Financial Results
for the six months ended June 30, 2021

Masato Yoshikawa
Director and Executive Vice President,
General Manager of Planning & Control Headquarters

August 5, 2021

Financial Summary

For Earth, For Life
Kubota

(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

KUBOTA Corporation (Financial results for the six months ended June 30, 2021)

- Revenue increased by 24.6% from the same period in the prior year to 1,101.4 billion yen, operating profit increased by 80.7 % from the same period in the prior year to 147.5 billion yen, and profit attributable to owners of the parent increased by +72.8% from the same period in the prior year to 1,030 billion yen, all of which were record highs.
- Compared to the latest forecast, revenue, operating profit, and profit attributable to owners of the parent were all higher.

Revenue by Reportable Segment

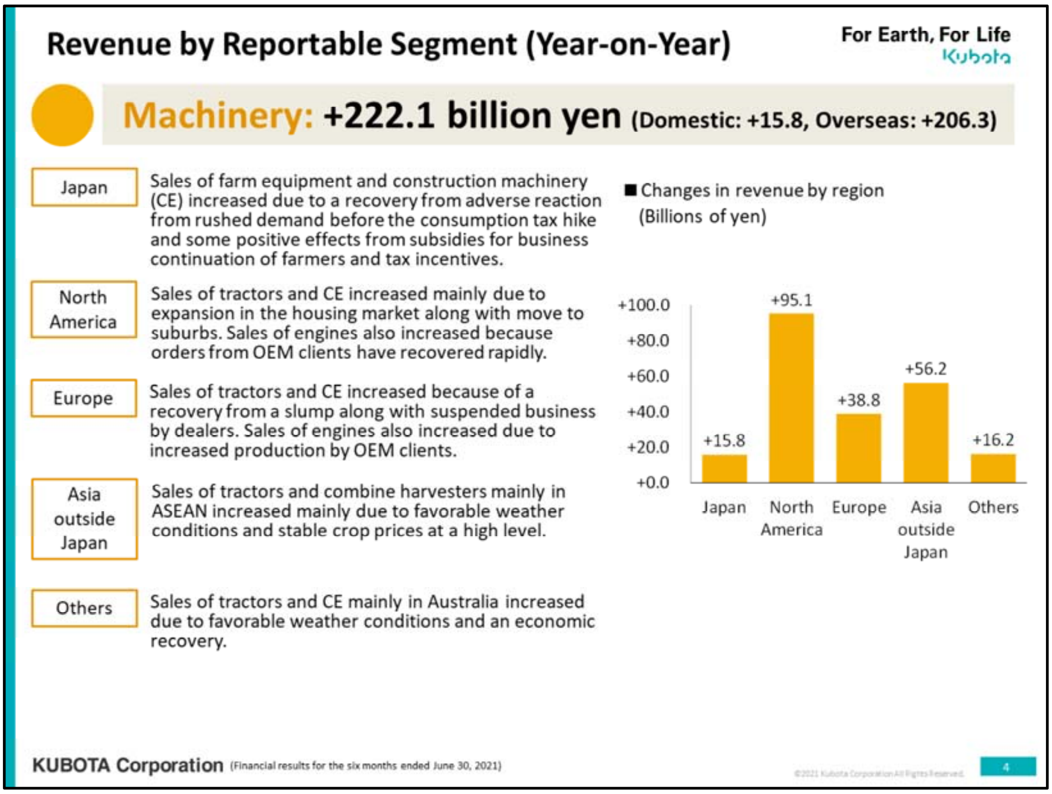
For Earth, For Life
Kubota

(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.



Domestic revenue in Farm & Industrial Machinery increased by 15.8 billion yen (+11%).

- Sales of farm equipment and construction machinery (CE) were solid mainly due to some positive effects from subsidies for business continuation and tax incentives in addition to a recovery from adverse reaction from rushed demand before the consumption tax hike.

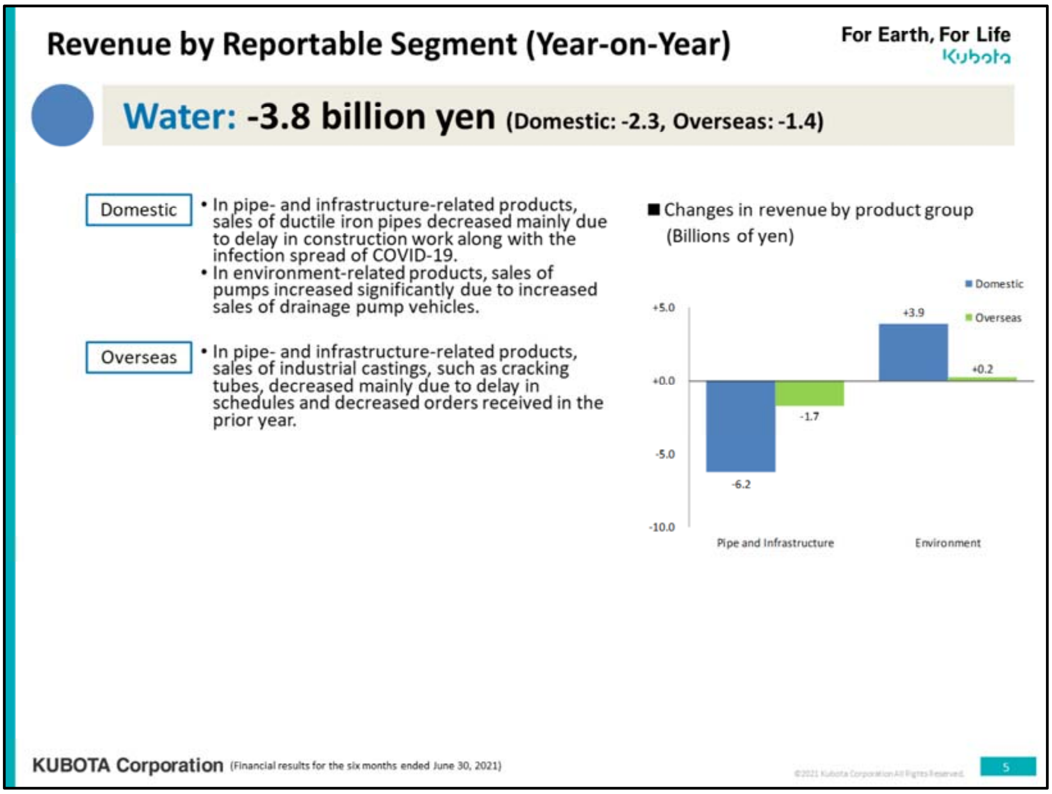
Overseas revenue in Farm & Industrial Machinery increased by 206.3 billion yen (+36%)

- Revenue in North America increased by 95.1 billion yen (+32%).
    - ✓ Sales of tractors and CE increased due to strong demand along with move to suburbs.
    - ✓ Orders for engines from OEM clients have recovered rapidly as well.

- Revenue in Europe increased by 38.8 billion yen (+36%).
    - ✓ Sales of tractors, CE, and engines increased because of recovery from a slump mainly due to suspended operation by dealers resulting from lockdown.

- Revenue in Asia outside Japan increased by 56.2 billion yen (+37%).
    - ✓ Sales of tractors and combine harvesters in ASEAN, mainly Thailand, increased significantly mainly due to favorable weather conditions and stable crop prices at a high level.
    - ✓ Outside of ASEAN, sales in China increased due to a recovery from a slump caused by the infection spread of COVID-19 in the 1st quarter of the prior year.
    - ✓ In India, sales of tractors and combine harvesters also increased significantly due to a good harvest resulting from favorable rainfall since the prior year. The impact of the second wave of COVID-19, which occurred in May, was limited.

- Revenue in Others increased by 16.2 billion yen (+81%).
    - ✓ In Australia, sales of tractors and CE increased significantly mainly due to favorable weather conditions and an economic recovery.



Water & Environment

- Domestic revenue decreased by 2.3 billion yen (-2%).
  - ✓ In pipe- and infrastructure-related products, sales of ductile iron pipes decreased mainly due to the reaction to large-scale projects in the prior year and delay in construction work along with the infection spread of COVID-19.
  - ✓ In environment-related products, sales of drainage pump vehicles were strong.

- Overseas revenue decreased by 1.4 billion yen (-7%).
  - ✓ In pipe- and infrastructure-related products, sales of industrial castings, mainly cracking tubes, decreased mainly due to decreased orders received in the prior year resulting from a slump in crude oil prices and the infection spread of COVID-19, and delay in schedules. However, orders received this year have been strong due to recovered demand.

Operating Profit

For Earth, For Life
Kubota

(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
2.Foreign exchange gain/loss			**+8.3** billion yen
3.Material	Machinery Water	-5.0 billion yen -0.5 billion yen	**-5.5** billion yen
4.Change in sales incentive ratio	North America : +1.8 billion yen etc.		**+1.9** billion yen
5.Impact of increased or decreased sales			**+56.0** billion yen
6.Sales price increase			**+6.0** billion yen
7.Other			**-3.8** 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$:109→105 Euro:120→126

KUBOTA Corporation (Financial results for the six months ended June 30, 2021)

6

- Changes in sales incentive ratio (+1.9 billion yen)
  - ✓ The main reason for the positive impact was that interest rate level in the 1st half of the year in the U.S. was lower than the previous year.
- Sales price increase (+6.0 billion yen)
  - ✓ This was mainly due to the effect of price increases in North America.
- Other (-3.8 billion yen)
  - ✓ Profitability of products, which were shipped in the 1st quarter of the prior fiscal year, in our manufacturing bases had deteriorated along with a reduction in production in the 4th quarter of FY2019. However, due to the elimination of such factors, this year's profit increased by 8.7 billion yen.
  - ✓ Furthermore, in the 2nd quarter of the prior fiscal year, the domestic and overseas manufacturing bases had suspended temporarily due to the impact of COVID-19. However, due to the elimination of such factors, this year's profit increased by 2.5 billion yen.
  - ✓ On the other hand, sales expenses and fixed manufacturing costs increased along with business expansion. As a result, Other in total was a factor leading to a decrease in operating profit of 3.8 billion yen.

Operating Profit by Reportable Segment

For Earth, For Life
Kubota

(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.

KUBOTA Corporation (Financial results for the six months ended June 30, 2021)

7

- Operating profit in Farm & Industrial Machinery increased significantly mainly due to increased revenue in the domestic and overseas markets and the disappearance of temporary deterioration factors in the previous year, which were explained in "Other" of factors affecting operating profit, while there were some negative effects from increased fixed costs and a rise in material prices.
- In Water & Environment, plant construction costs, which increased in the prior year, improved.
- An improvement in "Adjustment" was mainly due to an improvement in foreign exchange gain/loss.

Profit Before Income Taxes/ Profit for the Period

For Earth, For Life
Kubota

(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
Kubota

(Unit: billions of yen)	As of June 30, 2021	As of Dec. 31, 2020	Changes	Changes excl. the effects of fluctuation in exchange rates
Cash and cash equivalents	237.5	222.9	+ 14.6	
Trade receivables	589.0	592.0	- 3.1	▲ 22.0
Finance receivables	1,291.4	1,125.0	+ 166.4	+ 96.0
Inventories	428.7	374.0	+ 54.7	+ 36.0
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	+ 36.0
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	

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

KUBOTA Corporation (Financial results for the six months ended June 30, 2021)

9

- Trade receivables excluding the effects of fluctuation in exchange rates decreased by 22.0 billion yen.
  - ✓ In the U.S., trade receivables from dealers decreased due to strong retail sales, while shipments delayed.
- Finance receivables excluding the effects of fluctuation in exchange rates increased by 96.0 billion yen.
  - ✓ Finance receivables increased mainly in North America, where retail sales were strong. In addition, the collection status of finance receivables continues to be favorable.
- Inventories excluding the effects of fluctuation in exchange rates increased by 36.0 billion yen.
  - ✓ Inventories in transit increased mainly due to port congestion.
- Interest-bearing debt excluding the effects of fluctuation in exchange rates increased by 36.0 billion yen.
  - ✓ Although finance receivables increased significantly along with strong retail sales, the amount of increase was limited mainly due to good progress in the collection of trade receivables.

Statement of Cash Flows

For Earth, For Life
Kubota

(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

KUBOTA Corporation (Financial results for the six months ended June 30, 2021)

- Net cash provided by operating activities was 50.8 billion yen.
  - ✓ This included 148.3 billion yen in cash inflow related to profit for the period and depreciation and amortization, 99.3 billion yen in cash outflow related to an increase in finance receivables, and 1.8 billion yen in cash inflow related to other items.
  - ✓ Compared to the same period in the prior fiscal year, net cash inflow increased by 1.3 billion yen. An increase in profit for the period compensated for increased cash outflow related to an increase in finance receivables.
- Free cash flow excluding the impact of increase in finance receivables, which we prioritize, increased by 18.6 billion yen from the same period in the prior year to 93.1 billion yen.

Financial Services <Reference (unaudited)>

For Earth, For Life
Kubota

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

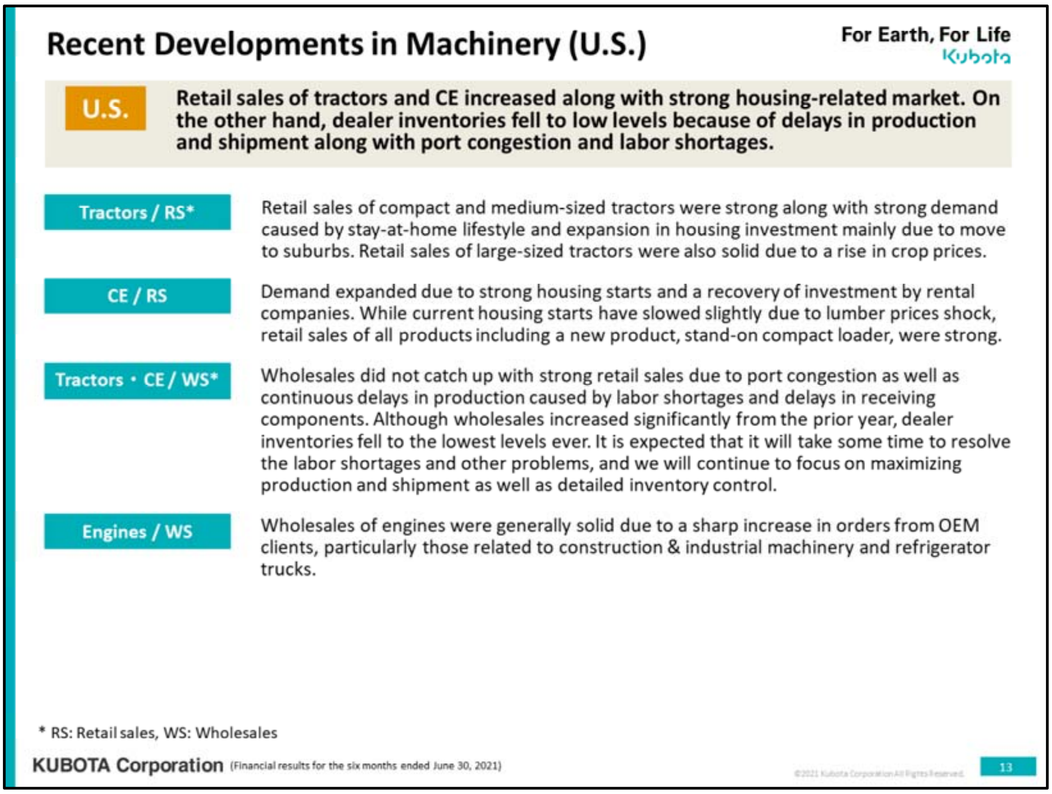
Statement of Profit or Loss (Financial Services)

(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

KUBOTA Corporation (Financial results for the six months ended June 30, 2021)

- Equipment operations excluding financial services have maintained a debt-free status.
- The P/L of the financial services has also been calculated, and it has maintained sufficient profitability.

Recent Developments
In Machinery



[1st half Results]

- The number of housing starts (SAAR), which is considered to be strongly related to our businesses, has remained at a high level of over 1.5 million.
- While there is a risk that the housing market will slow down due to soaring prices of building materials caused by a lumber shortage and a rise in long-term interest rates, current interest rates are still at a low level and strong demand is expected to continue for the time being.

①Tractors (retail sales)

- Demand for compact tractors (0-40hp), mainly for home owners, expanded by 15% from the prior year and that for medium-sized tractors (40-120hp) expanded by 19% from the prior year. Demand was strong mainly due to increased spending on housing and quality of life improvement along with move to suburbs and the establishment of remote work.
- Demand for large-sized tractors (over 120hp), mainly for agricultural market, expanded by 22% from the prior year due to a rise in crop prices.
- Retail sales of tractors increased by 17% from the prior year and those of lawn mowers and UVs were also solid. Retail sales in May and June were lower than the previous year, but we believe this was mainly due to an effect from the shortage of dealer inventories.

②CE (retail sales)

- Demand for all types of products expanded significantly due to a recovery in investment by rental companies in addition to the continuing rush to build houses.
- Retail sales also increased significantly by 45%, and the new product, stand-on compact loader, was off to a strong start, exceeding our plan.

③Tractors and CE (wholesales)

- Although wholesales exceeded greatly those of the prior year, we have not been able to ship enough products to meet market needs due to delays in the arrival of products and components caused by port congestion and delays in production caused by labor shortages at our plants and suppliers.
- As a result, dealer inventories have fallen to a record low level of 1.9 months, less than half the level of the prior year.

④Engines (wholesales)

- Production at OEM clients recovered rapidly from a slump in the prior year, and demand was strong, mainly for construction & industrial machinery and refrigerator trucks.
- We have a large number of back orders from OEM clients to meet their demand for a rapid increase in production.

[Forecasts for 2nd half]

- Demand is expected to remain at a high level. On the other hand, it is expected that it will take some time to improve production and shipments.
- Although shipments in the 2nd half of the year will be higher than in the 1st half of the year, we believe that it will be difficult to raise dealer inventories to an appropriate level by the end of the year, and dealer inventories at the end of the year are expected to be lower than 4 months.
- We expect that labor shortages will be resolved gradually, but it is difficult to make dramatic improvements. As in the first half of the year, we will try to control the impact on retail sales by carefully allocating inventories.
- The infection of new variants of COVID-19 is spreading in the U.S. as well, and there is uncertainty about the future situation, including the resolution of the labor shortage.

Supplementary data of U.S.

For Earth, For Life
Kubota

■ 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%	-

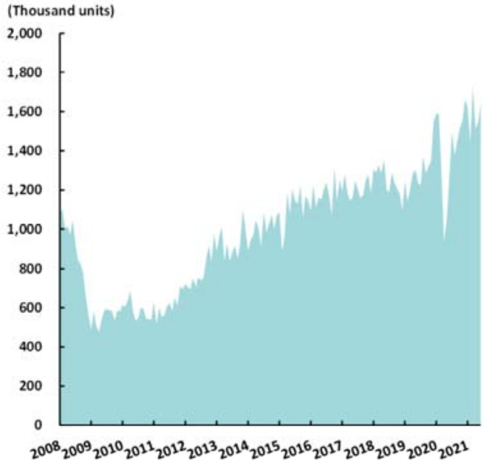
Source: AEM (Association of Equipment Manufacturers)

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

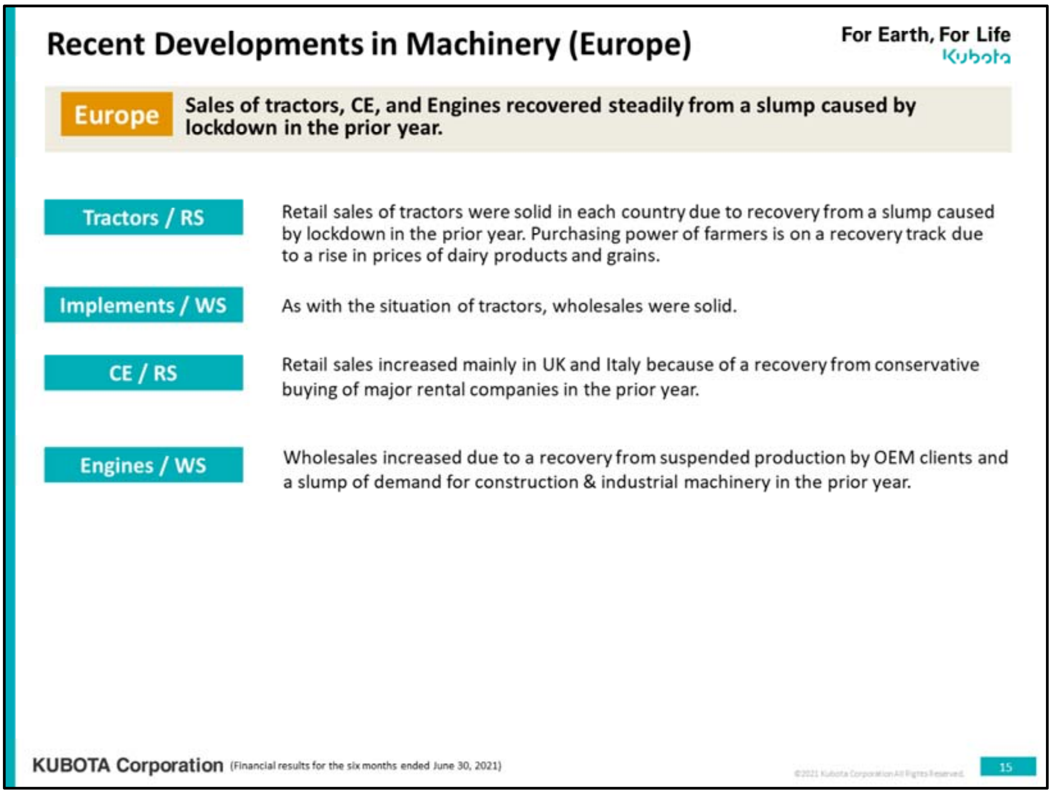
	Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Dec.
2020	-10.9%	-23.6%	+6.4%	-0.8%	-18.0%	-6.9%
2021	+14.8%	+27.1%	-	-	+21.1%	-

Source: AEM (Association of Equipment Manufacturers)

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



Source: U.S. Census Bureau



[1st half Results]

- The market was on a recovery trend from the market slump caused by lockdown in the prior year, and demand was solid.

①Tractors (retail sales)

- Retail sales of tractors were solid because purchasing power of farmers was on a recovery track due to a rise in prices of dairy products and grains, in addition to adverse reaction from the slump in the prior year.
- In April, we launched M6 series, and we are gaining momentum to capture the large-sized tractor market.

②Implement (wholesales)

- As with the situation of tractors, wholesales of implements were solid.

③CE (retail sales)

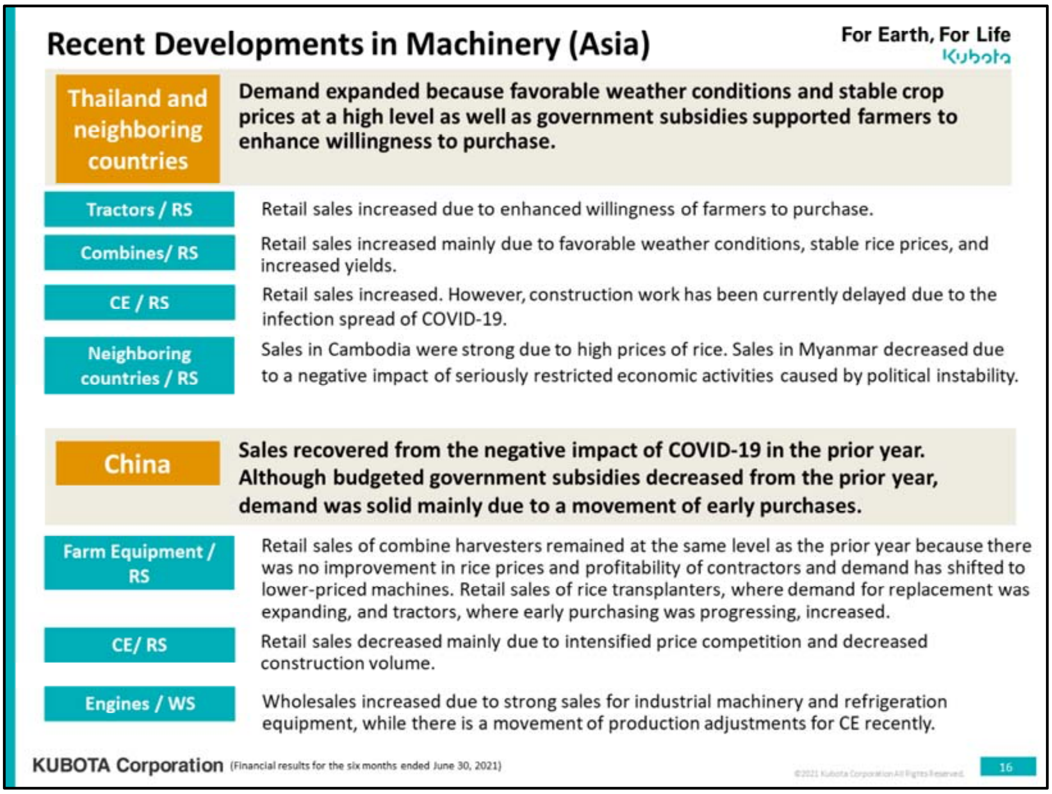
- Retail sales of CE were strong mainly in the UK and Italy due to a recovery from conservative buying of major rental companies in the prior year.
- Retail sales in Germany weakened for a while due to the lockdown, but current situation is improving with the gradual easing of the lockdown.

④Engines (wholesales)

- In addition to adverse reaction from reduced production by OEM clients in the previous year, demand mainly for construction & industrial machinery and refrigeration equipment were very strong.

[Forecasts for 2nd half]

- Sales are expected to remain strong because the outlook for the market is strong mainly due to the expansion of the number of housing starts, as well as the effect of the investment promotion tax system in the UK.



Thailand and neighboring countries
[1st half Results]
- Demand expanded steadily mainly due to steady rainfall since rainy season in the prior year, stable crop prices at a high level, and government subsidies.
- Although COVID-19 is spreading at present, the impact is limited for now. In addition, there was also a positive aspect that demand for farm equipment increased because migrant workers in urban areas return to rural farmers due to COVID-19 crisis.

①Tractors - Thailand (retail sales)
- In addition to rice farmers, we have made steady progress in developing new customers for upland farmers, such as sugar cane and cassava, and retail sales were strong.
- Government subsidies for sugar cane farmers have started since June, which has also been a tailwind, and willingness of farmers to purchase tractors is increasing.

②Combines harvesters - Thailand (retail sales)
- Retail sales of combine harvesters were solid mainly due to stable rice prices and increased yields resulting from steady rainfall.

③CE - Thailand (retail sales)
- Although there have been some delays in construction work due to the infection spread of COVID-19, retail sales increased in the first half of the year.

④Neighboring countries (retail sales)
- Retail sales in Cambodia were strong due to favorable weather conditions like Thailand and stable crop prices.
- Retail sales in Myanmar decreased due to a negative impact of restricted economic activities amid political instability. Economic activities have gradually resumed since May, but it is expected to take some time to normalize.

[Forecasts for 2nd half]
- Sales in the 2nd half of the year is expected to decrease from the prior year because those in the 2nd half of the prior fiscal year were also strong due to steady rainfall during the rainy season, it is expected that there was front-loaded demand due to steady rainfall in the 1st half of the year, and the effects of political instability is expected to continue in Myanmar.
- The infection of COVID-19 is also spreading in Thailand, and there is uncertainty about the situation in the 2nd half of the year.

China
[1st half Results]
- Demand recovered from a slump caused by COVID-19 in the 1st quarter of the prior fiscal year.
- Budgeted government subsidies for purchasers of farm equipment this year is expected to be 14.0 billion RMB, which is much lower than that of the prior year of 27.4 billion RMB. However, demand was solid because the purchasing sentiment of farmers remained at a high level.

①Farm equipment (retail sales)
- While there was adverse reaction from the slump caused by COVID-19 crisis in the prior year, demand of combine harvesters expanded mainly for lower-priced machines and the used market due to declined profitability of contractors caused by rice prices that have not risen. As a result, retail sales of combine harvesters remained at the same level as the prior year in the spring sales season.
- Retail sales of rice transplanters, which were the largest in 2017, increased due to demand for replacement. Retail sales of tractors increased because purchasing sentiment remained strong.

②CE (retail sales)
- Retail sales of CE were sluggish due to intensified price competition in the 5t and above category and a decrease in the volume of construction work since April, which was mainly due to local elections, rainfall in the southern area of the country, and delays in payment of construction fees.

③Engines (wholesales)
- Although there was effect from a shortage of supply of some models, sales of engines were steady, mainly for forklifts, elevated work vehicles, and refrigeration equipment.

[Forecasts for 2nd half]
- We expect that demand for engines will continue to be high, and that for CE will recover as construction work resumes. On the other hand, sales of farm equipment are expected to be slightly lower than the previous year due to strong sales in the prior year resulting from a recovery from COVID-19 crisis and the government's measures to stimulate demand.

Recent Developments in Machinery (Japan)

For Earth, For Life

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.

KUBOTA Corporation (Financial results for the six months ended June 30, 2021)

17

[1st half Results]

①Farm equipment (retail sales)

- Demand expanded mainly due to a recovery from adverse reaction from rushed demand before the consumption tax hike and the effect of subsidies for business continuation.
- Retail sales were strong mainly due to strong sales of medium-sized tractors introduced in the 2nd half of the prior year, in addition to the expansion of demand.
- We have also developed virtual exhibitions, and we aim to strengthen our contact with farmers through digital marketing linked to real proposal activities.

②CE (retail sales)

- While rental companies remained cautious about capital expenditures due to COVID-19 crisis, retail sales for general users were firm mainly due to the effect of tax incentives.

③Engines (wholesales)

- Sales of engines were firm due to a recovery from a reduction in production volume by OEM clients.

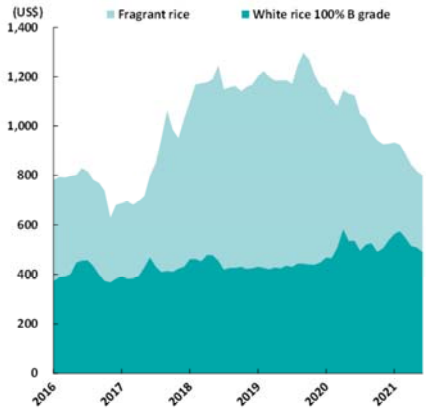
[Forecasts for 2nd half]

- Sales of tractors are expected to continue to be strong. However, we expect only a slight increase in overall domestic sales compared to the previous year because the impact of the consumption tax hike in the 2nd half of the prior year has already disappeared.
- The infection of new variants of COVID-19 is also spreading in Japan, and if the situation with COVID-19 gets worse, there is a possibility that it will have an negative impact on procurement and production in particular.

Supplementary data of Thailand, China, and Japan

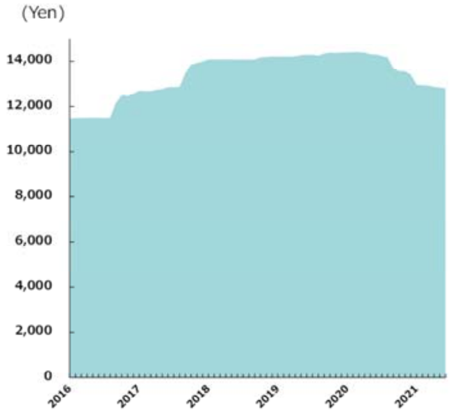
For Earth, For Life
Kubota

■ 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
Kubota

(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

For Earth, For Life
Kubota

(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.

KUBOTA Corporation (Financial results for the six months ended June 30, 2021)

21

Overseas revenue of Machinery

- Based on the assumption of each market explained on page 13-18, percentage change in revenue in each region on a local currency basis year on year is expected as below:
  - ✓ Revenue in North America is expected to increase by 24%
  - ✓ Revenue in Europe is expected to increase by 17%
  - ✓ Revenue in Asia outside Japan is expected to increase by 13%
  - ✓ Revenue in Other regions is expected to increase by 9%
  - ✓ Within Asia outside Japan, revenue in Thailand and the three neighboring countries is expected to increase by 17%, and revenue in China is expected to increase by 1%

Anticipated Operating Profit

For Earth, For Life
Kubota

(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

KUBOTA Corporation (Financial results for the six months ended June 30, 2021)

22

- Material (-27.0 billion yen)
  - ✓ Material is expected to be a negative factor because the impact of rising prices mainly of steel materials, scrap iron, coils, and PVC will expand over the second half of the fiscal year.

- Changes in sales incentive ratio (-3.8 billion yen)
  - ✓ Change in sales incentive ratio will be a factor of the decrease in profit. The main reason for this is that interest rates in the US have been rising moderately since the beginning of the year, and we will no longer have the gain on reversal of reserves associated with a decline in interest rates as in the previous year. Incentive programs tend to be curbed.

- Other (+6.5 billion yen)
  - ✓ There are expected to be positive effects from a temporary decrease in operating profit that occurred in the prior fiscal year mainly due to reduced production volume (+18.9 billion yen), an improvement in composition of sales by region along with an increase in sales to North America where profitability is high (+8.0 billion yen), and an improvement in profitability of financial services mainly due to the decline in interest rates (+8.0 billion yen).
  - ✓ On the other hand, there are expected to be negative effects from an increase in personnel expenses and sales expenses along with business expansion as well as an increase in R&D expenses, depreciation and amortization, and logistics expenses. Total impact is 6.5 billion yen on positive side.

Anticipated Operating Profit by Reportable Segment

For Earth, For Life
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

For Earth, For Life
Kubota

■ **CAPEX, Depreciation and R&D expenses**

(Unit: billions of yen)	Year ending Dec. 31, 2021 (Forecast)	Year ending Dec. 31, 2021 (Original forecast)	Year ended Dec. 31, 2020 (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.

- Capital expenditure is expected to be up to 140.0 billion yen, and depreciation and amortization are expected to be 61.0 billion yen, which are unchanged from the original forecast.
- Based on the results of the 1st half of the fiscal year, R&D expenses were revised to 59.0 billion yen, a slight decrease from the original forecast.

Safe Harbor

For Earth, For Life
Kubota

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.

For Earth, For Life

Kubota