

KUBOTA Corporation

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RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 [IFRS]

Kubota Corporation hereby reports its consolidated results for the nine months ended September 30, 2020.

Consolidated Financial Highlights**1. Consolidated results of operations for the nine months ended September 30, 2020****(1) Results of operations**

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

	Nine months ended Sept. 30, 2020	Change [%]	Nine months ended Sept. 30, 2019	Change [%]
Revenue	¥ 1,356,794	(7.1)	¥ 1,460,750	7.1
Operating profit	¥ 129,887	(21.8)	¥ 166,184	12.0
Profit before income taxes	¥ 138,740	(19.0)	¥ 171,287	11.5
Profit for the period	¥ 106,104	(18.6)	¥ 130,297	14.0
Profit attributable to owners of the parent	¥ 96,468	(21.2)	¥ 122,440	15.6
Comprehensive income for the period	¥ 59,461	(49.3)	¥ 117,188	11.9
Earnings per share attributable to owners of the parent:				
Basic	¥ 79.31		¥ 99.72	
Diluted	-		-	

(2) Financial condition

(Unit: millions of yen)

	Sept. 30, 2020	Dec. 31, 2019
Total assets	¥ 3,112,264	¥ 3,139,318
Total equity	¥ 1,526,980	¥ 1,537,214
Equity attributable to owners of the parent	¥ 1,434,847	¥ 1,442,837
Ratio of equity attributable to owners of the parent to total assets	46.1%	46.0%

Note:

Change [%] represents the percentage change from the same period in the prior year.

2. Cash dividends

(Unit: yen)

	Cash dividends per common share		
	Interim	Year-end	Total
Year ending Dec. 31, 2020	¥ 17.00	¥ 19.00 (forecast)	¥ 36.00 (forecast)
Year ended Dec. 31, 2019	¥ 17.00	¥ 19.00	¥ 36.00

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

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

	Year ending Dec. 31, 2020	Change [%]
Revenue	¥ 1,830,000	(4.7)
Operating profit	¥ 170,000	(15.7)
Profit before income taxes	¥ 180,000	(13.9)
Profit attributable to owners of the parent	¥ 125,000	(16.1)
Earnings per share attributable to owners of the parent - Basic	¥ 102.95	

Notes:

1. Change [%] represents the percentage change from the same period in the prior year.
2. Please refer to the accompanying materials, "1. Review of operations and financial condition (3) 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 nine months ended September 30, 2020 (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 IFRS: None
- b) Changes in accounting policies due to reasons other than a) above: None
- c) Changes in accounting estimates: None

(3) Number of common shares issued

- a) Number of common shares issued including treasury shares as of September 30, 2020 : 1,220,576,846
Number of common shares issued including treasury shares as of December 31, 2019 : 1,220,576,846
- b) Number of treasury shares as of September 30, 2020 : 12,643,516
Number of treasury shares as of December 31, 2019 : 648,716
- c) Weighted-average number of common shares outstanding during the nine months ended September 30, 2020 : 1,216,264,726
Weighted-average number of common shares outstanding during the nine months ended September 30, 2019 : 1,227,864,210

(Information on the status of the quarterly review by the independent auditor)

This release is not subject to the quarterly review by the independent auditor.

(Method of obtaining supplementary materials on the financial results)

Kubota Corporation plans to hold a result briefing (conference call) for institutional investors and securities analysts on November 5, 2020. The supplementary material will be published on the Company's website on the same day.

< 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) Summary of the results of operations for the nine-month period

For the nine months ended September 30, 2020, revenue of Kubota Corporation and its subsidiaries (hereinafter, the "Company") decreased by ¥104.0 billion [7.1%] from the same period in the prior year to ¥1,356.8 billion.

Domestic revenue decreased by ¥45.0 billion [9.4%] from the same period in the prior year to ¥435.7 billion because of decreased revenue in Farm & Industrial Machinery, Water & Environment, and Other.

Overseas revenue decreased by ¥58.9 billion [6.0%] from the same period in the prior year to ¥921.1 billion because of decreased sales of construction machinery, tractors, and engines, while revenue in Water & Environment increased slightly.

Operating profit decreased by ¥36.3 billion [21.8%] from the same period in the prior year to ¥129.9 billion due to decreased revenue in the domestic and overseas markets. In addition, there was a negative effect from a significant deterioration in profitability of products, which were shipped in this fiscal year, in its manufacturing bases due to a reduction in production caused by some negative impacts of typhoons in the fourth quarter of 2019 and the infection spread of COVID-19 in the second quarter of this fiscal year. Profit before income taxes decreased by ¥32.5 billion [19.0%] from the same period in the prior year to ¥138.7 billion mainly due to decreased operating profit. Income tax expenses were ¥34.7 billion. Share of profits of investments accounted for using the equity method was ¥2.1 billion. Profit for the period decreased by ¥24.2 billion [18.6%] from the same period in the prior year to ¥106.1 billion. Profit attributable to owners of the parent decreased by ¥26.0 billion [21.2%] from the same period in the prior year to ¥96.5 billion.

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

1) Farm & Industrial Machinery

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

Revenue in this segment decreased by 7.5% from the same period in the prior year to ¥1,113.0 billion, and accounted for 82.0% of consolidated revenue.

Domestic revenue decreased by 12.2% from the same period in the prior year to ¥221.7 billion. Sales of farm equipment and agricultural-related products decreased significantly due to adverse reaction from rushed demand before the consumption tax hike and a negative effect from voluntary restraint of sales activities along with the infection spread of COVID-19. In addition, sales of construction machinery and engines decreased.

Overseas revenue decreased by 6.2% from the same period in the prior year to ¥891.3 billion. In North America, retail sales were extremely strong mainly due to solid demand after April and a positive effect from introduction of new models. However, wholesales of construction machinery and tractors decreased mainly due to adverse reaction from carryover of shipment of some products from the fiscal 2018 to the fiscal 2019 caused by a typhoon, which had occurred in 2018, and delay in production and shipment caused by the infection spread of COVID-19. In addition, sales of engines also decreased significantly due to a reduction in production of OEM clients resulting from the infection spread of COVID-19 and a deterioration in oil and gas market. In Europe, retail sales of tractors and construction machinery have been on a recovery track. However, wholesales of construction machinery, engines, and tractors decreased mainly due to some negative effects from temporarily suspended business by dealers and a reduction in production of OEM clients for engines along with the infection spread of COVID-19. In Asia outside Japan, sales of tractors in Thailand decreased due to a negative impact of water shortage in the first half of this year and inventory adjustments by dealers, while those are currently solid due to favorable rainfall in the rainy season. On the other hand, sales of engines in China increased

significantly due to recovered demand after resumption of economic activities. In addition, sales of farm equipment increased due to expanded demand and a positive effect from introduction of a new model.

Operating profit in this segment decreased by 21.1% from the same period in the prior year to ¥136.0 billion mainly due to significantly decreased revenue in the domestic and overseas markets, a deterioration in profitability of products, which were shipped in this fiscal year, in its manufacturing bases, and a negative effect from the yen appreciation, while there were some positive effects such as raised product prices.

2) Water & Environment

Water & Environment is comprised of pipe- and infrastructure-related products (ductile iron pipes, plastic pipes, valves for public sector, industrial castings, ceramics, 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 decreased by 5.0% from the same period in the prior year to ¥222.5 billion, and accounted for 16.4% of consolidated revenue.

Domestic revenue decreased by 5.8% from the same period in the prior year to ¥192.9 billion. Revenue in pipe- and infrastructure-related products decreased because sales of plastic pipes, spiral-welded steel pipes, and air-conditioning equipment decreased due to the negative impact of the infection spread of COVID-19 despite increased sales of ductile iron pipes and construction business. In environment-related products, revenue from construction of waste disposal and treatment facility in Futaba Town, Fukushima Prefecture decreased significantly.

Overseas revenue increased by 0.6% from the same period in the prior year to ¥29.6 billion. Sales of industrial castings to Korea mainly increased.

Operating profit in this segment decreased by 15.4% from the same period in the prior year to ¥14.9 billion mainly due to decreased revenue in the domestic market and an increase in construction costs of plant, while material prices declined.

3) Other

Other is mainly comprised of a variety of services.

Revenue in this segment decreased by 10.0% from the same period in the prior year to ¥21.4 billion, and accounted for 1.6% of consolidated revenue.

Operating profit in this segment decreased by 4.3% from the same period in the prior year to ¥2.2 billion.

(2) Financial condition

a) Assets, liabilities, and equity

Total assets at September 30, 2020 were ¥3,112.3 billion, a decrease of ¥27.1 billion from the prior fiscal year-end. With respect to assets, finance receivables increased due to the expansion in sales financing operations in North America, where retail sales were strong. On the other hand, trade receivables decreased significantly due to progressed collection of trade receivables from dealers, in addition to delay in production and shipments caused by the infection spread of COVID-19.

With respect to liabilities, trade payables significantly decreased, while bonds and borrowings increased due to the expansion in sales financing operations. Equity slightly decreased due to purchases of treasury shares and a deterioration in other components of equity mainly in fluctuations in foreign exchange rates despite the accumulation of retained earnings. The ratio of equity attributable to owners of the parent to total assets stood at 46.1%, 0.1 percent higher than the prior fiscal year-end.

b) Cash flows

Net cash provided by operating activities during the nine months ended September 30, 2020 was ¥68.2 billion, an increase of ¥31.5 billion in net cash inflow compared with the same period in the prior year. This increase was due to a decrease in trade receivables and inventories, despite an increase in cash outflow related to an increase in finance receivables and a decrease in profit for the period.

Net cash used in investing activities was ¥46.8 billion, a decrease of ¥24.3 billion in net cash outflow compared with the same period in the prior year. This decrease was mainly due to a decrease in cash outflow related to acquisition of property, plant, and equipment and intangible assets and an increase in cash inflow related to sales of securities, while cash outflow related to payments for acquisition of securities increased.

Net cash provided by financing activities was ¥5.6 billion, an increase of ¥48.9 billion in net cash inflow compared with the same period in the prior year mainly due to an increase in funding.

As a result of the above, and after taking into account the effects from exchange rate changes, cash and cash equivalents at September 30, 2020 were ¥220.5 billion, an increase of ¥20.8 billion from the beginning of the current period.

(3) Forecasts for the year ending December 31, 2020

The Company revised its forecasts for revenue for the year ending December 31, 2020 upward to ¥1,830.0 billion, an increase of ¥50.0 billion from the previous forecasts, which were announced on August 4, 2020. Revenue in Farm & Industrial Machinery is expected to increase from the previous forecast in the domestic and overseas markets because weather during the rainy season has been favorable mainly in Southeast Asia in addition to steady recovery from the slump caused by the infection spread of COVID-19 in each region.

Operating profit was revised to ¥170.0 billion, an increase of ¥20.0 billion from the previous forecasts based on the results for the nine months ended September 30, 2020 and the revised revenue forecast. Profit before income taxes was revised to ¥180.0 billion, an increase of ¥25.0 billion from the previous forecasts and profit attributable to owners of the parent was revised to ¥125.0 billion, an increase of ¥15.0 billion from the previous forecasts.

These forecasts are based on the assumption of exchange rates of ¥107=US\$1 and ¥120=€1.

(Reference) The forecasts for the year ending December, 31, 2020

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

	Year ending Dec. 31, 2020				(Reference) Year ended Dec. 31, 2019
	Revised forecasts	Previous forecasts	Change		
			Amount	%	
Revenue	1,830,000	1,780,000	50,000	2.8	1,920,042
Operating profit	170,000	150,000	20,000	13.3	201,654
Profit before income taxes	180,000	155,000	25,000	16.1	209,022
Profit attributable to owners of the parent	125,000	110,000	15,000	13.6	149,061
Earnings per share attributable to owners of the parent-Basic	102.95	90.38	-	-	121.59

2. Other information

(1) Changes in significant subsidiaries

None

(2) Changes in accounting policies

None

3. Condensed consolidated financial statements

(1) Condensed consolidated statement of financial position

ASSETS

(Unit: millions of yen)

	Sept. 30, 2020		Dec. 31, 2019		Change
	Amount	%	Amount	%	Amount
Current assets:					
Cash and cash equivalents	¥ 220,466		¥ 199,665		¥ 20,801
Trade receivables	595,817		682,596		(86,779)
Finance receivables	314,626		293,933		20,693
Other financial assets	69,650		71,968		(2,318)
Inventories	358,997		382,401		(23,404)
Income taxes receivable	6,960		6,287		673
Other current assets	64,701		82,034		(17,333)
Total current assets	1,631,217	52.4	1,718,884	54.8	(87,667)
Noncurrent assets:					
Investments accounted for using the equity method	35,321		33,729		1,592
Finance receivables	772,082		699,238		72,844
Other financial assets	138,431		148,936		(10,505)
Property, plant, and equipment	397,509		405,349		(7,840)
Goodwill and intangible assets	68,448		60,986		7,462
Deferred tax assets	45,835		46,984		(1,149)
Other noncurrent assets	23,421		25,212		(1,791)
Total noncurrent assets	1,481,047	47.6	1,420,434	45.2	60,613
Total assets	¥ 3,112,264	100.0	¥ 3,139,318	100.0	¥ (27,054)

LIABILITIES AND EQUITY

(Unit: millions of yen)

	Sept. 30, 2020		Dec. 31, 2019		Change
	Amount	%	Amount	%	Amount
Current liabilities:					
Bonds and borrowings	¥ 370,789		¥ 386,538		¥ (15,749)
Trade payables	252,555		293,774		(41,219)
Other financial liabilities	72,088		78,860		(6,772)
Income taxes payable	12,803		18,611		(5,808)
Provisions	35,598		31,001		4,597
Other current liabilities	198,266		192,959		5,307
Total current liabilities	942,099	30.3	1,001,743	31.9	(59,644)
Noncurrent liabilities:					
Bonds and borrowings	581,179		516,443		64,736
Other financial liabilities	23,104		30,247		(7,143)
Retirement benefit liabilities	15,274		15,773		(499)
Deferred tax liabilities	18,208		32,984		(14,776)
Other noncurrent liabilities	5,420		4,914		506
Total noncurrent liabilities	643,185	20.6	600,361	19.1	42,824
Total liabilities	1,585,284	50.9	1,602,104	51.0	(16,820)
Equity:					
Share capital	84,130		84,130		-
Share premium	84,268		84,671		(403)
Retained earnings	1,310,111		1,238,824		71,287
Other components of equity	(23,172)		35,849		(59,021)
Treasury shares	(20,490)		(637)		(19,853)
Total equity attributable to owners of the parent	1,434,847	46.1	1,442,837	46.0	(7,990)
Noncontrolling interests	92,133	3.0	94,377	3.0	(2,244)
Total equity	1,526,980	49.1	1,537,214	49.0	(10,234)
Total liabilities and equity	¥ 3,112,264	100.0	¥ 3,139,318	100.0	¥ (27,054)

(2) Condensed consolidated statement of profit or loss

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

	Nine months ended Sept. 30, 2020		Nine months ended Sept. 30, 2019		Change	
	Amount	%	Amount	%	Amount	%
Revenue	¥ 1,356,794	100.0	¥ 1,460,750	100.0	¥ (103,956)	(7.1)
Cost of sales	(973,236)		(1,033,358)		60,122	
Selling, general, and administrative expenses	(251,024)		(256,157)		5,133	
Other income	5,175		2,259		2,916	
Other expenses	(7,822)		(7,310)		(512)	
Operating profit	129,887	9.6	166,184	11.4	(36,297)	(21.8)
Finance income	10,241		6,156		4,085	
Finance costs	(1,388)		(1,053)		(335)	
Profit before income taxes	138,740	10.2	171,287	11.7	(32,547)	(19.0)
Income tax expenses	(34,707)		(43,794)		9,087	
Share of profits of investments accounted for using the equity method	2,071		2,804		(733)	
Profit for the period	¥ 106,104	7.8	¥ 130,297	8.9	¥ (24,193)	(18.6)

Profit attributable to:						
Owners of the parent	¥ 96,468	7.1	¥ 122,440	8.4	¥ (25,972)	(21.2)
Noncontrolling interests	9,636	0.7	7,857	0.5	1,779	22.6

Earnings per share attributable to owners of the parent:				
Basic	¥ 79.31		¥ 99.72	
Diluted	-		-	

(3) Condensed consolidated statement of comprehensive income

(Unit: millions of yen)

	Nine months ended Sept. 30, 2020	Nine months ended Sept. 30, 2019	Change
Profit for the period	¥ 106,104	¥ 130,297	¥ (24,193)
Other comprehensive income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension plans	96	80	16
Net change in fair value of financial assets measured at fair value through other comprehensive income	(5,384)	6,444	(11,828)
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations	(41,355)	(19,633)	(21,722)
Total other comprehensive income, net of income tax	(46,643)	(13,109)	(33,534)
Comprehensive income for the period	¥ 59,461	¥ 117,188	¥ (57,727)

Comprehensive income attributable to:			
Owners of the parent	¥ 56,147	¥ 107,397	¥ (51,250)
Noncontrolling interests	3,314	9,791	(6,477)

(4) Condensed consolidated statement of changes in equity

Nine months ended September 30, 2020

(Unit: millions of yen)

	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Noncontrolling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares			
Balance as of Jan. 1, 2020	¥ 84,130	¥ 84,671	¥ 1,238,824	¥ 35,849	¥ (637)	¥ 1,442,837	¥ 94,377	¥ 1,537,214
Profit for the period			96,468			96,468	9,636	106,104
Total other comprehensive income, net of income tax				(40,321)		(40,321)	(6,322)	(46,643)
Comprehensive income for the period			96,468	(40,321)		56,147	3,314	59,461
Transfer to retained earnings			18,707	(18,707)		-		-
Dividends paid			(43,853)			(43,853)	(4,503)	(48,356)
Purchases and sales of treasury shares					(20,001)	(20,001)		(20,001)
Share-based payments with transfer restrictions		(32)	(35)		148	81		81
Changes in ownership interests in subsidiaries		(371)		7		(364)	(1,055)	(1,419)
Balance as of Sept. 30, 2020	¥ 84,130	¥ 84,268	¥ 1,310,111	¥ (23,172)	¥ (20,490)	¥ 1,434,847	¥ 92,133	¥ 1,526,980

Nine months ended September 30, 2019

(Unit: millions of yen)

	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Noncontrolling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares			
Balance as of Jan. 1, 2019	¥ 84,130	¥ 85,305	¥ 1,135,395	¥ 35,343	¥ (323)	¥ 1,339,850	¥ 86,583	¥ 1,426,433
Profit for the period			122,440			122,440	7,857	130,297
Total other comprehensive income, net of income tax				(15,043)		(15,043)	1,934	(13,109)
Comprehensive income for the period			122,440	(15,043)		107,397	9,791	117,188
Transfer to retained earnings			10,910	(10,910)		-		-
Dividends paid			(43,065)			(43,065)	(3,951)	(47,016)
Purchases and sales of treasury shares					(20,001)	(20,001)		(20,001)
Retirement of treasury shares			(19,566)		19,566	-		-
Share-based payments with transfer restrictions		(32)	(19)		122	71		71
Changes in ownership interests in subsidiaries		(525)		(463)		(988)	(3,274)	(4,262)
Balance as of Sept. 30, 2019	¥ 84,130	¥ 84,748	¥ 1,206,095	¥ 8,927	¥ (636)	¥ 1,383,264	¥ 89,149	¥ 1,472,413

(5) Condensed consolidated statement of cash flows

(Unit: millions of yen)

	Nine months ended Sept. 30, 2020	Nine months ended Sept. 30, 2019	Change
Cash flows from operating activities:			
Profit for the period	¥ 106,104	¥ 130,297	
Depreciation and amortization	50,066	46,007	
Finance income and costs	(8,453)	(4,289)	
Income tax expenses	34,707	43,794	
Decrease (increase) in trade receivables	65,703	(31,533)	
Increase in finance receivables	(142,717)	(76,162)	
Decrease (increase) in inventories	14,759	(39,619)	
Decrease (increase) in other assets	23,925	(9,751)	
Decrease in trade payables	(38,127)	(20,865)	
Increase in other liabilities	12,884	25,374	
Other, net	(2,028)	7,690	
Interest received	2,789	3,235	
Dividends received	1,522	2,235	
Interest paid	(565)	(708)	
Income taxes paid, net	(52,381)	(38,976)	
Net cash provided by operating activities	68,188	36,729	¥ 31,459
Cash flows from investing activities:			
Payments for acquisition of property, plant, and equipment and intangible assets	(62,666)	(76,767)	
Payments for acquisition of securities	(16,031)	(938)	
Proceeds from sales and redemptions of securities	31,914	19,098	
Net increase in short-term loans receivable from associate	(1,104)	(950)	
Net increase in time deposits	(8,122)	(13,010)	
Net decrease in short-term investments	4,259	2,518	
Other, net	4,954	(1,044)	
Net cash used in investing activities	(46,796)	(71,093)	24,297
Cash flows from financing activities:			
Funding from bonds and long-term borrowings	265,205	214,848	
Redemptions of bonds and repayments of long-term borrowings	(145,334)	(157,625)	
Net decrease in short-term borrowings	(36,298)	(16,374)	
Repayments of lease liabilities	(10,323)	(13,807)	
Dividends paid	(43,853)	(43,065)	
Purchases of treasury shares	(20,001)	(20,001)	
Other, net	(3,763)	(7,217)	
Net cash provided by (used in) financing activities	5,633	(43,241)	48,874
Effect of exchange rate changes on cash and cash equivalents	(6,224)	(2,485)	(3,739)
Net increase (decrease) in cash and cash equivalents	20,801	(80,090)	
Cash and cash equivalents, at the beginning of the period	199,665	229,123	
Cash and cash equivalents, at the end of the period	¥ 220,466	¥ 149,033	¥ 71,433

(6) Notes to the going concern assumption

None

(7) Consolidated segment information

a) Reportable segments

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Nine months ended Sept. 30, 2020		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 1,112,978	¥ 222,458	¥ 21,358	¥ -	¥ 1,356,794
	Intersegment	150	882	20,303	(21,335)	-
	Total	1,113,128	223,340	41,661	(21,335)	1,356,794
Operating profit		¥ 135,988	¥ 14,876	¥ 2,205	¥ (23,182)	¥ 129,887

(Unit: millions of yen)

Nine months ended Sept. 30, 2019		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 1,202,777	¥ 234,248	¥ 23,725	¥ -	¥ 1,460,750
	Intersegment	180	817	21,477	(22,474)	-
	Total	1,202,957	235,065	45,202	(22,474)	1,460,750
Operating profit		¥ 172,276	¥ 17,592	¥ 2,303	¥ (25,987)	¥ 166,184

Notes:

- 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 Kubota Corporation.
- 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.
- Intersegment transfers are recorded at values that approximate market prices.
- Beginning with the current consolidated fiscal year, 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. The information for the same period in the prior year has been retrospectively adjusted to conform to the current fiscal year's presentation.

b) Geographic information

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

(Unit: millions of yen)

	Nine months ended Sept. 30, 2020	Nine months ended Sept. 30, 2019
Japan	¥ 435,726	¥ 480,738
North America	470,432	517,785
Europe	160,056	186,577
Asia outside Japan	249,311	237,221
Other areas	41,269	38,429
Total	¥ 1,356,794	¥ 1,460,750

Notes:

- Revenue from North America included that from the United States of ¥425,256 million and ¥463,886 million for the nine months ended September 30, 2020 and 2019, respectively.
- There was no single customer from whom revenue exceeded 10% or more of total consolidated revenue of the Company.

(8) Consolidated revenue by product group

(Unit: millions of yen)

	Nine months ended Sept. 30, 2020		Nine months ended Sept. 30, 2019		Change	
	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	¥ 904,798	66.7	¥ 959,598	65.7	¥ (54,800)	(5.7)
Domestic	196,979		224,138		(27,159)	(12.1)
Overseas	707,819		735,460		(27,641)	(3.8)
Construction Machinery	208,180	15.3	243,179	16.6	(34,999)	(14.4)
Domestic	24,740		28,285		(3,545)	(12.5)
Overseas	183,440		214,894		(31,454)	(14.6)
Farm & Industrial Machinery	1,112,978	82.0	1,202,777	82.3	(89,799)	(7.5)
Domestic	221,719	16.3	252,423	17.3	(30,704)	(12.2)
Overseas	891,259	65.7	950,354	65.0	(59,095)	(6.2)
Pipe- and Infrastructure-related Products	137,248	10.1	139,158	9.5	(1,910)	(1.4)
Domestic	115,302		118,544		(3,242)	(2.7)
Overseas	21,946		20,614		1,332	6.5
Environment-related Products	85,210	6.3	95,090	6.6	(9,880)	(10.4)
Domestic	77,604		86,341		(8,737)	(10.1)
Overseas	7,606		8,749		(1,143)	(13.1)
Water & Environment	222,458	16.4	234,248	16.1	(11,790)	(5.0)
Domestic	192,906	14.2	204,885	14.0	(11,979)	(5.8)
Overseas	29,552	2.2	29,363	2.1	189	0.6
Other	21,358	1.6	23,725	1.6	(2,367)	(10.0)
Domestic	21,101	1.6	23,430	1.6	(2,329)	(9.9)
Overseas	257	0.0	295	0.0	(38)	(12.9)
Total	¥ 1,356,794	100.0	¥ 1,460,750	100.0	¥ (103,956)	(7.1)
Domestic	435,726	32.1	480,738	32.9	(45,012)	(9.4)
Overseas	921,068	67.9	980,012	67.1	(58,944)	(6.0)

Note:

In conformity with the change in the business reporting structure of the Company, the amounts related to "Air-conditioning equipment" are reported in the "Pipe- and Infrastructure-related Products", whereas they were formerly reported in the "Farm Equipment and Engines", and the amounts related to "Valves for private sector" are reported in the "Environment-related Products", whereas they were formerly reported in the "Pipe- and Infrastructure-related Products". The information for the same period in the prior year has been retrospectively adjusted to conform to the current fiscal year's presentation.

(9) 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	¥ 285.0		¥ 306.3		¥ (21.3)	(7.0)
Overseas	1,195.0		1,252.0		(57.0)	(4.6)
Farm & Industrial Machinery	1,480.0	80.9	1,558.3	81.1	(78.3)	(5.0)
Domestic	276.0		287.8		(11.8)	(4.1)
Overseas	44.0		42.3		1.7	4.1
Water & Environment	320.0	17.5	330.1	17.2	(10.1)	(3.0)
Domestic	29.5		31.2		(1.7)	(5.6)
Overseas	0.5		0.4		0.1	23.5
Other	30.0	1.6	31.6	1.7	(1.6)	(5.2)
Total	¥ 1,830.0	100.0	¥ 1,920.0	100.0	¥ (90.0)	(4.7)

Domestic	¥ 590.5	32.3	¥ 625.4	32.6	¥ (34.9)	(5.6)
Overseas	1,239.5	67.7	1,294.6	67.4	(55.1)	(4.3)

Note:

Beginning with the current consolidated fiscal year, 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. The information for the same period in the prior year has been retrospectively adjusted to conform to the current fiscal year's presentation.

4. Results of operations for the three months ended September 30, 2020

(1) Condensed consolidated statement of profit or loss

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

	Three months ended Sept. 30, 2020		Three months ended Sept. 30, 2019		Change	
	Amount	%	Amount	%	Amount	%
Revenue	¥ 472,624	100.0	¥ 489,921	100.0	¥ (17,297)	(3.5)
Cost of sales	(339,123)		(343,709)		4,586	
Selling, general, and administrative expenses	(84,667)		(89,520)		4,853	
Other income	819		933		(114)	
Other expenses	(1,436)		(2,388)		952	
Operating profit	48,217	10.2	55,237	11.3	(7,020)	(12.7)
Finance income	6,327		1,712		4,615	
Finance costs	(225)		(302)		77	
Profit before income taxes	54,319	11.5	56,647	11.6	(2,328)	(4.1)
Income tax expenses	(14,109)		(14,318)		209	
Share of profits of investments accounted for using the equity method	733		1,231		(498)	
Profit for the period	¥ 40,943	8.7	¥ 43,560	8.9	¥ (2,617)	(6.0)

Profit attributable to:						
Owners of the parent	¥ 36,898	7.8	¥ 41,251	8.4	¥ (4,353)	(10.6)
Noncontrolling interests	4,045	0.9	2,309	0.5	1,736	75.2

Earnings per share attributable to owners of the parent:				
Basic	¥ 30.46		¥ 33.76	
Diluted	-		-	

(2) Consolidated segment information

a) Reportable segments

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Three months ended Sept. 30, 2020		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 393,982	¥ 72,132	¥ 6,510	¥ -	¥ 472,624
	Intersegment	13	347	7,063	(7,423)	-
	Total	393,995	72,479	13,573	(7,423)	472,624
Operating profit		¥ 48,839	¥ 4,972	¥ 675	¥ (6,269)	¥ 48,217

(Unit: millions of yen)

Three months ended Sept. 30, 2019		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 401,955	¥ 80,110	¥ 7,856	¥ -	¥ 489,921
	Intersegment	59	280	7,445	(7,784)	-
	Total	402,014	80,390	15,301	(7,784)	489,921
Operating profit		¥ 56,031	¥ 6,859	¥ 680	¥ (8,333)	¥ 55,237

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 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.
4. Beginning with the current consolidated fiscal year, 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. The information for the same period in the prior year has been retrospectively adjusted to conform to the current fiscal year's presentation.

b) Geographic information

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

(Unit: millions of yen)

	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019
Japan	¥ 145,533	¥ 170,636
North America	170,071	179,502
Europe	51,268	54,198
Asia outside Japan	88,151	70,379
Other areas	17,601	15,206
Total	¥ 472,624	¥ 489,921

Notes:

1. Revenue from North America included that from the United States of ¥155,211 million and ¥163,813 million for the three months ended Sept. 30, 2020 and 2019, 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 Sept. 30, 2020		Three months ended Sept. 30, 2019		Change	
	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	¥ 320,993	67.9	¥ 321,862	65.7	¥ (869)	(0.3)
Domestic	67,880		81,534		(13,654)	(16.7)
Overseas	253,113		240,328		12,785	5.3
Construction Machinery	72,989	15.4	80,093	16.3	(7,104)	(8.9)
Domestic	9,239		11,788		(2,549)	(21.6)
Overseas	63,750		68,305		(4,555)	(6.7)
Farm & Industrial Machinery	393,982	83.3	401,955	82.0	(7,973)	(2.0)
Domestic	77,119	16.3	93,322	19.0	(16,203)	(17.4)
Overseas	316,863	67.0	308,633	63.0	8,230	2.7
Pipe- and Infrastructure-related Products	46,923	9.9	49,228	10.0	(2,305)	(4.7)
Domestic	39,909		42,897		(2,988)	(7.0)
Overseas	7,014		6,331		683	10.8
Environment-related Products	25,209	5.4	30,882	6.4	(5,673)	(18.4)
Domestic	22,085		26,643		(4,558)	(17.1)
Overseas	3,124		4,239		(1,115)	(26.3)
Water & Environment	72,132	15.3	80,110	16.4	(7,978)	(10.0)
Domestic	61,994	13.1	69,540	14.2	(7,546)	(10.9)
Overseas	10,138	2.2	10,570	2.2	(432)	(4.1)
Other	6,510	1.4	7,856	1.6	(1,346)	(17.1)
Domestic	6,420	1.4	7,774	1.6	(1,354)	(17.4)
Overseas	90	0.0	82	0.0	8	9.8
Total	¥ 472,624	100.0	¥ 489,921	100.0	¥ (17,297)	(3.5)
Domestic	145,533	30.8	170,636	34.8	(25,103)	(14.7)
Overseas	327,091	69.2	319,285	65.2	7,806	2.4

Note:

In conformity with the change in the business reporting structure of the Company, the amounts related to "Air-conditioning equipment" are reported in the "Pipe- and Infrastructure-related Products", whereas they were formerly reported in the "Farm Equipment and Engines", and the amounts related to "Valves for private sector" are reported in the "Environment-related Products", whereas they were formerly reported in the "Pipe- and Infrastructure-related Products". The information for the same period in the prior year has been retrospectively adjusted to conform to the current fiscal year's presentation.