

For Earth, For Life
Kubota

ON YOUR SIDE

Financial Results for the six months ended June 30, 2021

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Financial Summary

For Earth, For Life


(Unit: billions of yen)	Six months ended June 30, 2021	Six months ended June 30, 2020	Changes		Variance from original forecast (Feb. 2021)	
			Amount	%	Amount	%
Revenue	1,101.4	884.2	+217.2	+24.6	+61.4	+5.9
Domestic	302.5	290.2	+12.4	+4.3	+2.5	+0.8
Overseas	798.9	594.0	+204.9	+34.5	+58.9	+8.0
Operating profit	13.4% 147.5	9.2% 81.7	+65.9	+80.7	+27.5	+23.0
Profit before income taxes	13.6% 149.4	9.5% 84.4	+65.0	+77.0	+26.4	+21.5
Profit attributable to owners of the parent	9.3% 103.0	6.7% 59.6	+43.4	+72.8	+15.0	+17.0

(Unit: billions of yen)	As of June 30, 2021	As of Dec. 31, 2020	Changes	
			Amount	%
Total assets	3,430.8	3,189.3	+241.5	+7.6
Equity attributable to owners of the parent	1,610.3	1,476.0	+134.3	+9.1

Revenue by Reportable Segment

(Unit: billions of yen)	Six months ended June 30, 2021	Six months ended June 30, 2020	Changes	
			Amount	%
Farm & Industrial Machinery (Machinery)	941.3	719.1	+222.1	+30.9
Domestic	160.4	144.6	+15.8	+10.9
Overseas	780.9	574.5	+206.3	+35.9
Water & Environment (Water)	146.6	150.3	-3.8	-2.5
Domestic	128.6	130.9	-2.3	-1.8
Overseas	18.0	19.4	-1.4	-7.4
Other	13.6	14.7	-1.1	-7.6
Domestic	13.6	14.7	-1.1	-7.7
Overseas	0.0	0.0	+0.0	+43.8
Total revenue	1,101.4	884.2	+217.2	+24.6

Domestic revenue	302.5	290.2	+12.4	+4.3
Overseas revenue	798.9	594.0	+204.9	+34.5

For reference: Changes excluding the effects of fluctuation in exchange [+28.0 billion yen]
>Overseas revenue in Machinery increased by 31%. Total overseas revenue increased by 30%.

*Beginning with the year ending December 31, 2021, in conformity with the change in the business reporting structure, 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 same period in the prior year has been retrospectively adjusted to conform to the current year's presentation.

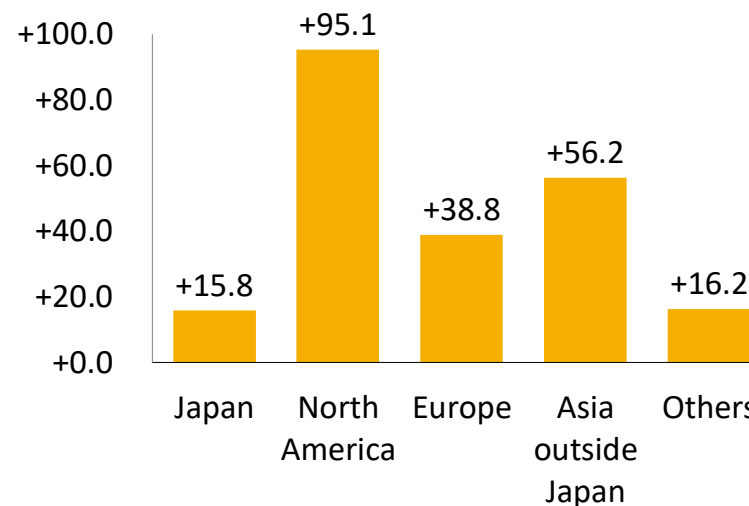
Revenue by Reportable Segment (Year-on-Year)



Machinery: +222.1 billion yen (Domestic: +15.8, Overseas: +206.3)

- Japan** Sales of farm equipment and construction machinery (CE) increased due to a recovery from adverse reaction from rushed demand before the consumption tax hike and some positive effects from subsidies for business continuation of farmers and tax incentives.
- North America** Sales of tractors and CE increased mainly due to expansion in the housing market along with move to suburbs. Sales of engines also increased because orders from OEM clients have recovered rapidly.
- Europe** Sales of tractors and CE increased because of a recovery from a slump along with suspended business by dealers. Sales of engines also increased due to increased production by OEM clients.
- Asia outside Japan** Sales of tractors and combine harvesters mainly in ASEAN increased mainly due to favorable weather conditions and stable crop prices at a high level.
- Others** Sales of tractors and CE mainly in Australia increased due to favorable weather conditions and an economic recovery.

■ Changes in revenue by region (Billions of yen)



Revenue by Reportable Segment (Year-on-Year)



Water: -3.8 billion yen (Domestic: -2.3, Overseas: -1.4)

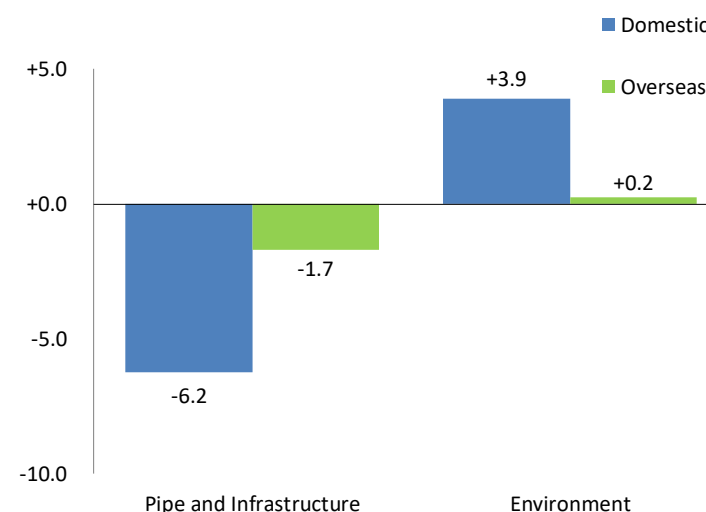
Domestic

- In pipe- and infrastructure-related products, sales of ductile iron pipes decreased mainly due to delay in construction work along with the infection spread of COVID-19.
- In environment-related products, sales of pumps increased significantly due to increased sales of drainage pump vehicles.

Overseas

- In pipe- and infrastructure-related products, sales of industrial castings, such as cracking tubes, decreased mainly due to delay in schedules and decreased orders received in the prior year.

■ Changes in revenue by product group
(Billions of yen)



Operating Profit

(Unit: billions of yen)	Six months ended June 30, 2021		Six months ended June 30, 2020		Changes	
	Amount	%	Amount	%	Amount	%
Operating profit	147.5	13.4	81.7	9.2	+65.9	+80.7

Factors affecting operating profit (YoY change +65.9 billion yen)

1. Fluctuation in exchange rates	US\$ (108→108 *1) Euro (119→130 *1) Other currencies	-5.5 billion yen +3.0 billion yen +5.5 billion yen	} +3.0 billion yen
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2. Foreign exchange gain/loss			+8.3 billion yen
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3. Material	Machinery Water	-5.0 billion yen -0.5 billion yen	} -5.5 billion yen
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4. Change in sales incentive ratio	North America : +1.8 billion yen etc.		+1.9 billion yen
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5. Impact of increased or decreased sales			+56.0 billion yen
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6. Sales price increase			+6.0 billion yen
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7. Other			-3.8 billion yen
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*1: Exchange rates, which affected profit of exported products from Japan in consideration of the period of transportation and inventory, were as follows: US\$:109→105 Euro:120→126

Operating Profit by Reportable Segment

For Earth, For Life


(Unit: billions of yen)		Six months ended June 30, 2021	Six months ended June 30, 2020	Changes
Machinery	Revenue	941.3	719.1	+222.1
	Operating profit	143.9	87.2	+56.7
	OP margin	15.3%	12.1%	+3.2P
Water	Revenue	146.6	150.3	-3.8
	Operating profit	13.2	9.9	+3.3
	OP margin	9.0%	6.6%	+2.4P
Other	Revenue	13.6	14.7	-1.1
	Operating profit	1.6	1.5	+0.1
	OP margin	12.0%	10.1%	+1.9P
Adjustment	Operating profit	-11.2	-16.9	+5.7
Total	Revenue	1,101.4	884.2	+217.2
	Operating profit	147.5	81.7	+65.9
	OP margin	13.4%	9.2%	+4.2P

*Beginning with the year ending December 31, 2021, in conformity with the change in the business reporting structure, 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 same period in the prior year has been retrospectively adjusted to conform to the current year's presentation.

Profit Before Income Taxes/ Profit for the Period

(Unit: billions of yen)	Six months ended June 30, 2021		Six months ended June 30, 2020		Changes	
	Amount	%	Amount	%	Amount	%
Profit before income taxes	149.4	13.6	84.4	9.5	+65.0	+77.0
Profit for the period	113.1	10.3	65.2	7.4	+48.0	+73.6

Profit attributable to:

Owners of the parent	103.0	9.3	59.6	6.7	+43.4	+72.8
Noncontrolling interests	10.2	1.0	5.6	0.7	+4.6	+82.3

		Year ending Dec. 31, 2021	Year ended Dec. 31, 2020	Changes
Dividend per common share	Interim	21 yen	17 yen	+4 yen
	Year-end	(Undecided)	19 yen	-
	Total	(Undecided)	36 yen	-

〈Basic policy for the return of profit〉

Shareholder return ratio: set the mid-term target of over 40%, and aim at 50%

- We established the program of purchasing own shares not exceeding 20.0 billion yen.
(Term of validity: From April 21, 2021 to December 15, 2021)

Statement of Financial Position

For Earth, For Life


(Unit: billions of yen)		As of June 30, 2021	As of Dec. 31, 2020	Changes
Cash and cash equivalents		237.5	222.9	+ 14.6
Trade receivables		589.0	592.0	- 3.1
Finance receivables		1,291.4	1,125.0	+ 166.4
Inventories		428.7	374.0	+ 54.7
Other		884.2	875.4	+ 8.8
Total assets		3,430.8	3,189.3	+ 241.5
Bonds and borrowings		956.7	874.4	+ 82.2
Trade payables		328.6	323.6	+ 5.0
Other		433.1	417.1	+ 16.0
Total liabilities		1,718.4	1,615.1	+ 103.3
Equity attributable to owners of the parent		1,610.3	1,476.0	+ 134.3
Noncontrolling interests		102.1	98.1	+ 3.9
Total equity		1,712.4	1,574.2	+ 138.2
Total liabilities and equity		3,430.8	3,189.3	+ 241.5

Changes excl.
the effects of
fluctuation in
exchange rates

▲ 22.0
+ 96.0
+ 36.0

+ 36.0

Net debt equity ratio	0.45	0.44	0.01
Net debt equity ratio (excl. financial services)	-0.28	-0.30	0.02

Statement of Cash Flows

(Unit: billions of yen)	Six months ended June 30, 2021	Six months ended June 30, 2020	Changes
Net cash provided by operating activities	50.8	49.5	+1.3
Increase in finance receivables	-99.3	-63.5	-35.8
Other	150.1	113.0	+37.1
Net cash used in investing activities	-45.3	-30.4	-14.9
Payments for acquisition of property, plant, and equipment and intangible assets	-57.0	-38.4	-18.5
Other	11.7	8.0	+3.7
Net cash provided by financing activities	2.3	36.2	-33.9
Effect of exchange rate changes on cash and cash equivalents	6.8	-4.3	+11.1
Net increase in cash and cash equivalents	14.6	51.0	-36.4
Free cash flow	-6.2	11.1	-17.3
Free cash flow (excl. the impact of increase in finance receivables)	93.1	74.5	+18.6



Financial Services <Reference (unaudited)>

Statement of Financial Position

(Unit: billions of yen)	As of June 30, 2021		As of Dec. 31, 2020	
	Financial services	Equipment operations	Financial services	Equipment operations
Total assets	1,487.2	2,213.7	1,317.4	2,097.3
Cash and cash equivalents	32.0	205.5	24.9	198.0
Trade receivables	33.5	557.2	33.2	560.4
Finance receivables	1,291.4	-	1,125.0	-
Inventories	-	428.7	-	374.0
Property, plant, and equipment	3.8	436.7	1.2	423.5
Other	126.5	585.6	133.1	541.4
Total liabilities	1,259.1	712.0	1,115.3	707.8
Total interest-bearing liabilities	1,189.4	-	1,056.4	-
Other	69.7	712.0	59.0	707.8
Total equity	228.2	1,501.6	202.1	1,389.5

Statement of Profit or Loss (Financial Services)

(Unit: billions of yen)	Six months ended June 30, 2021	Six months ended June 30, 2020	Changes	
	Amount	Amount	Amount	%
Revenue	43.2	38.0	+5.2	+13.7
Operating profit	47.4% 20.5	39.8% 15.1	+5.3	+35.3
Profit attributable to owners of the parent	30.0% 13.0	23.9% 9.1	+3.9	+42.6

Recent Developments In Machinery

Recent Developments in Machinery (U.S.)

U.S.

Retail sales of tractors and CE increased along with strong housing-related market. On the other hand, dealer inventories fell to low levels because of delays in production and shipment along with port congestion and labor shortages.

Tractors / RS*

Retail sales of compact and medium-sized tractors were strong along with strong demand caused by stay-at-home lifestyle and expansion in housing investment mainly due to move to suburbs. Retail sales of large-sized tractors were also solid due to a rise in crop prices.

CE / RS

Demand expanded due to strong housing starts and a recovery of investment by rental companies. While current housing starts have slowed slightly due to lumber prices shock, retail sales of all products including a new product, stand-on compact loader, were strong.

Tractors · CE / WS*

Wholesales did not catch up with strong retail sales due to port congestion as well as continuous delays in production caused by labor shortages and delays in receiving components. Although wholesales increased significantly from the prior year, dealer inventories fell to the lowest levels ever. It is expected that it will take some time to resolve the labor shortages and other problems, and we will continue to focus on maximizing production and shipment as well as detailed inventory control.

Engines / WS

Wholesales of engines were generally solid due to a sharp increase in orders from OEM clients, particularly those related to construction & industrial machinery and refrigerator trucks.

* RS: Retail sales, WS: Wholesales

Supplementary data of U.S.

■ YoY growth rate of retail sales units in the tractor market by horsepower

		Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Dec.
2020	0-40hp	-8.9%	+24.0%	+28.2%	+33.3%	+13.3%	+21.0%
	40-120hp	-5.1%	+13.9%	+17.1%	+21.6%	+6.5%	+13.1%
	120-160hp	-14.1%	+9.2%	-10.4%	+8.8%	-0.1%	-0.3%
2021	0-40hp	+64.3%	-1.9%	-	-	+15.2%	-
	40-120hp	+34.0%	+11.4%	-	-	+19.3%	-
	120-160hp	+29.8%	+16.9%	-	-	+22.1%	-

Source: AEM (Association of Equipment Manufacturers)

■ YoY growth rate of retail sales units in the mini-excavator market (0-8t)

	Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Dec.
2020	+4.5%	-4.4%	+20.2%	+27.5%	-1.0%	+12.0%
2021	+38.0%	+30.4%	-	-	+33.5%	-

Source: AEM (Association of Equipment Manufacturers)

■ YoY growth rate of retail sales units in the compact track loader market

	Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Dec.
2020	+2.2%	-0.1%	+25.0%	+24.7%	+0.8%	+13.8%
2021	+46.5%	+32.3%	-	-	+37.9%	-

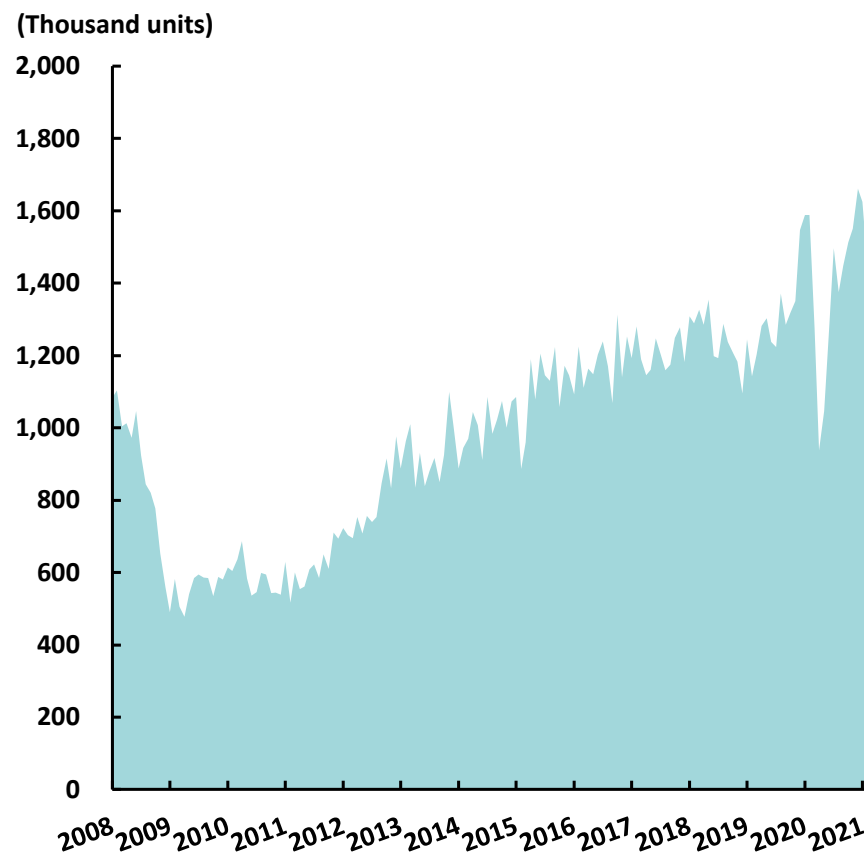
Source: AEM (Association of Equipment Manufacturers)

■ YoY growth rate of retail sales units in the skid steer loader market

	Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Dec.
2020	-10.9%	-23.6%	+6.4%	-0.8%	-18.0%	-6.9%
2021	+14.8%	+27.1%	-	-	+21.1%	-

Source: AEM (Association of Equipment Manufacturers)

■ New privately owned housing units started (Seasonally adjusted annual rate)



Source: U.S. Census Bureau

Recent Developments in Machinery (Europe)

Europe

Sales of tractors, CE, and Engines recovered steadily from a slump caused by lockdown in the prior year.

Tractors / RS

Retail sales of tractors were solid in each country due to recovery from a slump caused by lockdown in the prior year. Purchasing power of farmers is on a recovery track due to a rise in prices of dairy products and grains.

Implements / WS

As with the situation of tractors, wholesales were solid.

CE / RS

Retail sales increased mainly in UK and Italy because of a recovery from conservative buying of major rental companies in the prior year.

Engines / WS

Wholesales increased due to a recovery from suspended production by OEM clients and a slump of demand for construction & industrial machinery in the prior year.

Recent Developments in Machinery (Asia)

Thailand and neighboring countries

Demand expanded because favorable weather conditions and stable crop prices at a high level as well as government subsidies supported farmers to enhance willingness to purchase.

Tractors / RS

Retail sales increased due to enhanced willingness of farmers to purchase.

Combines/ RS

Retail sales increased mainly due to favorable weather conditions, stable rice prices, and increased yields.

CE / RS

Retail sales increased. However, construction work has been currently delayed due to the infection spread of COVID-19.

Neighboring countries / RS

Sales in Cambodia were strong due to high prices of rice. Sales in Myanmar decreased due to a negative impact of seriously restricted economic activities caused by political instability.

China

Sales recovered from the negative impact of COVID-19 in the prior year. Although budgeted government subsidies decreased from the prior year, demand was solid mainly due to a movement of early purchases.

Farm Equipment / RS

Retail sales of combine harvesters remained at the same level as the prior year because there was no improvement in rice prices and profitability of contractors and demand has shifted to lower-priced machines. Retail sales of rice transplanters, where demand for replacement was expanding, and tractors, where early purchasing was progressing, increased.

CE/ RS

Retail sales decreased mainly due to intensified price competition and decreased construction volume.

Engines / WS

Wholesales increased due to strong sales for industrial machinery and refrigeration equipment, while there is a movement of production adjustments for CE recently.

Recent Developments in Machinery (Japan)

Japan

Demand recovered from a slump in the prior year caused by adverse reaction from rushed demand before the consumption tax hike. Sales of farm equipment and CE were solid due to some positive effects from subsidies for business continuation of farmers and tax incentives.

Farm Equipment / RS

Retail sales increased due to a recovery from adverse reaction from rushed demand before the consumption tax hike and subsidies for business continuation of farmers. Sales of medium-sized tractors introduced in the 2nd half of the prior year were strong and sales measures such as virtual exhibitions worked well.

CE / RS

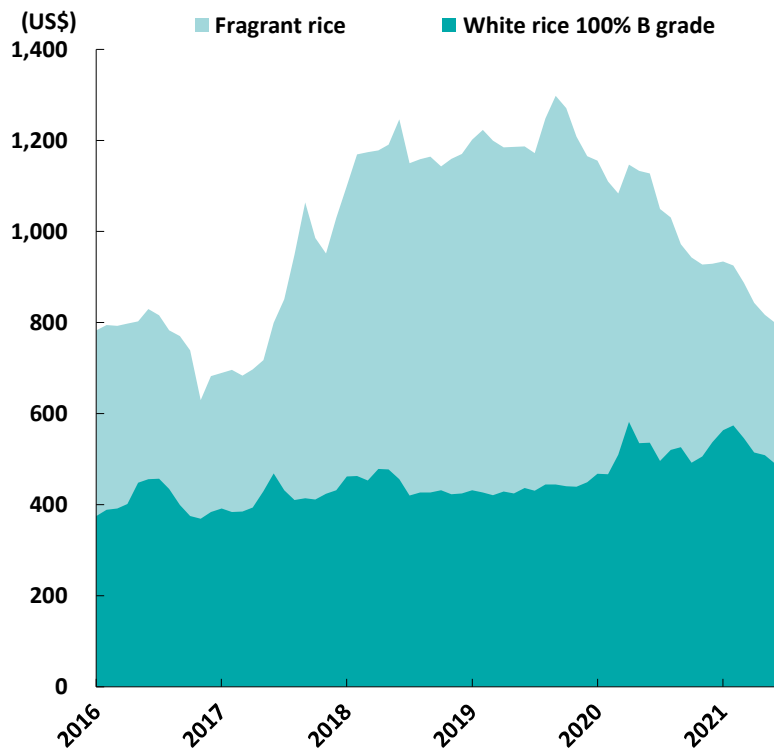
While rental companies were cautious about capital expenditures due to the infection spread of COVID-19, retail sales increased due to strong sales for general users resulting from tax incentives.

Engines / WS

Wholesales increased due to a recovery from a reduction in production volume by OEM clients along with the infection spread of COVID-19.

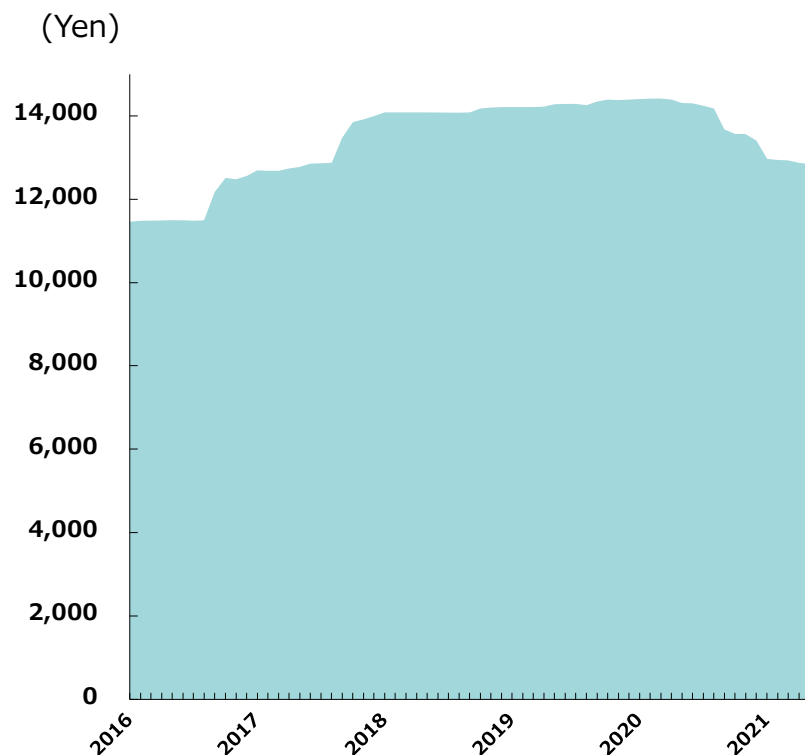
Supplementary data of Thailand, China, and Japan

■ Export price of Thai rice (US\$/t)



Source: USDA, Thai Rice Exporters Association

■ Producers' price of Japanese rice (yen/ 60kg)



Source: Ministry of Agriculture, Forestry and Fisheries

■ Budgeted government subsidies for purchasers of farm equipment in China

(Unit: billions of RMB)		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Subsidies	1st stage	13.0	20.0	17.0	21.0	22.8	18.6	18.6	18.0	16.9	14.0
	Full year	21.5	21.8	23.8	23.8	23.7	18.6	18.6	18.0	27.4	

Forecast

Anticipated Operating Results

For Earth, For Life


(Unit: billions of yen)	Year ending Dec. 31, 2021 (Forecast)	Year ended Dec. 31, 2020 (Actual)	Changes		Previous forecast (Feb. 2021)
			Amount	%	
Revenue	2,150.0	1,853.2	+296.8	+16.0	2,050.0
Domestic	616.0	595.2	+20.8	+3.5	606.0
Overseas	1,534.0	1,258.0	+276.0	+21.9	1,444.0
Operating profit	12.1% 260.0	9.5% 175.3	+84.7	+48.3	10.7% 220.0
Profit before income taxes	12.2% 263.0	10.0% 185.9	+77.1	+41.5	11.0% 225.0
Profit attributable to owners of the parent	8.5% 183.0	6.9% 128.5	+54.5	+42.4	7.7% 158.0

The infection of new variants of COVID-19 is spreading around the world. If the situation with COVID-19 gets worse, there is a possibility that the Company's results of operations will be affected. However, the impact is not included in these forecasts because it is difficult to make assumptions at this point.

Anticipated Revenue by Reportable Segment

(Unit: billions of yen)	Year ending Dec. 31, 2021 (Forecast)	Year ended Dec. 31, 2020 (Actual)	Changes	
			Amount	%
Machinery	1,800.0	1,509.1	+290.9	+19.3
Domestic	310.0	292.9	+17.1	+5.8
Overseas	1,490.0	1,216.2	+273.8	+22.5
Water	320.0	315.8	+4.2	+1.3
Domestic	276.0	274.0	+2.0	+0.7
Overseas	44.0	41.8	+2.2	+5.2
Other	30.0	28.3	+1.7	+5.8
Domestic	30.0	28.3	+1.7	+5.9
Overseas	0.0	0.0	-	-
Total revenue	2,150.0	1,853.2	+296.8	+16.0

Domestic revenue	616.0	595.2	+20.8	+3.5
Overseas revenue	1,534.0	1,258.0	+276.0	+21.9

For reference: Changes excluding the effects of fluctuation in exchange [+41.0 billion yen]
>Overseas revenue in Machinery is forecast to increase by 19%. Total overseas revenue is forecast to increase by 19%.

*Beginning with the year ending December 31, 2021, in conformity with the change in the business reporting structure, 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 year has been adjusted to conform to the current year's presentation.

Anticipated Operating Profit

(Unit: billions of yen)	Year ending Dec. 31, 2021 (Forecast)		Year ended Dec. 31, 2020 (Actual)		Changes	
	Amount	%	Amount	%	Amount	%
Operating profit	260.0	12.1	175.3	9.5	+84.7	+48.3

Factors affecting operating profit (YoY change +84.7 billion yen)

1. Fluctuation in exchange rates	US\$ (107→108 *1) Euro (122→130 *1) Other currencies	-2.5 billion yen +7.0 billion yen +7.5 billion yen	+12.0 billion yen
2. Foreign exchange gain/loss			+7.0 billion yen
3. Material	Machinery Water	-20.0 billion yen -7.0 billion yen	-27.0 billion yen
4. Change in sales incentive ratio	North America : -2.4 billion yen etc.		-3.8 billion yen
5. Impact of increased or decreased sales			+74.0 billion yen
6. Sales price increase			+16.0 billion yen
7. Other			+6.5 billion yen

*1: Exchange rates, which affected profit of exported products from Japan in consideration of the period of transportation and inventory, were as follows: US\$:108→107 Euro:121→129

Anticipated Operating Profit by Reportable Segment

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Kubota

(Unit: billions of yen)		Year ending Dec. 31, 2021 (Forecast)	Year ended Dec. 31, 2020 (Actual)	Changes
Machinery	Revenue	1,800.0	1,509.1	+290.9
	Operating profit	264.0	180.0	+84.0
	OP margin	14.7%	11.9%	+2.7P
Water	Revenue	320.0	315.8	+4.2
	Operating profit	27.0	25.9	+1.1
	OP margin	8.4%	8.2%	+0.2P
Other	Revenue	30.0	28.4	+1.6
	Operating profit	3.0	3.5	-0.5
	OP margin	10.0%	12.2%	-2.2P
Adjustment	Operating profit	-34.0	-34.1	+0.1
Total	Revenue	2,150.0	1,853.2	+296.8
	Operating profit	260.0	175.3	+84.7
	OP margin	12.1%	9.5%	+2.6P

*Beginning with the year ending December 31, 2021, in conformity with the change in the business reporting structure, 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 year has been adjusted to conform to the current year's presentation.

CAPEX, Depreciation, and R&D Expenses

■ CAPEX, Depreciation and R&D expenses

(Unit: billions of yen)	Year ending Dec. 31, 2021		Year ended Dec. 31, 2020
	(Forecast)	(Original forecast)	(Actual)
Capital expenditures *	140.0	140.0	87.2
Depreciation and amortization *	61.0	61.0	53.2
R&D expenses	59.0	61.0	55.3

* : Recognition of right-of-use assets and depreciation of right-of-use assets along with adoption of IFRS 16 *Leases* are not included.

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.



ON YOUR SIDE

For Earth, For Life
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