)	(19,793)
<b>Cash flows from financing activities:</b>			
Funding from bonds and long-term borrowings		37,507	45,286
Redemptions of bonds and repayments of long-term borrowings		(55,214)	(53,406)
Net increase in short-term borrowings		44,526	39,974
Repayments for lease liabilities		(4,406)	(3,773)
Dividends paid	10	(22,957)	(23,185)
Other, net		1,359	1,256
Net cash provided by financing activities		815	6,152
<b>Effect of exchange rate changes on cash and cash equivalents</b>		7,192	(7,065)
<b>Net decrease in cash and cash equivalents</b>		(32,816)	(48,205)
<b>Cash and cash equivalents, at the beginning of the period</b>		222,919	199,665
<b>Cash and cash equivalents, at the end of the period</b>		¥ 190,103	¥ 151,460

See notes to condensed consolidated financial statements.

# Notes to Condensed Consolidated Financial Statements

Kubota Corporation and Its Subsidiaries

## 1. REPORTING ENTITY

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Kubota Corporation (the “Parent Company”) is an entity located in Japan. The Parent Company and its subsidiaries (the “Company”) manufacture and sell a comprehensive range of machinery and other industrial and consumer products, including farm equipment, engines, construction machinery, pipe-related products and environment-related products.

The Company manufactures its products not only in Japan, but also in overseas countries, including the United States, France, Germany, China, Thailand, and other countries, and sells its products in Japan, North America, Europe, Asia, and other countries.

## 2. BASIS OF FINANCIAL STATEMENTS

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### **Compliance with International Financial Reporting Standards (“IFRS”)**

The condensed consolidated financial statements of the Company are prepared in accordance with International Accounting Standard (“IAS”) 34, as permitted by the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (the “Ordinance”) since the Company is fully qualified as a *Specified Company under Designated International Financial Reporting Standards* pursuant to the provision of Article 1-2 of the Ordinance. Since they do not include all the information and disclosures required for a complete set of financial statements, they should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

### **Basis of Measurement**

Except for the items measured at fair value, such as financial instruments, the Company’s condensed consolidated financial statements are prepared on a historical cost basis.

### **Functional Currency and Presentation Currency**

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

### **Significant Accounting Judgements, Estimates, and Assumptions**

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

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

The significant accounting judgements, estimates, and assumptions made in preparing the condensed consolidated financial statements are consistent with those made in preparing the consolidated financial statements for the year ended December 31, 2020.

Although there are no signs of an end to the spread of COVID-19, the Company expects the impact on its business activities to improve in the current financial year. Therefore, at the end of the reporting period, there is no material impact of COVID-19 infection on the Company’s accounting judgements, estimates and assumptions.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies applied on the condensed consolidated financial statements are consistent with those applied on the consolidated financial statements for the year ended December 31, 2020.

Income taxes on a quarterly basis are computed using the estimated annual effective tax rate.



#### 4. SEGMENT INFORMATION

The Company engages in various fields of business and industries by providing products and services that are categorized into the following three segments: Farm & Industrial Machinery, Water & Environment, and Other. The Farm & Industrial Machinery segment manufactures and distributes farm equipment, agricultural-related products, engines, and construction machinery. The Water & Environment segment manufactures and distributes pipe- and infrastructure-related products (ductile iron pipes, plastic pipes, valves for public sector, industrial castings, spiral welded steel pipes, air-conditioning equipment, and other products), and environment-related products (environmental control plants, pumps, valves for private sector and other products). The Other segment offers a variety of services.

Financial information of these segments is utilized on a regular basis by the chief operating decision-maker in determining how to allocate the Company's resources and evaluate performance. The segments also represent the Company's organizational structure, principally based on the nature of products and services.

The accounting policies for the reportable segments are consistent with the accounting policies used in the Company's condensed consolidated financial statements.

Beginning with this period, in conformity with the change in the business reporting structure of the Company, the amounts related to "Financial services businesses" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Other" segment. The information for the prior period has been retrospectively adjusted to conform to the current fiscal year's presentation.

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Three months ended March 31:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
<b>2021:</b>					
Revenue:					
External customers	¥ 444,453	¥ 85,701	¥ 7,532	¥ —	¥ 537,686
Intersegment	65	503	7,136	(7,704)	—
Total	444,518	86,204	14,668	(7,704)	537,686
Operating profit	¥ 68,085	¥ 12,497	¥ 1,010	¥ (3,869)	¥ 77,723
<b>2020:</b>					
Revenue:					
External customers	¥ 346,970	¥ 84,852	¥ 7,721	¥ —	¥ 439,543
Intersegment	43	271	7,022	(7,336)	—
Total	347,013	85,123	14,743	(7,336)	439,543
Operating profit	¥ 30,523	¥ 8,298	¥ 968	¥ (9,331)	¥ 30,458

(Notes)

1. *Adjustments* include items such as the elimination of intersegment transfers and corporate expenses which are not allocated to any particular reportable segment. The corporate expenses included in *Adjustments* consist mainly of administration department expenses, basic research expenses, and foreign exchange gains or losses incurred by the Parent Company.
2. The aggregated amounts of operating profit are equal to those presented in the condensed consolidated statement of profit or loss. Please refer to the condensed consolidated statement of profit or loss for the reconciliation of operating profit to profit before income taxes.
3. Intersegment transfers are recorded at values that approximate market prices.

## 5. OTHER FINANCIAL ASSETS

Other financial assets are composed of the following:

	(Unit: millions of yen)	
	March 31, 2021	December 31, 2020
Financial assets measured at amortized cost:		
Long-term trade accounts receivable	¥ 37,757	¥ 37,873
Time deposits	28,823	22,063
Restricted cash*	4,089	13,177
Others	18,312	16,599
Financial assets measured at fair value through other comprehensive income:		
Equity financial assets	107,455	97,906
Financial assets measured at fair value through profit or loss:		
Derivatives	1,401	932
<b>Total</b>	<b>¥ 197,837</b>	<b>¥ 188,550</b>
Current assets	49,387	49,967
Noncurrent assets	148,450	138,583

(Note)

\* Deposits pledged as collateral that are restricted from their withdrawal and advances received for public work that are restricted from their usage.

## 6. OTHER FINANCIAL LIABILITIES

Other financial liabilities are composed of the following:

	(Unit: millions of yen)	
	March 31, 2021	December 31, 2020
Financial liabilities measured at amortized cost:		
Lease liabilities	¥ 40,858	¥ 42,128
Notes and accounts payable for capital expenditures	35,835	35,184
Deposits received	24,175	22,627
Others	13,938	13,474
Financial liabilities measured at fair value through profit or loss:		
Derivatives	7,997	5,569
<b>Total</b>	<b>¥ 122,803</b>	<b>¥ 118,982</b>
Current liabilities	92,846	87,445
Noncurrent liabilities	29,957	31,537

## 7. OTHER LIABILITIES

Other liabilities are composed of the following:

	(Unit: millions of yen)	
	March 31, 2021	December 31, 2020
Employment benefit obligation	¥ 53,550	¥ 46,791
Accrued expenses	39,801	40,028
Refund liabilities	33,917	31,999
Contract liabilities	19,011	17,810
Others	65,938	62,835
<b>Total</b>	<b>¥ 212,217</b>	<b>¥ 199,463</b>
Current liabilities	207,640	194,924
Noncurrent liabilities	4,577	4,539

## 8. 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)

<b>Three months ended March 31, 2021</b>	Japan	North America	Europe	Asia outside Japan	Other area	Total
Farm equipment and engines	¥ 66,943	¥ 122,645	¥ 44,530	¥ 89,175	¥ 13,743	¥ 337,036
Construction machinery	8,462	41,761	24,748	6,252	5,670	86,893
<b>Farm &amp; Industrial Machinery</b>	<b>75,405</b>	<b>164,406</b>	<b>69,278</b>	<b>95,427</b>	<b>19,413</b>	<b>423,929</b>
Pipe- and infrastructure-related products	35,969	2,417	466	3,110	1,400	43,362
Environment-related products	40,443	15	85	1,527	269	42,339
<b>Water &amp; Environment</b>	<b>76,412</b>	<b>2,432</b>	<b>551</b>	<b>4,637</b>	<b>1,669</b>	<b>85,701</b>
<b>Other</b>	<b>7,522</b>	<b>1</b>	<b>—</b>	<b>8</b>	<b>1</b>	<b>7,532</b>
Revenue recognized from:						
Contracts with customers	159,339	166,839	69,829	100,072	21,083	517,162
Other sources of revenue	700	13,399	—	6,100	325	20,524
<b>Total</b>	<b>¥ 160,039</b>	<b>¥ 180,238</b>	<b>¥ 69,829</b>	<b>¥ 106,172</b>	<b>¥ 21,408</b>	<b>¥ 537,686</b>

(Unit: millions of yen)

<b>Three months ended March 31, 2020</b>	Japan	North America	Europe	Asia outside Japan	Other area	Total
Farm equipment and engines	¥ 57,578	¥ 107,814	¥ 37,823	¥ 56,837	¥ 7,106	¥ 267,158
Construction machinery	8,088	26,444	21,076	4,147	1,295	61,050
<b>Farm &amp; Industrial Machinery</b>	<b>65,666</b>	<b>134,258</b>	<b>58,899</b>	<b>60,984</b>	<b>8,401</b>	<b>328,208</b>
Pipe- and infrastructure-related products	42,124	2,360	509	2,537	1,717	49,247
Environment-related products	33,861	134	88	1,206	316	35,605
<b>Water &amp; Environment</b>	<b>75,985</b>	<b>2,494</b>	<b>597</b>	<b>3,743</b>	<b>2,033</b>	<b>84,852</b>
<b>Other</b>	<b>7,709</b>	<b>1</b>	<b>1</b>	<b>10</b>	<b>—</b>	<b>7,721</b>
Revenue recognized from:						
Contracts with customers	149,360	136,753	59,497	64,737	10,434	420,781
Other sources of revenue	667	12,360	—	5,388	347	18,762
<b>Total</b>	<b>¥ 150,027</b>	<b>¥ 149,113</b>	<b>¥ 59,497</b>	<b>¥ 70,125</b>	<b>¥ 10,781</b>	<b>¥ 439,543</b>

Revenue recognized from other sources of revenue includes revenue from retail finance and revenue from finance lease using effective interest rate method. The amounts of the above revenue are ¥14,817 million and ¥14,064 million for the three months ended March 31, 2021 and 2020, respectively.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The Company adopted a restricted stock compensation plan (the "Plan") for the Company's Directors. Among the shares given under the Plan, contingently returnable shares are distinguished as participating equity instruments from common shares.

Each common share and participating equity instrument have the same right to profit attributable to owners of the parent.

The numerator and denominator used to calculate basic earnings per share attributable to owners of the parent are presented in the following table:

Three months ended March 31:	2021	2020
		(Unit: millions of yen)
Profit attributable to owners of the parent	¥ 52,041	¥ 20,756
Profit attributable to participating equity instruments	—	—
Profit attributable to common shareholders	¥ 52,041	¥ 20,756
		(Unit: thousands of shares)
Weighted-average number of common shares issued	1,207,933	1,219,928
Weighted-average number of participating equity instruments	8	5
Weighted-average number of common shares outstanding	1,207,925	1,219,923

Earnings per share attributable to owners of the parent—Diluted is not stated because the Parent Company did not have potentially dilutive common shares that were outstanding during the period.

## 10. DIVIDENDS

Dividends paid are as follows:

### Three months ended March 31, 2021

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

### Three months ended March 31, 2020

Date of resolution	Class of shares	Dividends (millions of yen)	Dividends per common share (yen)	Record date	Effective date
The Meeting of the Board of Directors on February 14, 2020	Common shares	¥ 23,185	¥ 19.00	December 31, 2019	March 23, 2020

## 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

### Financial instruments measured at fair value

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

(Unit: millions of yen)

	March 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets measured at fair value through other comprehensive income:				
Equity financial assets	¥ 99,960	¥ —	¥ 7,495	¥ 107,455
Financial assets measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	—	1,178	—	1,178
Cross-currency interest rate swap contracts	—	223	—	223
<b>Total</b>	<b>¥ 99,960</b>	<b>¥ 1,401</b>	<b>¥ 7,495</b>	<b>¥ 108,856</b>
<b>Financial liabilities:</b>				
Financial liabilities measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 5,255	¥ —	¥ 5,255
Interest swap contracts	—	1,469	—	1,469
Cross-currency interest rate swap contracts	—	1,273	—	1,273
<b>Total</b>	<b>¥ —</b>	<b>¥ 7,997</b>	<b>¥ —</b>	<b>¥ 7,997</b>

(Unit: millions of yen)

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets measured at fair value through other comprehensive income:				
Equity financial assets	¥ 92,124	¥ —	¥ 5,782	¥ 97,906
Financial assets measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	—	817	—	817
Cross-currency interest rate swap contracts	—	115	—	115
<b>Total</b>	<b>¥ 92,124</b>	<b>¥ 932</b>	<b>¥ 5,782</b>	<b>¥ 98,838</b>
<b>Financial liabilities:</b>				
Financial liabilities measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 873	¥ —	¥ 873
Interest swap contracts	—	1,803	—	1,803
Cross-currency interest rate swap contracts	—	2,893	—	2,893
<b>Total</b>	<b>¥ —</b>	<b>¥ 5,569</b>	<b>¥ —</b>	<b>¥ 5,569</b>

Equity financial assets classified in Level 1 are measured at fair value using quoted prices for identical assets in active markets.

Derivatives are classified in Level 2 since they are measured at fair value using observable market inputs obtained from major international financial institutions.

Equity financial assets 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 6.0 to 22.3), 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 three months ended March 31, 2021 and 2020.

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

(Unit: millions of yen)				
<b>Three months ended March 31:</b>				
		<b>2021</b>		<b>2020</b>
Balance at the beginning of the period	¥	5,782	¥	2,632
Gains or losses*		1,417		763
Purchases		308		30
Sales		(12)		(90)
Balance at the end of the period	¥	7,495	¥	3,335

(Note)

\* Gains or losses are those related to unlisted equity securities held as of March 31, 2021 and 2020, and included in net change in fair value of financial assets measured at fair value through other comprehensive income in the condensed consolidated statement of comprehensive income.

#### Financial instruments measured at amortized cost

The following table summarizes the carrying amount and fair value of financial instruments measured at amortized cost:

(Unit: millions of yen)				
	<b>March 31, 2021</b>		<b>December 31, 2020</b>	
	Carrying Amount	Fair value	Carrying amount	Fair value
Finance receivables:				
Retail finance receivables	¥ 910,708	¥ 916,215	¥ 832,540	¥ 840,907
Finance lease receivables	304,184	359,758	292,428	345,581
Long-term trade accounts receivable	66,043	70,466	70,767	75,464
Bonds and borrowings	949,068	954,808	874,436	883,983

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. Long-term trade accounts receivable in the above table includes the current portion, which is included in trade receivables in the condensed consolidated statement of financial position.

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

## 12. COMMITMENTS AND CONTINGENT LIABILITIES

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### Legal Proceedings

From May 2007, the Company has been subject to 43 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 nine lawsuits, the Company won the cases in the first instance and in the appellate court, and the appellate court decision has become final as the plaintiffs' motion for acceptance of appeal was rejected. Other 34 cases are still ongoing, and the total claims for compensation of all lawsuits aggregate to ¥20,801 million, which relate to 543 construction workers who suffered from asbestos-related diseases.

15 among 34 lawsuits were compiled into five cases, the first instance ordered the Company to pay compensation damages of ¥2 million under judgement for one case, and others decided in favor of the Company. However, all cases were appealed to the appellate court. One case, the appellate court ordered the Company to pay compensation damages of ¥7 million under the judgement. Apart from the above case, two appellate courts ruled in favor of the Company, but the plaintiffs of all cases appealed to the supreme courts.

The Company reviews the status of each lawsuit on a regular basis by consulting with a third-party legal counsel. However, due to the aforementioned reasons, the Company believes that it is currently unable to predict the ultimate outcome of all lawsuits.

The Company does not have any cost-sharing arrangements with other potentially responsible parties, including the government, for these 43 lawsuits.

### Matters Related to the Health Hazards of Asbestos

The Company's plant in Amagasaki, Hyogo Prefecture, Japan, previously produced asbestos-related products. The Company decided to make voluntary consolation payments to certain residents in June 2005, and established a relief payment program in place as a voluntary consolation payment to the residents in April 2006. 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 its effort to develop an estimate of future asbestos-related expenditures, the Company has considered all available data, including a time series of historical claims and payments, the rate of incidence of asbestos-related disease, and public information related to asbestos-related disease. However, the health hazards of asbestos tend to have a longer incubation period, and therefore, reliable statistics related to the rate of incidence in asbestos-related disease are not available to the Company. Furthermore, since there have not been any asbestos-related events impacting other companies in Japan for which all claims have been finalized, for estimation of the rate of incidence, the Company believes it is not possible to decide the range of the final possible outcome in the future. For these reasons, the Company believes it is not possible to reliably estimate the amount of its ultimate liability, and the Company does not accrue on this contingency.

The Law for the Relief of Patients Suffering from Asbestos-Related Diseases (the "New Asbestos Law") was established by the Japanese government, and the contributions made by business entities include a special contribution by the companies which operated a business closely related to asbestos, and commenced from the year ended March 31, 2008.

The Company accrues asbestos-related expenses when the Company receives the related claims, which include possible payments to certain residents who lived near the Company's plant and current and former employees, and the special contribution in accordance with the New Asbestos Law. The accrued balances for those expenses are ¥151 million and ¥222 million at March 31, 2021 and December 31, 2020, respectively. The asbestos-related expenses recognized for the three months ended March 31, 2021 and 2020 were ¥285 million and ¥189 million, respectively.

### 13. SUBSEQUENT EVENTS

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On April 20, 2021, pursuant to the provisions of the Article 165, Paragraph 2 of the Companies Act, the Board of Directors of the Parent Company resolved to acquire in the market up to 11 million shares and at a total price up to ¥20,000 million of the Parent Company's outstanding common shares on and after April 21, 2021 through December 15, 2021.

### 14. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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The condensed consolidated financial statements were approved on May 14, 2021 by Yuichi Kitao, President and Representative Director of the Parent Company, and Masato Yoshikawa, Director and Senior Managing Executive Officer, General Manager of Planning & Control Headquarters of the Parent Company.



## 2. Other

On February 15, 2021, the Board of Directors of the Parent Company resolved and paid dividends as follows:

### 1) Shareholders to Be Paid Dividends

Shareholders of record on December 31, 2020

### 2) Amount of Dividends

¥19.00 per common share, a total of ¥22,957 million

### 3) Effective Date of Claim of Payment and Start Date of Payment

March 22, 2021

COVER

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	May 14, 2021
[Company Name]	Kabushiki Kaisha Kubota
[Company Name in English]	Kubota Corporation
[Title and Name of Representative]	Yuichi Kitao, President and Representative Director
[Title and Name of CFO]	Masato Yoshikawa, Director and Senior Managing Executive Officer General Manager of Planning & Control Headquarters
[Address of Head Office]	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN
[Place Where Available for Public Inspection]	Kubota Corporation, Tokyo Head Office (1-3, Kyobashi 2-chome, Chuo-ku, Tokyo, JAPAN)  Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo, JAPAN)

## 1. Matters Related to Adequacy of Statements Contained in the Quarterly Report

Yuichi Kitao, President and Representative Director, and Masato Yoshikawa, Director and Senior Managing Executive Officer, General Manager of Planning & Control Headquarters, confirmed that statements contained in the Quarterly Report for the first quarter of the 132<sup>nd</sup> business term (from January 1, 2021 to March 31, 2021) were adequate under the Financial Instruments and Exchange Act of Japan.

## 2. Special Notes

Not applicable.