FOR IMMEDIATE RELEASE

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RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2019 [IFRS]

Kubota Corporation hereby reports its consolidated results for the year ended December 31, 2019.

Consolidated Financial Highlights

1. Consolidated financial highlights for the year ended December 31, 2019

(1) Consolidated results of operations

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

	Year ended Dec. 31, 2019	Change [%]	Year ended Dec. 31, 2018	Change [%]
Revenue	¥ 1,920,042	3.8	¥ 1,850,316	5.7
Operating profit	¥ 201,654	6.5	¥ 189,314	(5.3)
% of revenue	10.5%		10.2%	
Profit before income taxes	¥ 209,022	6.0	¥ 197,230	(7.8)
% of revenue	10.9%		10.7%	
Profit for the year	¥ 159,091	6.0	¥ 150,145	4.8
% of revenue	8.3%		8.1%	
Profit attributable to owners of the parent	¥ 149,061	7.6	¥ 138,595	3.3
% of revenue	7.8%		7.5%	
Comprehensive income for the year	¥ 181,200	85.6	¥ 97,605	(39.5)
% of revenue	9.4%		5.3%	
Earnings per share attributable to owners of the parent:				
Basic	¥ 121.59		¥ 112.44	
Diluted	-		¥ 112.44	
Ratio of profit attributable to owners of the parent to equity attributable to owners of the parent	10.7%		10.5%	
Ratio of profit before income taxes to total assets	6.9%		6.9%	

(2) Consolidated financial position

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

	Dec. 31, 2019	Dec. 31, 2018
Total assets	¥ 3,139,318	¥ 2,895,655
Total equity	¥ 1,537,214	¥ 1,426,433
Equity attributable to owners of the parent	¥ 1,442,837	¥ 1,339,850
Ratio of equity attributable to owners of the parent to total assets	46.0%	46.3%
Equity attributable to owners of the parent per share	¥ 1,182.72	¥ 1,087.44

(3) Consolidated cash flows

(Unit: millions of yen)

	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
Net cash provided by operating activities	¥ 82,410	¥ 89,148
Net cash used in investing activities	(¥ 91,470)	(¥ 58,756)
Net cash used in financing activities	(¥ 21,515)	(¥ 27,816)
Cash and cash equivalents, at the end of the year	¥ 199,665	¥ 229,123

Notes:

1. Change [%] represents the percentage change from the prior year.
2. Share of profits of investments accounted for using the equity method for the year ended December 31, 2019 and 2018 was ¥3,071 million and ¥2,034 million, respectively.
3. Amounts less than one million yen are rounded.

2. Cash dividends

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

	Cash dividends per share					Annual cash dividends	Payout ratio	Ratio of dividends to equity attributable to owners of the parent
	First quarter period	Second quarter period	Third quarter period	Year-end	Total			
Year ended Dec. 31, 2019	—	¥ 17.00	—	¥ 19.00	¥ 36.00	¥ 44,065	29.6%	3.2%
Year ended Dec. 31, 2018	—	¥ 16.00	—	¥ 18.00	¥ 34.00	¥ 41,903	30.2%	3.2%

Note:

Although Kubota Corporation's basic policy for the return of profit to shareholders is to maintain stable dividends and raise dividends, the specific amount of cash dividends for each fiscal year is decided in consideration of the development of business performance, financial condition, and shareholder return ratio calculated from dividends and retirement of its own shares.

3. Forecasts of operations for the year ending December 31, 2020

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

	Six months ending June 30, 2020	Change [%]	Year ending Dec. 31, 2020	Change [%]
Revenue	¥ 970,000	(0.1)	¥ 1,950,000	1.6
Operating profit	¥ 93,000	(16.2)	¥ 200,000	(0.8)
Profit before income taxes	¥ 96,000	(16.3)	¥ 207,000	(1.0)
Profit attributable to owners of the parent	¥ 68,000	(16.2)	¥ 148,000	(0.7)
Earnings per share attributable to owners of the parent - basic	¥ 55.74		¥ 121.32	

Notes:

1. Change [%] represents the percentage change from the prior year.
2. Please refer to the accompanying materials, "1. Review of operations and financial condition (1) Review of operations c) Forecasts for the year ending December 31, 2020" on page 6 for further information related to the forecasts of operations.

4. Other information

(1) Changes in significant subsidiaries during the year (changes in specified subsidiaries resulting in the changes in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates
  a) Changes in accounting policies required by International Financial Reporting Standards (hereinafter "IFRS"): Yes
  b) Changes in accounting policies due to reasons other than a) above: None
  c) Changes in accounting estimates: None

Note:
Please refer to the accompanying materials, "3. Consolidated financial statements (7) Notes to consolidated financial statements " on page 15.

(3) Number of common shares issued

a) Number of common shares issued including treasury shares as of December 31, 2019	:	1,220,576,846
Number of common shares issued including treasury shares as of December 31, 2018	:	1,232,556,846
b) Number of treasury shares as of December 31, 2019	:	648,716
Number of treasury shares as of December 31, 2018	:	439,464
c) Weighted-average number of common shares outstanding during the year ended December 31, 2019	:	1,225,875,217
Weighted-average number of common shares outstanding during the year ended December 31, 2018	:	1,232,620,297

Note:
Please refer to the accompanying materials "3. Consolidated financial statements (9) Per common share information" on page 19.

(Reference) Non consolidated financial highlights

(1) Results of operations (Unit: millions of yen, except per common share amounts)

	Year ended Dec. 31, 2019	Change [%]	Year ended Dec. 31, 2018	Change [%]
Net sales	¥ 897,574	1.4	¥ 885,385	4.9
Operating income	¥ 25,169	(48.0)	¥ 48,442	(41.0)
Ordinary income	¥ 73,245	(19.2)	¥ 90,702	(28.8)
Net income	¥ 58,261	(21.2)	¥ 73,890	(22.6)
Net income per common share				
Basic	¥ 47.51		¥ 59.92	
Diluted	-		¥ 59.92	

(2) Financial position (Unit: millions of yen, except per common share amounts)

	Dec. 31, 2019	Dec. 31, 2018
Total assets	¥ 1,166,239	¥ 1,171,285
Net assets	¥ 622,537	¥ 626,716
Ratio of equity to total assets	53.4%	53.5%
Net assets per common share	¥ 510.16	¥ 508.51

Note:
1. Amounts are rounded down to the nearest million yen.
2. Kubota Corporation adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidances from the the fiscal year ended December 31, 2019. To reflect the impact of these changes, Kubota Corporation has retrospectively adjusted the amounts for the fiscal year ended December 31, 2018.

(Information on the status of the audit by the independent auditor)
This release is not subject to the audit by the independent auditor.

(Method of obtaining supplementary materials on the financial results)
Kubota Corporation plans to hold a result briefing for institutional investors and securities analysts on February 19, 2020. The supplementary material will be published on the Company's website after the briefing immediately.

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

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1. Review of operations and financial condition

(1) Review of operations

a) Summary of the results of operations for the year ended December 31, 2019

For the year ended December 31, 2019, revenue of Kubota Corporation and its subsidiaries (hereinafter, the "Company") increased by ¥69.7 billion [3.8%] from the prior year to ¥1,920.0 billion.

Domestic revenue increased by ¥48.0 billion [8.3%] from the prior year to ¥625.4 billion because revenue in Water & Environment, whose businesses are mainly related to public works projects, increased mainly due to significantly increased sales of environment-related products and strong sales of ductile iron pipes. In addition, revenue in Farm & Industrial Machinery also increased mainly due to solid sales of farm equipment and engines.

Overseas revenue increased by ¥21.7 billion [1.7%] from the prior year to ¥1,294.7 billion mainly due to strong sales of tractors and construction machinery along with gradual economic expansion in the United States while there were some negative impacts mainly of the yen appreciation and inclement weather. As a result, overseas revenue accounted for 67.4% of consolidated revenue, which decreased by 1.4 percentage points from the prior year.

Operating profit increased by ¥12.3 billion [6.5%] from the prior year to ¥201.7 billion. This increase was mainly due to some positive effects from increased sales in the domestic and overseas markets, raised product prices, and decreased sales promotion expenses resulting from declined interest rates in the United States. These positive effects compensated for some negative effects such as increased fixed costs and the yen appreciation. Profit before income taxes increased by ¥11.8 billion [6.0%] from the prior year to ¥209.0 billion because operating profit increased. Income tax expenses were ¥53.0 billion. Share of profits of investments accounted for using the equity method was ¥3.1 billion. Profit for the year increased by ¥8.9 billion [6.0%] from the prior year to ¥159.1 billion. Profit attributable to owners of the parent increased by ¥10.5 billion [7.6%] from the prior year to ¥149.1 billion.

b) Review of operations by reportable segment

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 2.9% from the prior year to ¥1,572.6 billion, and accounted for 81.9% of consolidated revenue.

Domestic revenue increased by 3.8% from the prior year to ¥320.6 billion because sales of farm equipment and engines increased. In addition, sales of construction machinery, whose production and shipment had been delayed due to typhoon, also increased from the prior year.

Overseas revenue increased by 2.7% from the prior year to ¥1,252.0 billion. In North America, sales of construction machinery and tractors increased significantly because the solid market condition continued. In addition, there were some positive effects mainly from the realization in shipments of some products, which had been delayed due to typhoon in the prior year, in this year and newly introduced model of construction machinery. In Europe, revenue decreased due to a negative effect from the yen appreciation against the Euro and the British pound sterling. Revenue on a local currency basis was almost at the same level as the prior year due to strong sales of tractors and construction machinery in France and Germany, while there were some negative impacts of adverse reaction from rushed demand for engines caused by tightening of emission regulations in the prior year and stagnated demand for construction machinery in the United Kingdom along with a concern about economic downturn caused by Brexit. In

Asia outside Japan, revenue decreased from the prior year mainly due to stagnant sales of combine harvesters and construction machinery in China while sales of farm equipment and construction machinery increased in Thailand. In Other areas, sales of construction machinery and tractors in Australia decreased because of drought and economic downturn.

Operating profit in this segment increased by 1.8% from the prior year to ¥204.5 billion due to some positive effects mainly from increased sales in the domestic and overseas markets, raised product prices, and decreased sales promotion expenses resulting from declined interest rates in the United States, which compensated for some negative effects from increased fixed costs and the yen appreciation.

2) Water & Environment

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

Revenue in this segment increased by 8.0% from the prior year to ¥315.7 billion, and accounted for 16.4% of consolidated revenue.

Domestic revenue increased by 14.7% from the prior year to ¥273.5 billion. In pipe- and infrastructure-related products, revenue from ductile iron pipes and construction business increased. Revenue in environment-related products increased significantly due to sales of construction of waste disposal and treatment facility in Futaba Town, Fukushima Prefecture.

Overseas revenue decreased by 21.6% from the prior year to ¥42.3 billion mainly due to a decrease in export sales of ductile iron pipes to the Middle East and sales of wastewater treatment plants (Johkasou) in China.

Operating profit in this segment increased by 34.5% from the prior year to ¥26.7 billion mainly due to significantly increased sales in the domestic markets.

3) Other

Other is mainly comprised of a variety of services.

Revenue in this segment increased by 4.1% from the prior year to ¥31.6 billion, and accounted for 1.7% of consolidated revenue.

Operating profit in this segment increased by 20.2% from the prior year to ¥3.6 billion.

c) Forecasts for the year ending December 31, 2020

Consolidated revenue for the year ending December 31, 2020 is forecast to increase by ¥30.0 billion from the prior year to ¥1,950.0 billion. Domestic revenue is expected to grow because of an increase in revenue in Farm & Industrial Machinery. On the other hand, revenue in Water & Environment is expected to decrease due to lower sales of environment-related products. Overseas revenue is expected to grow due to an increase in revenue in Farm & Industrial Machinery in North America and Asia outside Japan, and an increase in revenue in Water & Environment.

Operating profit is forecast to decrease by ¥1.7 billion from the prior year to ¥200.0 billion due to some negative effects such as the yen appreciation and deterioration in profitability in manufacturing bases resulting from a reduction in production along with the Typhoon No.19, while there is expected to be a positive effect from an increase in sales in the domestic and overseas markets. Profit before income taxes is forecast to decrease by ¥2.0 billion from the prior year to ¥207.0 billion. Profit attributable to owners of the parent is forecast to decrease by ¥1.1 billion from the prior year to ¥148.0 billion.

The negative impact of the spread of the novel coronavirus is not included in these forecasts because it is difficult to estimate any impact on the Company’s operating results.

(These forecasts are based on the assumption of exchange rates of ¥108=US$1 and ¥120=€1.)

(2) Financial condition

a) Assets, liabilities, and equity

Total assets as of December 31, 2019 were ¥3,139.3 billion, an increase of ¥243.7 billion from the prior fiscal year-end. With respect to assets, finance receivables increased mainly due to the expansion in sales financing operations in North America and Thailand, where retail sales were strong, while cash and cash equivalents decreased mainly due to an increase in working capital. In addition, property, plant, and equipment also increased mainly due to recognition of right-of-use assets along with adoption of International Financial Reporting Standards 16, *Leases* (hereinafter, "IFRS 16").

With respect to liabilities, bonds and borrowings increased. In addition, other financial liabilities increased due to recognition of lease liabilities along with adoption of IFRS 16 as well. Equity increased due to the accumulation of retained earnings. The ratio of equity attributable to owners of the parent to total assets stood at 46.0%, 0.3 percentage points lower than the prior fiscal year-end.

b) Cash flows

Net cash provided by operating activities during the year ended December 31, 2019 was ¥82.4 billion, a decrease of ¥6.7 billion in net cash inflow compared with the prior year. This decrease resulted from the changes in working capital, such as trade payables, while profit for the year increased.

Net cash used in investing activities was ¥91.5 billion, an increase of ¥32.7 billion in net cash outflow compared with the prior year. This increase was mainly due to an increase in cash outflow related to acquisition of property, plant, and equipment and intangible assets.

Net cash used in financing activities was ¥21.5 billion, a decrease of ¥6.3 billion in net cash outflow compared with the prior year. This decrease was mainly due to an increase in funding despite an increase in purchases of treasury shares and repayments of lease liabilities along with adoption of IFRS 16.

As a result of the above, and after taking into account the effects from exchange rate changes, cash and cash equivalents as of December 31, 2019 were ¥199.7 billion, a decrease of ¥29.5 billion from the beginning of the current period.

（Reference） Cash flow indices

	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
Ratio of equity attributable to owners of the parent to total assets [%]	46.0	46.3
Equity ratio based on market capitalization [%]	67.1	66.4
Interest-bearing liabilities / Net cash provided by operating activities [year]	11.0	9.4
Interest coverage ratio [times]	3.9	5.4

Note:

・Ratio of equity attributable to owners of the parent to total assets： equity attributable to owners of the parent / total assets

・Equity ratio based on market capitalization： market capitalization / total assets

・Interest coverage ratio： net cash provided by operating activities / interest paid

Each ratio is calculated based on the figures in the consolidated financial statements. Market capitalization is calculated based on closing price at the end of the fiscal year multiplied by the number of shares outstanding at the end of the fiscal year, excluding treasury shares. Net cash provided by operating activities is the amount in the consolidated statements of cash flows. Interest-bearing liabilities include bonds and borrowings in the consolidate statement of financial position. Additionally, interest paid is the total amount of interest

paid in the consolidated statements of cash flows and interest paid resulting from interest-bearing liabilities related to sales financing operations.

2. Basic rationale for selection of accounting standards

Kubota Corporation has voluntarily adopted International Financial Reporting Standards (hereinafter, "IFRS") from the 1st quarter of the fiscal year ended December 31, 2018.

< Cautionary Statements with Respect to Forward-Looking Statements >

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

3. Consolidated financial statements

(1) Consolidated statement of financial position

ASSETS (Unit: millions of yen)

	Dec. 31, 2019		Dec. 31, 2018		Change
	Amount	%	Amount	%	Amount
Current assets:					
Cash and cash equivalents	¥ 199,665		¥ 229,123		¥ (29,458)
Trade receivables	682,596		660,401		22,195
Finance receivables	293,933		267,262		26,671
Other financial assets	71,968		54,373		17,595
Inventories	382,401		370,698		11,703
Income taxes receivable	6,287		4,416		1,871
Other current assets	82,034		53,250		28,784
Total current assets	1,718,884	54.8	1,639,523	56.6	79,361
Noncurrent assets:					
Investments accounted for using the equity method	33,729		30,611		3,118
Finance receivables	699,238		621,886		77,352
Other financial assets	148,936		151,198		(2,262)
Property, plant, and equipment	405,349		330,034		75,315
Goodwill and intangible assets	60,986		49,948		11,038
Deferred tax assets	46,984		50,055		(3,071)
Other noncurrent assets	25,212		22,400		2,812
Total noncurrent assets	1,420,434	45.2	1,256,132	43.4	164,302
Total assets	¥ 3,139,318	100.0	¥ 2,895,655	100.0	¥ 243,663

LIABILITIES AND EQUITY (Unit: millions of yen)

	Dec. 31, 2019		Dec. 31, 2018		Change
	Amount	%	Amount	%	Amount
Current liabilities:					
Bonds and borrowings	¥ 386,538		¥ 349,060		¥ 37,478
Trade payables	293,774		306,759		(12,985)
Other financial liabilities	78,860		57,402		21,458
Income taxes payable	18,611		9,353		9,258
Provisions	31,001		22,415		8,586
Other current liabilities	192,959		177,834		15,125
Total current liabilities	1,001,743	31.9	922,823	31.8	78,920
Noncurrent liabilities:					
Bonds and borrowings	516,443		490,205		26,238
Other financial liabilities	30,247		4,727		25,520
Retirement benefit liabilities	15,773		14,498		1,275
Deferred tax liabilities	32,984		29,308		3,676
Other noncurrent liabilities	4,914		7,661		(2,747)
Total noncurrent liabilities	600,361	19.1	546,399	18.9	53,962
Total liabilities	1,602,104	51.0	1,469,222	50.7	132,882
Equity:					
Share capital	84,130		84,130		—
Share premium	84,671		85,305		(634)
Retained earnings	1,238,824		1,135,395		103,429
Other components of equity	35,849		35,343		506
Treasury shares	(637)		(323)		(314)
Total equity attributable to owners of the parent	1,442,837	46.0	1,339,850	46.3	102,987
Noncontrolling interests	94,377	3.0	86,583	3.0	7,794
Total equity	1,537,214	49.0	1,426,433	49.3	110,781
Total liabilities and equity	¥ 3,139,318	100.0	¥ 2,895,655	100.0	¥ 243,663

(2) Consolidated statement of profit or loss

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

	Year ended Dec. 31, 2019		Year ended Dec. 31, 2018		Change	
	Amount	%	Amount	%	Amount	%
Revenue	¥ 1,920,042	100.0	¥ 1,850,316	100.0	¥ 69,726	3.8
Cost of sales	(1,360,115)		(1,322,930)		(37,185)	
Selling, general, and administrative expenses	(351,986)		(332,617)		(19,369)	
Other income	3,648		5,040		(1,392)	
Other expenses	(9,935)		(10,495)		560	
Operating profit	201,654	10.5	189,314	10.2	12,340	6.5
Finance income	8,866		9,816		(950)	
Finance costs	(1,498)		(1,900)		402	
Profit before income taxes	209,022	10.9	197,230	10.7	11,792	6.0
Income tax expenses	(53,002)		(49,119)		(3,883)	
Share of profits of investments accounted for using the equity method	3,071		2,034		1,037	
Profit for the year	¥ 159,091	8.3	¥ 150,145	8.1	¥ 8,946	6.0
Profit attributable to:						
Owners of the parent	¥ 149,061	7.8	¥ 138,595	7.5	¥ 10,466	7.6
Noncontrolling interests	10,030	0.5	11,550	0.6	(1,520)	(13.2)
Earnings per share attributable to owners of the parent:						
Basic	¥ 121.59		¥ 112.44			
Diluted	—		112.44			

(3) Consolidated statement of comprehensive income

(Unit: millions of yen)

	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018	Change
Profit for the year	¥ 159,091	¥ 150,145	¥ 8,946
Other comprehensive income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension plans	5,859	(4,731)	10,590
Net change in fair value of financial assets measured at fair value through other comprehensive income	11,819	(21,626)	33,445
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations	4,431	(26,183)	30,614
Total other comprehensive income, net of income tax	22,109	(52,540)	74,649
Comprehensive income for the year	¥ 181,200	¥ 97,605	¥ 83,595

Comprehensive income attributable to:			
Owners of the parent	¥ 167,048	¥ 87,544	¥ 79,504
Noncontrolling interests	14,152	10,061	4,091

(4) Consolidated statement of changes in equity

(Unit: millions of yen)

	Equity attributable to owners of the parent							
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares	Total equity attributable to owners of the parent	Noncontrolling interests	Total equity
Balance as of Jan. 1, 2018	¥ 84,100	¥ 85,037	¥ 1,040,207	¥ 81,924	¥ (174)	¥ 1,291,094	¥ 84,474	¥ 1,375,568
Cumulative effects of new accounting standards applied			1,377	3,262		4,639	1,014	5,653
Profit for the year			138,595			138,595	11,550	150,145
Total other comprehensive income, net of income tax				(51,051)		(51,051)	(1,489)	(52,540)
Comprehensive income for the year			138,595	(51,051)		87,544	10,061	97,605
Transfer to retained earnings			(1,233)	1,233		—		—
Dividends paid			(40,697)			(40,697)	(6,384)	(47,081)
Purchases and sales of treasury shares					(3,003)	(3,003)		(3,003)
Retirement of treasury shares			(2,854)		2,854	—		—
Share-based payments with transfer restrictions	30	30				60		60
Changes in ownership interests in subsidiaries		238		(25)		213	(2,582)	(2,369)
Balance as of Dec. 31, 2018	¥ 84,130	¥ 85,305	¥ 1,135,395	¥ 35,343	¥ (323)	¥ 1,339,850	¥ 86,583	¥ 1,426,433
Profit for the year			149,061			149,061	10,030	159,091
Total other comprehensive income, net of income tax				17,987		17,987	4,122	22,109
Comprehensive income for the year			149,061	17,987		167,048	14,152	181,200
Transfer to retained earnings			17,018	(17,018)		—		—
Dividends paid			(43,065)			(43,065)	(3,984)	(47,049)
Purchases and sales of treasury shares					(20,002)	(20,002)		(20,002)
Retirement of treasury shares			(19,566)		19,566	—		—
Share-based payments with transfer restrictions		(9)	(19)		122	94		94
Changes in ownership interests in subsidiaries		(625)		(463)		(1,088)	(2,374)	(3,462)
Balance as of Dec. 31, 2019	¥ 84,130	¥ 84,671	¥ 1,238,824	¥ 35,849	¥ (637)	¥ 1,442,837	¥ 94,377	¥ 1,537,214

(5) Consolidated statement of cash flows

(Unit: millions of yen)

	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018	Change
Cash flows from operating activities:			
Profit for the year	¥ 159,091	¥ 150,145	
Depreciation and amortization	62,244	49,624	
Finance income and costs	(6,753)	(7,067)	
Income tax expenses	53,002	49,119	
Share of profits of investments accounted for using the equity method	(3,071)	(2,034)	
Increase in trade receivables	(21,099)	(26,477)	
Increase in finance receivables	(96,954)	(97,293)	
Increase in inventories	(14,721)	(25,478)	
(Increase) decrease in other assets	(25,491)	3,180	
(Decrease) increase in trade payables	(12,501)	24,679	
Increase in other liabilities	23,955	24,505	
Other, net	4,249	5,206	
Interest received	4,622	4,414	
Dividends received	3,491	3,630	
Interest paid	(874)	(955)	
Income taxes paid, net	(46,780)	(66,050)	
Net cash provided by operating activities	82,410	89,148	¥ (6,738)
Cash flows from investing activities:			
Payments for acquisition of property, plant, and equipment and intangible assets	(94,859)	(63,396)	
Proceeds from sales and redemptions of securities	19,689	7,502	
Net (increase) decrease in loans receivable from associate	(350)	365	
Net (increase) decrease in time deposits	(23,934)	5,942	
Net decrease (increase) in short-term investments	8,308	(8,074)	
Other, net	(324)	(1,095)	
Net cash used in investing activities	(91,470)	(58,756)	(32,714)
Cash flows from financing activities:			
Funding from bonds and long-term borrowings	273,699	229,214	
Redemptions of bonds and repayments of long-term borrowings	(221,267)	(217,315)	
Net increase in short-term borrowings	10,368	12,766	
Repayments of lease liabilities	(15,081)	—	
Dividends paid	(43,065)	(40,697)	
Purchases of treasury shares	(20,002)	(3,003)	
Payments for acquisition of noncontrolling interests	(5,652)	(2,402)	
Other, net	(515)	(6,379)	
Net cash used in financing activities	(21,515)	(27,816)	6,301
Effect of exchange rate changes on cash and cash equivalents	1,117	(4,173)	5,290
Net decrease in cash and cash equivalents	(29,458)	(1,597)	
Cash and cash equivalents, at the beginning of the year	229,123	230,720	
Cash and cash equivalents, at the end of the year	¥ 199,665	¥ 229,123	¥ (29,458)

(6) Notes to the going concern assumption

None

(7) Notes to consolidated financial statements

a) Accounting policies applied for consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with IFRS.

b) Entities under consolidation and entities under the equity method

174 entities are consolidated.

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

13 entities are accounted for using the equity method.

Major entity:	Domestic	KMEW Co., Ltd.

c) Changes in accounting policies

The Company adopted IFRS 16 on January 1, 2019 (the “date of initial application”).

IFRS 16 requires a lessee to recognize right-of-use assets and lease liabilities for all leases at the commencement date instead of classifying leases as either finance leases or operating leases stipulated in the previous accounting standard, International Accounting Standards 17, Leases. IFRS 16 provides exemptions allowing a lessee not to apply the requirements to short-term leases (with a lease term of 12 months or less) and leases for low-value assets. The Company elects these exemptions.

For the transition to IFRS 16, the company elects to recognize the cumulative effect of initially applying IFRS 16 at the date of initial application. In applying IFRS 16, the Company uses a practical expedient, in which an entity is not

required to reassess whether a contract is or contains a lease at date of initial application, and the Company also uses practical expedients to the contracts that were previously identified as operating leases stipulated in the previous accounting standard.

As a result of the application of IFRS 16, plant, and equipment, other financial liabilities (current liabilities), and other financial liabilities (noncurrent liabilities) increased by ¥39,472 million, ¥13,856 million, and ¥25,616 million, respectively as of January 1, 2019.

(8) Consolidated segment information

a) Reportable segments

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Year ended December 31, 2019		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 1,572,646	¥ 315,748	¥ 31,648	¥ —	¥ 1,920,042
	Intersegment	429	1,271	28,994	(30,694)	—
	Total	1,573,075	317,019	60,642	(30,694)	1,920,042
Operating profit		¥ 204,473	¥ 26,736	¥ 3,619	¥ (33,174)	¥ 201,654
Depreciation and amortization		¥ 46,084	¥ 7,131	¥ 4,271	¥ 4,758	¥ 62,244
Addition to noncurrent assets		90,149	8,506	5,959	7,649	112,263
December 31, 2019						
Assets		¥ 2,566,466	¥ 277,227	¥ 156,667	¥ 138,958	¥ 3,139,318
Investments accounted for using the equity method		10,945	38	22,746	—	33,729

(Unit: millions of yen)

Year ended December 31, 2018		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 1,527,629	¥ 292,281	¥ 30,406	¥ —	¥ 1,850,316
	Intersegment	299	1,295	27,990	(29,584)	—
	Total	1,527,928	293,576	58,396	(29,584)	1,850,316
Operating profit		¥ 200,895	¥ 19,875	¥ 3,011	¥ (34,467)	¥ 189,314
Depreciation and amortization		¥ 38,858	¥ 6,689	¥ 511	¥ 3,566	¥ 49,624
Addition to noncurrent assets		55,129	8,105	1,095	4,332	68,661
December 31, 2018						
Assets		¥ 2,348,943	¥ 242,744	¥ 140,959	¥ 163,009	¥ 2,895,655
Investments accounted for using the equity method		10,249	37	20,325	—	30,611

Notes:

1. *Adjustments* include the items, such as the elimination of intersegment transfers, corporate expenses, and corporate assets which are not allocated to any particular reportable segment. The corporate expenses included in *Adjustments* consists mainly of expenses of the administration department, basic research expenses, and foreign exchange gains or losses incurred in Kubota Corporation. The corporate assets included in *Adjustments* consists mainly of cash and cash equivalents, securities, and corporate properties held or used by the administration department of Kubota Corporation.

2. The aggregated amounts of operating profit are equal to those presented in the consolidated statement of profit or loss. Please refer to the consolidated statement of profit or loss for the reconciliation of operating profit to profit before income taxes.

3. Intersegment transfers are recorded at values that approximate market prices.

4. Noncurrent assets do not include financial instruments, deferred tax assets, nor net defined benefit assets.

b) Revenue from external customers by product group

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

(Unit: millions of yen)

		Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
	Farm Equipment and Engines	¥ 1,260,928	¥ 1,237,907
	Construction Machinery	311,718	289,722
Farm & Industrial Machinery		1,572,646	1,527,629
	Pipe-related Products	140,915	137,095
	Social Infrastructure-related Products	46,461	49,003
	Environment-related Products	128,372	106,183
Water & Environment		315,748	292,281
Other		31,648	30,406
Total		¥ 1,920,042	¥ 1,850,316

Note:

The amounts related to *Pump* are reported in *Environment-related Products* , whereas they were formerly reported in *Pipe-related Products* . Accordingly, the information for the prior year has been retrospectively adjusted to conform to the current year's presentation.

c) Geographic information .

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

(Unit: millions of yen)

	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
Japan	¥ 625,381	¥ 577,340
North America	679,092	612,575
Europe	239,586	256,347
Asia outside Japan	321,976	334,907
Other areas	54,007	69,147
Total	¥ 1,920,042	¥ 1,850,316

Notes:

1. Revenue from North America included that from the United States of ¥613,235 million and ¥544,670 million for the years ended December 31, 2019 and 2018, respectively.

2. There was no single customer from whom revenue exceeded 10% of total consolidated revenue of the Company.

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

(Unit: millions of yen)

	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
Japan	¥ 290,627	¥ 227,877
North America	80,547	75,076
Europe	46,964	36,876
Asia outside Japan	60,234	56,549
Other areas	4,260	4,036
Total	¥ 482,632	¥ 400,414

Notes:

1. Noncurrent assets do not include financial instruments, deferred tax assets, nor net defined benefit assets.

2. Noncurrent assets of North America included those in the United States of ¥73,699 million and ¥71,631 million at December 31, 2019 and 2018, respectively

(9) Per common share information

(Unit: yen)

	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
Equity attributable to owners of the parent per share	¥ 1,182.72	¥ 1,087.44
Earnings per share attributable to owners of the parent - basic	121.59	112.44
Earnings per share attributable to owners of the parent - diluted	—	112.44

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

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

(Unit: millions of yen)

	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
Profit attributable to owners of the parent	¥ 149,061	¥ 138,595
Profit attributable to participating equity instruments	3	2
Profit attributable to common shareholders - basic	¥ 149,058	¥ 138,593
Effect of stock compensation for domestic non-resident	—	—
Profit attributable to common shareholders - diluted	¥ —	¥ 138,593

(Unit: thousands of shares)

	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
Weighted-average number of common shares outstanding	1,225,902	1,232,635
Weighted-average number of participating equity instruments	27	15
Weighted-average number of common shares - basic	1,225,875	1,232,620
Effect of stock compensation for domestic non-resident	—	3
Weighted-average number of common shares - diluted	—	1,232,624

(10) Subsequent events

None

(11) Consolidated revenue by product group

(Unit: millions of yen)

	Year ended Dec. 31, 2019		Year ended Dec. 31, 2018		Change	
	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	¥ **1,260,928**	**65.7**	¥ **1,237,907**	**66.9**	¥ **23,021**	**1.9**
Domestic	282,895		271,636		11,259	4.1
Overseas	978,033		966,271		11,762	1.2
Construction Machinery	**311,718**	**16.2**	**289,722**	**15.7**	**21,996**	**7.6**
Domestic	37,746		37,298		448	1.2
Overseas	273,972		252,424		21,548	8.5
Farm & Industrial Machinery	**1,572,646**	**81.9**	**1,527,629**	**82.6**	**45,017**	**2.9**
Domestic	320,641	16.7	308,934	16.7	11,707	3.8
Overseas	1,252,005	65.2	1,218,695	65.9	33,310	2.7
Pipe- and Infrastructure-related Products	**187,376**	**9.7**	**186,098**	**10.1**	**1,278**	**0.7**
Domestic	157,487		148,047		9,440	6.4
Overseas	29,889		38,051		(8,162)	(21.5)
Environment-related Products	**128,372**	**6.7**	**106,183**	**5.7**	**22,189**	**20.9**
Domestic	116,010		90,331		25,679	28.4
Overseas	12,362		15,852		(3,490)	(22.0)
Water & Environment	**315,748**	**16.4**	**292,281**	**15.8**	**23,467**	**8.0**
Domestic	273,497	14.2	238,378	12.9	35,119	14.7
Overseas	42,251	2.2	53,903	2.9	(11,652)	(21.6)
Other	**31,648**	**1.7**	**30,406**	**1.6**	**1,242**	**4.1**
Domestic	31,243	1.7	30,028	1.6	1,215	4.0
Overseas	405	0.0	378	0.0	27	7.1
Total	¥ **1,920,042**	**100.0**	¥ **1,850,316**	**100.0**	¥ **69,726**	**3.8**
Domestic	625,381	32.6	577,340	31.2	48,041	8.3
Overseas	1,294,661	67.4	1,272,976	68.8	21,685	1.7

Note:

Beginning with the current fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to *Pipe-related Products* and *Social Infrastructure-related Products* are together reported as *Pipe- and Infrastructure-related Products*. Beginning with the second quarter of the current fiscal year, the amounts related to *Pump* are reported in *Environment-related Products*, whereas they were formerly reported in *Pipe-related Products*. Accordingly, the information for the prior year has been retrospectively adjusted to conform to the current year's presentation.

(12) Anticipated consolidated revenue by reportable segment

(Unit: billions of yen)

	Year ending Dec. 31, 2020		Year ended Dec. 31, 2019		Change	
	Amount	%	Amount	%	Amount	%
Domestic	¥ 310.5		¥ 306.3		¥ 4.2	1.4
Overseas	1,279.5		1,252.0		27.5	2.2
Farm & Industrial Machinery	1,590.0	81.5	1,558.3	81.1	31.7	2.0
Domestic	284.0		287.8		(3.8)	(1.3)
Overseas	44.0		42.3		1.7	4.1
Water & Environment	328.0	16.8	330.1	17.2	(2.1)	(0.6)
Domestic	32.0		31.2		0.8	2.4
Overseas	—		0.4		(0.4)	(100.0)
Other	32.0	1.7	31.6	1.7	0.4	1.1
Total	¥ 1,950.0	100.0	¥ 1,920.0	100.0	¥ 30.0	1.6

Domestic	¥ 626.5	32.1	¥ 625.4	32.6	¥ 1.1	0.2
Overseas	1,323.5	67.9	1,294.6	67.4	28.8	2.2

Note:

Beginning with the year ending December 31, 2020, in conformity with the change in the business reporting structure of the Company, the amounts related to *air-conditioning equipment* are reported in the Water & Environment segment, whereas they were formerly reported in the Farm & Industrial Machinery segment. Accordingly, the information for the year ended December 31, 2019 was retrospectively adjusted to conform to ongoing year's presentation.

4. Results of operations for the three months ended December 31, 2019

(1) Condensed consolidated statement of profit or loss

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

	Three months ended Dec. 31, 2019		Three months ended Dec. 31, 2018		Change	
	Amount	%	Amount	%	Amount	%
Revenue	¥ 459,292	100.0	¥ 485,924	100.0	¥ (26,632)	(5.5)
Cost of sales	(326,757)		(351,256)		24,499	
Selling, general, and administrative expenses	(95,829)		(90,802)		(5,027)	
Other income	2,620		2,965		(345)	
Other expenses	(3,856)		(5,959)		2,103	
Operating profit	35,470	7.7	40,872	8.4	(5,402)	(13.2)
Finance income	2,710		3,530		(820)	
Finance costs	(445)		(805)		360	
Profit before income taxes	37,735	8.2	43,597	9.0	(5,862)	(13.4)
Income tax expenses	(9,208)		(8,326)		(882)	
Share of profits of investments accounted for using the equity method	267		562		(295)	
Profit for the period	¥ 28,794	6.3	¥ 35,833	7.4	¥ (7,039)	(19.6)

Profit attributable to:						
Owners of the parent	¥ 26,621	5.8	¥ 32,671	6.7	¥ (6,050)	(18.5)
Noncontrolling interests	2,173	0.5	3,162	0.7	(989)	(31.3)

Earnings per share attributable to owners of the parent:			
Basic	¥ 21.82	¥ 26.52	
Diluted	—	26.52	

(2) Consolidated segment information

a) Reportable segments

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Three months ended Dec. 31, 2019		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 359,023	¥ 92,346	¥ 7,923	¥ —	¥ 459,292
	Intersegment	249	454	7,517	(8,220)	—
	Total	359,272	92,800	15,440	(8,220)	459,292
Operating profit		¥ 31,047	¥ 10,294	¥ 1,316	¥ (7,187)	¥ 35,470

(Unit: millions of yen)

Three months ended Dec. 31, 2018		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 388,078	¥ 89,307	¥ 8,539	¥ —	¥ 485,924
	Intersegment	116	531	7,909	(8,556)	—
	Total	388,194	89,838	16,448	(8,556)	485,924
Operating profit		¥ 42,795	¥ 8,731	¥ 1,261	¥ (11,915)	¥ 40,872

Notes:

1. *Adjustments* include the 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 expenses of the administration department, basic research expenses, and foreign exchange gains or losses incurred by Kubota Corporation.

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.

b) Geographic information

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

(Unit: millions of yen)

	Three months ended Dec. 31, 2019	Three months ended Dec. 31, 2018
Japan	¥ 144,643	¥ 154,565
North America	161,307	167,726
Europe	53,009	60,926
Asia outside Japan	84,755	85,260
Other areas	15,578	17,447
Total	¥ 459,292	¥ 485,924

Notes:

1. Revenue from North America included that from the United States of ¥149,349 million and ¥154,891 million for the three months ended Dec. 31, 2019 and 2018, respectively.

2. There was no single customer from whom revenue exceeded 10% of total consolidated revenue of the Company.

(3) Consolidated revenue by product group

(Unit: millions of yen)

	Three months ended Dec. 31, 2019		Three months ended Dec. 31, 2018		Change	
	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	¥ **290,484**	**63.3**	¥ **319,163**	**65.7**	¥ **(28,679)**	**(9.0)**
Domestic	47,911		61,139		(13,228)	(21.6)
Overseas	242,573		258,024		(15,451)	(6.0)
Construction Machinery	**68,539**	**14.9**	**68,915**	**14.2**	**(376)**	**(0.5)**
Domestic	9,461		13,073		(3,612)	(27.6)
Overseas	59,078		55,842		3,236	5.8
Farm & Industrial Machinery	**359,023**	**78.2**	**388,078**	**79.9**	**(29,055)**	**(7.5)**
Domestic	57,372	12.5	74,212	15.3	(16,840)	(22.7)
Overseas	301,651	65.7	313,866	64.6	(12,215)	(3.9)
Pipe- and Infrastructure-related Products	**57,089**	**12.4**	**58,374**	**12.0**	**(1,285)**	**(2.2)**
Domestic	49,063		46,361		2,702	5.8
Overseas	8,026		12,013		(3,987)	(33.2)
Environment-related Products	**35,257**	**7.7**	**30,933**	**6.4**	**4,324**	**14.0**
Domestic	30,395		25,548		4,847	19.0
Overseas	4,862		5,385		(523)	(9.7)
Water & Environment	**92,346**	**20.1**	**89,307**	**18.4**	**3,039**	**3.4**
Domestic	79,458	17.3	71,909	14.8	7,549	10.5
Overseas	12,888	2.8	17,398	3.6	(4,510)	(25.9)
Other	**7,923**	**1.7**	**8,539**	**1.7**	**(616)**	**(7.2)**
Domestic	7,813	1.7	8,444	1.7	(631)	(7.5)
Overseas	110	0.0	95	0.0	15	15.8
Total	¥ **459,292**	**100.0**	¥ **485,924**	**100.0**	¥ **(26,632)**	**(5.5)**
Domestic	144,643	31.5	154,565	31.8	(9,922)	(6.4)
Overseas	314,649	68.5	331,359	68.2	(16,710)	(5.0)

Note:

Beginning with the current fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to *Pipe-related Products* and *Social Infrastructure-related Products* are together reported as *Pipe- and Infrastructure-related Products*. Beginning with the second quarter of the current fiscal year, the amounts related to *Pump* are reported in *Environment-related Products*, whereas they were formerly reported in *Pipe-related Products*. Accordingly, the information for the same period in the prior year has been retrospectively adjusted to conform to the current year's presentation.

5. Other

(1) Change of management (Effective as of March 19, 2020)

a) Appointment of new Audit & Supervisory Board Member

Name	Current responsibility
Yuichi Yamada	Representative of Yuichi Yamada CPA, Outside Audit & Supervisory Board Member of Japan Finance Corporation, Outside Audit & Supervisory Board Member of Sumitomo Metal Mining Co., Ltd.

* Mr. Yuichi Yamada is a candidate for Outside Audit & Supervisory Board Member.