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RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2021 [IFRS]

Kubota Corporation hereby reports its consolidated results for the year ended December 31, 2021.

Consolidated Financial Highlights

1. Consolidated financial highlights for the year ended December 31, 2021

(1) Consolidated results of operations

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

	Year ended Dec. 31, 2021	Change [%]	Year ended Dec. 31, 2020	Change [%]
Revenue	¥ 2,196,766	18.5	¥ 1,853,234	(3.5)
Operating profit	¥ 246,207	40.5	¥ 175,284	(13.1)
% of revenue	11.2%		9.5%	
Profit before income taxes	¥ 252,559	35.9	¥ 185,899	(11.1)
% of revenue	11.5%		10.0%	
Profit for the year	¥ 190,732	34.9	¥ 141,400	(11.1)
% of revenue	8.7%		7.6%	
Profit attributable to owners of the parent	¥ 175,637	36.7	¥ 128,524	(13.8)
% of revenue	8.0%		6.9%	
Comprehensive income for the year	¥ 285,639	171.1	¥ 105,349	(41.9)
% of revenue	13.0%		5.7%	
Earnings per share attributable to owners of the parent:				
Basic	¥ 145.52		¥ 105.85	
Diluted	-		-	
Ratio of profit attributable to owners of the parent to equity attributable to owners of the parent	11.1%		8.8%	
Ratio of profit before income taxes to total assets	7.3%		5.9%	

(2) Consolidated financial position

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

	Dec. 31, 2021	Dec. 31, 2020
Total assets	¥ 3,773,510	¥ 3,189,317
Total equity	¥ 1,784,973	¥ 1,574,185
Equity attributable to owners of the parent	¥ 1,677,957	¥ 1,476,039
Ratio of equity attributable to owners of the parent to total assets	44.5%	46.3%
Equity attributable to owners of the parent per share	¥ 1,398.41	¥ 1,221.95

(3) Consolidated cash flows

(Unit: millions of yen)

	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020
Net cash provided by operating activities	¥ 92,511	¥ 142,919
Net cash used in investing activities	(¥ 127,370)	(¥ 47,133)
Net cash provided by (used in) financing activities	¥ 60,586	(¥ 68,354)
Cash and cash equivalents, at the end of the year	¥ 258,639	¥ 222,919

Notes:

1. Change [%] represents the percentage change from the prior year.
2. Share of profits of investments accounted for using the equity method for the year ended December 31, 2021 and 2020 was ¥3,042 million and ¥2,528 million, respectively.
3. Amounts less than one million yen are rounded.

2. Cash dividends

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

	Cash dividends per share					Annual cash dividends	Payout ratio	Ratio of dividends to equity attributable to owners of the parent
	First quarter period	Second quarter period	Third quarter period	Year-end	Total			
Year ended Dec. 31, 2021	-	¥ 21.00	-	¥ 21.00	¥ 42.00	¥ 50,581	28.9%	3.2%
Year ended Dec. 31, 2020	-	¥ 17.00	-	¥ 19.00	¥ 36.00	¥ 43,625	34.0%	3.0%

Note:

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

3. Forecasts of operations for the year ending December 31, 2022

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

	Six months ending June 30, 2022	Change [%]	Year ending Dec. 31, 2022	Change [%]
Revenue	¥ 1,220,000	10.8	¥ 2,450,000	11.5
Operating profit	¥ 120,000	(18.7)	¥ 250,000	1.5
Profit before income taxes	¥ 121,000	(19.0)	¥ 253,000	0.2
Profit attributable to owners of the parent	¥ 85,000	(17.4)	¥ 178,000	1.3
Earnings per share attributable to owners of the parent - basic	¥ 70.84		¥ 148.34	

Notes:

1. Change [%] represents the percentage change from the prior year.
2. Please refer to the accompanying materials, "1. Review of operations and financial condition (1) Review of operations c) Forecasts for the year ending December 31, 2022" on page 6 for further information related to the forecasts of operations.

4. Other information

- (1) Changes in significant subsidiaries during the year (changes in specified subsidiaries resulting in the changes in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- a) Changes in accounting policies required by International Financial Reporting Standards (hereinafter "IFRS"): 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 December 31, 2021 : 1,200,246,846
Number of common shares issued including treasury shares as of December 31, 2020 : 1,208,576,846
- b) Number of treasury shares as of December 31, 2021 : 339,469
Number of treasury shares as of December 31, 2020 : 643,937
- c) Weighted-average number of common shares outstanding during the year ended December 31, 2021 : 1,206,930,248
Weighted-average number of common shares outstanding during the year ended December 31, 2020 : 1,214,174,244

Note:

Please refer to the accompanying materials "3. Consolidated financial statements (9) Per common share information" on page 18.

(Reference) Non consolidated financial highlights

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

	Year ended Dec. 31, 2021	Change [%]	Year ended Dec. 31, 2020	Change [%]
Net sales	¥ 1,075,018	24.2	¥ 865,585	(3.6)
Operating income	¥ 52,136	371.9	¥ 11,048	(56.1)
Ordinary income	¥ 118,521	120.4	¥ 53,785	(5.7)
Net income	¥ 95,638	38.5	¥ 69,043	18.5
Net income per common share				
Basic	¥ 79.21		¥ 56.84	
Diluted	-		-	

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

	Dec. 31, 2021	Dec. 31, 2020
Total assets	¥ 1,416,740	¥ 1,238,811
Net assets	¥ 645,981	¥ 609,747
Ratio of equity to total assets	45.6%	49.2%
Net assets per common share	¥ 538.20	¥ 504.64

Note:

Amounts are rounded down to the nearest million yen.

(Information on the status of the audit by the independent auditor)

This release is not subject to the audit by the independent auditor.

(Method of obtaining supplementary materials on the financial results)

Kubota Corporation plans to hold a result briefing for institutional investors and securities analysts on February 18, 2022. The supplementary material will be published on its 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, occurrence of natural disasters, continued competitive pricing pressures in the marketplace, as well as the Company's ability to continue to gain acceptance of its products.

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1. Review of operations and financial condition

(1) Review of operations

a) Summary of the results of operations for the year ended December 31, 2021

For the year ended December 31, 2021, revenue of Kubota Corporation and its subsidiaries (hereinafter, the "Company") increased by ¥343.5 billion [18.5%] from the prior year to ¥2,196.8 billion.

Domestic revenue increased by ¥7.6 billion [1.3%] from the prior year to ¥602.8 billion because of increased revenue in Farm & Industrial Machinery mainly due to increased sales of farm equipment, despite a decrease in revenue in Water & Environment and Other.

Overseas revenue increased by ¥335.9 billion [26.7%] from the prior year to ¥1,594.0 billion because of significantly increased revenue of farm equipment and construction machinery, while revenue in Water & Environment decreased from the prior year. As a result, overseas revenue accounted for 72.6% of consolidated revenue, which increased by 4.7 percentage points from the prior year.

Operating profit increased by ¥70.9 billion [40.5%] from the prior year to ¥246.2 billion mainly due to significantly increased revenue in the domestic and overseas markets and favorable impact of foreign exchange rates, while there were some negative effects from soaring material prices and logistics expenses. Profit before income taxes increased by ¥66.7 billion [35.9%] from the prior year to ¥252.6 billion due to increased operating profit. Income tax expenses were ¥64.9 billion. Share of profits of investments accounted for using the equity method was ¥3.0 billion. Profit for the year increased by ¥49.3 billion [34.9%] from the prior year to ¥190.7 billion. Profit attributable to owners of the parent increased by ¥47.1 billion [36.7%] from the prior year to ¥175.6 billion.

b) Review of operations by reportable segment

1) Farm & Industrial Machinery

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

Revenue in this segment increased by 23.6% from the prior year to ¥1,864.8 billion and accounted for 84.9% of consolidated revenue.

Domestic revenue increased by 6.0% from the prior year to ¥310.5 billion. Sales of farm equipment and agricultural-related products increased due to a recovery from adverse reaction from rushed demand before the consumption tax hike and increased demand resulting from subsidies for business continuation of farmers.

Overseas revenue increased by 27.8% from the prior year to ¥1,554.3 billion. In North America, sales of tractors and construction machinery increased significantly due to strong demand along with trend in move to suburbs despite continued delay in procurement caused by disrupted supply chains. In Europe, sales of construction machinery, tractors, and engines increased due to continued recovery trend from sluggish sales along with the infection spread of COVID-19 in the prior year. In Asia outside Japan, sales of farm equipment in Thailand increased significantly mainly due to favorable weather conditions and strong market of dryland farming supported by stable high crop prices. In addition, sales of farm equipment in India were strong as well. In Other areas, sales of tractors and construction machinery in Australia increased significantly due to government stimulus policies.

Operating profit in this segment increased by 39.1% from the prior year to ¥250.4 billion due to significantly increased revenue in the domestic and overseas markets, raised product price, and favorable impact of foreign exchange rates, while there were a negative effect from soaring material prices and logistics expenses.

2) Water & Environment

Water & Environment is composed 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 3.3% from the prior year to ¥305.4 billion and accounted for 13.9% of consolidated revenue.

Domestic revenue decreased by 3.0% from the prior year to ¥265.7 billion. In pipe- and infrastructure-related products, sales of ductile iron pipes and construction business decreased mainly due to a negative effect from postponed construction along with a state of emergency. Revenue in environment-related products decreased due to decreased plant construction, while sales of pumps increased due to increased sales of drainage pump vehicles.

Overseas revenue decreased by 5.2% from the prior year to ¥39.7 billion. Sales of industrial castings and ductile iron pipes decreased mainly.

Operating profit in this segment decreased by 14.1% from the prior year to ¥22.3 billion due to soaring material prices.

3) Other

Other is mainly composed of a variety of services.

Revenue in this segment decreased by 6.3% from the prior year to ¥26.6 billion and accounted for 1.2% of consolidated revenue.

Operating profit in this segment increased by 6.9% from the prior year to ¥3.7 billion.

c) Forecasts for the year ending December 31, 2022

Consolidated revenue for the year ending December 31, 2022 is forecast to increase by ¥253.2 billion from the prior year to ¥2,450.0 billion. In the domestic market, revenue in Farm & Industrial Machinery is expected to remain at the same level as the prior year due to termination of subsidies for business continuation of farmers. On the other hand, revenue in Water & Environment is expected to increase due to sales price increase. Overseas revenue is expected to increase because revenue in Farm & Industrial Machinery is expected to increase due to solid demand in North America and Europe, in addition to an increase in revenue in Water & Environment.

Operating profit is forecast to be ¥250.0 billion. An impact of sales price increase comes out after a period of time and cannot compensate an increase of raw material cost and logistics expenses fully in FY2022 albeit there is a positive effect from an increase in revenue. Profit before income taxes is forecast to be ¥253.0 billion. Profit attributable to owners of the parent is forecast to be ¥178.0 billion.

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.

(These forecasts are based on the assumption of exchange rates of ¥114=US\$1 and ¥128=€1.)

(2) Financial condition**a) Assets, liabilities, and equity**

Total assets as of December 31, 2021 were ¥3,773.5 billion, an increase of ¥584.2 billion from the prior fiscal year-end. With respect to assets, finance receivables increased significantly due to an expansion in sales financing operations in North America, where retail sales were strong, and an increase in the value translated into yen caused by the yen depreciation. In addition, inventories increased mainly due to increased inventories in transit along with port congestion.

With respect to liabilities, bonds and borrowings denominated in foreign currencies increased due to an increase in finance receivables. Equity increased due to the accumulation of retained earnings and an improvement in other components of equity along with fluctuations mainly in foreign exchange rates. The ratio of equity attributable to owners of the parent to total assets stood at 44.5%, 1.8 percentage points lower than the prior fiscal year-end.

b) Cash flows

Net cash provided by operating activities during the year ended December 31, 2021 was ¥92.5 billion, a decrease of ¥50.4 billion in net cash inflow compared with the prior year. This decrease was due to an increase in inventories despite increased profit for the year.

Net cash used in investing activities was ¥127.4 billion, an increase of ¥80.2 billion in net cash outflow compared with the prior year. This increase was mainly due to an increase in cash outflow related to acquisition of property, plant, and equipment and intangible assets and a decrease in cash inflow related to sales of securities.

Net cash provided by financing activities was ¥60.6 billion, an increase of ¥128.9 billion in net cash inflow compared with 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 as of December 31, 2021 were ¥258.6 billion, an increase of ¥35.7 billion from the beginning of the current year.

(Reference) Cash flow indices

	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020
Ratio of equity attributable to owners of the parent to total assets [%]	44.5	46.3
Equity ratio based on market capitalization [%]	81.2	85.3
Interest-bearing liabilities / Net cash provided by operating activities [year]	11.8	6.1
Interest coverage ratio [times]	6.0	7.2

Note:

- Ratio of equity attributable to owners of the parent to total assets: equity attributable to owners of the parent / total assets
- Equity ratio based on market capitalization: market capitalization / total assets
- Interest coverage ratio: net cash provided by operating activities / interest paid

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

2. Basic rationale for selection of accounting standards

Kubota Corporation has voluntarily adopted IFRS from the 1st quarter of the fiscal year ended December 31, 2018.

< Cautionary Statements with Respect to Forward-Looking Statements >

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

3. Consolidated financial statements

(1) Consolidated statement of financial position

ASSETS

(Unit: millions of yen)

	Dec. 31, 2021		Dec. 31, 2020		Change
	Amount	%	Amount	%	Amount
Current assets:					
Cash and cash equivalents	¥ 258,639		¥ 222,919		¥ 35,720
Trade receivables	574,349		592,027		(17,678)
Finance receivables	380,865		317,626		63,239
Other financial assets	50,875		49,967		908
Inventories	510,065		373,998		136,067
Income taxes receivable	8,430		9,700		(1,270)
Other current assets	83,822		72,305		11,517
Total current assets	1,867,045	49.5	1,638,542	51.4	228,503
Noncurrent assets:					
Investments accounted for using the equity method	43,768		36,124		7,644
Finance receivables	1,029,488		807,342		222,146
Other financial assets	154,781		138,583		16,198
Property, plant, and equipment	496,312		424,672		71,640
Goodwill and intangible assets	95,884		72,539		23,345
Deferred tax assets	50,423		43,641		6,782
Other noncurrent assets	35,809		27,874		7,935
Total noncurrent assets	1,906,465	50.5	1,550,775	48.6	355,690
Total assets	¥ 3,773,510	100.0	¥ 3,189,317	100.0	¥ 584,193

LIABILITIES AND EQUITY

(Unit: millions of yen)

	Dec. 31, 2021		Dec. 31, 2020		Change
	Amount	%	Amount	%	Amount
Current liabilities:					
Bonds and borrowings	¥ 504,335		¥ 366,038		¥ 138,297
Trade payables	392,331		323,607		68,724
Other financial liabilities	96,740		87,445		9,295
Income taxes payable	33,546		14,676		18,870
Provisions	52,208		39,736		12,472
Other current liabilities	234,579		194,924		39,655
Total current liabilities	1,313,739	34.8	1,026,426	32.2	287,313
Noncurrent liabilities:					
Bonds and borrowings	590,174		508,398		81,776
Other financial liabilities	33,375		31,537		1,838
Retirement benefit liabilities	14,899		16,144		(1,245)
Deferred tax liabilities	31,027		28,088		2,939
Other noncurrent liabilities	5,323		4,539		784
Total noncurrent liabilities	674,798	17.9	588,706	18.4	86,092
Total liabilities	1,988,537	52.7	1,615,132	50.6	373,405
Equity:					
Share capital	84,130		84,130		-
Share premium	84,886		84,943		(57)
Retained earnings	1,439,560		1,325,764		113,796
Other components of equity	69,515		(18,162)		87,677
Treasury shares	(134)		(636)		502
Total equity attributable to owners of the parent	1,677,957	44.5	1,476,039	46.3	201,918
Noncontrolling interests	107,016	2.8	98,146	3.1	8,870
Total equity	1,784,973	47.3	1,574,185	49.4	210,788
Total liabilities and equity	¥ 3,773,510	100.0	¥ 3,189,317	100.0	¥ 584,193

(2) Consolidated statement of profit or loss

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

	Year ended Dec. 31, 2021		Year ended Dec. 31, 2020		Change	
	Amount	%	Amount	%	Amount	%
Revenue	¥ 2,196,766	100.0	¥ 1,853,234	100.0	¥ 343,532	18.5
Cost of sales	(1,564,960)		(1,318,384)		(246,576)	
Selling, general, and administrative expenses	(390,449)		(356,092)		(34,357)	
Other income	10,638		6,950		3,688	
Other expenses	(5,788)		(10,424)		4,636	
Operating profit	246,207	11.2	175,284	9.5	70,923	40.5
Finance income	9,341		12,294		(2,953)	
Finance costs	(2,989)		(1,679)		(1,310)	
Profit before income taxes	252,559	11.5	185,899	10.0	66,660	35.9
Income tax expenses	(64,869)		(47,027)		(17,842)	
Share of profits of investments accounted for using the equity method	3,042		2,528		514	
Profit for the year	¥ 190,732	8.7	¥ 141,400	7.6	¥ 49,332	34.9

Profit attributable to:						
Owners of the parent	¥ 175,637	8.0	¥ 128,524	6.9	¥ 47,113	36.7
Noncontrolling interests	15,095	0.7	12,876	0.7	2,219	17.2

Earnings per share attributable to owners of the parent:				
Basic	¥ 145.52		¥ 105.85	
Diluted	-		-	

(3) Consolidated statement of comprehensive income

(Unit: millions of yen)

	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020	Change
Profit for the year	¥ 190,732	¥ 141,400	¥ 49,332
Other comprehensive income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension plans	4,085	3,078	1,007
Net change in fair value of financial assets measured at fair value through other comprehensive income	12,682	(180)	12,862
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations	78,140	(38,949)	117,089
Total other comprehensive income, net of income tax	94,907	(36,051)	130,958
Comprehensive income for the year	¥ 285,639	¥ 105,349	¥ 180,290

Comprehensive income attributable to:			
Owners of the parent	¥ 270,034	¥ 96,656	¥ 173,378
Noncontrolling interests	15,605	8,693	6,912

(4) Consolidated statement of changes in equity

(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 year			128,524			128,524	12,876	141,400
Total other comprehensive income, net of income tax				(31,868)		(31,868)	(4,183)	(36,051)
Comprehensive income for the year			128,524	(31,868)		96,656	8,693	105,349
Transfer to retained earnings			22,158	(22,158)		-		-
Dividends paid			(43,853)			(43,853)	(4,503)	(48,356)
Purchases and sales of treasury shares					(20,002)	(20,002)		(20,002)
Retirement of treasury shares			(19,854)		19,854	-		-
Share-based payments with transfer restrictions		(4)	(35)		149	110		110
Changes in ownership interests in subsidiaries		276		15		291	(421)	(130)
Balance as of Dec. 31, 2020	¥ 84,130	¥ 84,943	¥ 1,325,764	¥ (18,162)	¥ (636)	¥ 1,476,039	¥ 98,146	¥ 1,574,185
Profit for the year			175,637			175,637	15,095	190,732
Total other comprehensive income, net of income tax				94,397		94,397	510	94,907
Comprehensive income for the year			175,637	94,397		270,034	15,605	285,639
Transfer to retained earnings			6,718	(6,718)		-		-
Dividends paid			(48,333)			(48,333)	(6,706)	(55,039)
Purchases and sales of treasury shares					(20,003)	(20,003)		(20,003)
Retirement of treasury shares		(95)	(20,226)		20,321	-		-
Share-based payments with transfer restrictions		98			184	282		282
Changes in ownership interests in subsidiaries		(60)		(2)		(62)	(29)	(91)
Balance as of Dec. 31, 2021	¥ 84,130	¥ 84,886	¥ 1,439,560	¥ 69,515	¥ (134)	¥ 1,677,957	¥ 107,016	¥ 1,784,973

(5) Consolidated statement of cash flows

(Unit: millions of yen)

	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020	Change
Cash flows from operating activities:			
Profit for the year	¥ 190,732	¥ 141,400	
Depreciation and amortization	71,701	67,336	
Finance income and costs	(6,455)	(10,218)	
Income tax expenses	64,869	47,027	
Share of profits of investments accounted for using the equity method	(3,042)	(2,528)	
Decrease in trade receivables	30,366	71,497	
Increase in finance receivables	(180,782)	(185,256)	
(Increase) decrease in inventories	(109,017)	1,042	
(Increase) decrease in other assets	(15,051)	12,482	
Increase in trade payables	59,694	37,881	
Increase in other liabilities	41,302	14,203	
Other, net	(1,194)	66	
Interest received	2,071	4,013	
Dividends received	2,234	2,414	
Interest paid	(1,838)	(1,035)	
Income taxes paid, net	(53,079)	(57,405)	
Net cash provided by operating activities	92,511	142,919	¥ (50,408)
Cash flows from investing activities:			
Payments for acquisition of property, plant, and equipment and intangible assets	(125,723)	(84,753)	
Payments for acquisition of securities	(2,584)	(18,153)	
Proceeds from sales and redemptions of securities	4,240	34,537	
Net decrease in loans receivable from associate	500	101	
Net decrease in time deposits	10,930	7,792	
Net decrease (increase) in restricted cash	9,894	(435)	
Net (increase) decrease in short-term investments	(689)	7,645	
Other, net	(23,938)	6,133	
Net cash used in investing activities	(127,370)	(47,133)	(80,237)
Cash flows from financing activities:			
Funding from bonds and long-term borrowings	336,100	272,068	
Redemptions of bonds and repayments of long-term borrowings	(283,146)	(233,935)	
Net increase (decrease) in short-term borrowings	96,282	(25,629)	
Repayments of lease liabilities	(19,096)	(14,618)	
Dividends paid	(48,333)	(43,853)	
Purchases of treasury shares	(20,003)	(20,002)	
Other, net	(1,218)	(2,385)	
Net cash provided by (used in) financing activities	60,586	(68,354)	128,940
Effect of exchange rate changes on cash and cash equivalents	9,993	(4,178)	14,171
Net increase in cash and cash equivalents	35,720	23,254	
Cash and cash equivalents, at the beginning of the year	222,919	199,665	
Cash and cash equivalents, at the end of the year	¥ 258,639	¥ 222,919	¥ 35,720

(6) Notes to the going concern assumption

None

(7) Notes to consolidated financial statements

a) Accounting policies applied for consolidated financial statements

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

b) Entities under consolidation and entities under the equity method

183 entities are consolidated.

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

14 entities are accounted for using the equity method.

Major entity:	Domestic	KMEW Co., Ltd.
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(8) Consolidated segment information

a) Reportable segments

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Year ended December 31, 2021		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 1,864,803	¥ 305,380	¥ 26,583	¥ -	¥ 2,196,766
	Intersegment	244	1,523	31,083	(32,850)	-
	Total	1,865,047	306,903	57,666	(32,850)	2,196,766
Operating profit		¥ 250,435	¥ 22,270	¥ 3,700	¥ (30,198)	¥ 246,207
Depreciation and amortization		¥ 54,586	¥ 7,228	¥ 4,513	¥ 5,374	¥ 71,701
Addition to noncurrent assets		109,611	11,656	5,934	20,173	147,374
December 31, 2021						
Assets		¥ 3,115,567	¥ 291,059	¥ 78,490	¥ 288,394	¥ 3,773,510
Investments accounted for using the equity method		12,521	5,007	26,240	-	43,768

(Unit: millions of yen)

Year ended December 31, 2020		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 1,509,089	¥ 315,774	¥ 28,371	¥ -	¥ 1,853,234
	Intersegment	252	1,383	27,948	(29,583)	-
	Total	1,509,341	317,157	56,319	(29,583)	1,853,234
Operating profit		¥ 180,008	¥ 25,920	¥ 3,461	¥ (34,105)	¥ 175,284
Depreciation and amortization		¥ 50,735	¥ 7,379	¥ 4,394	¥ 4,828	¥ 67,336
Addition to noncurrent assets		78,467	9,057	6,686	16,010	110,220
December 31, 2020						
Assets		¥ 2,595,496	¥ 287,919	¥ 78,752	¥ 227,150	¥ 3,189,317
Investments accounted for using the equity method		11,778	39	24,307	-	36,124

Notes:

- Adjustments* include the items, such as the elimination of intersegment transfers, corporate expenses, and corporate assets which are not allocated to any particular reportable segment. The corporate expenses included in *Adjustments* consist mainly of expenses of the administration department, basic research expenses, and foreign exchange gains or losses incurred in Kubota Corporation. The corporate assets included in *Adjustments* consist mainly of cash and cash equivalents, securities, and corporate properties held or used by the administration department of Kubota Corporation.
- The aggregated amounts of operating profit are equal to those presented in the consolidated statement of profit or loss. Please refer to the consolidated statement of profit or loss for the reconciliation of operating profit to profit before income taxes.
- Intersegment transfers are recorded at values that approximate market prices.
- Noncurrent assets do not include financial instruments, deferred tax assets, nor net defined benefit assets.
- Beginning with the current consolidated fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to "Financial services businesses" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Other" segment. And in conformity with the change in the management system of the Company, the amounts related to some assets are reported in the Adjustment as the corporate assets, whereas they were formerly reported in the Each segment. The information for the prior year has been retrospectively adjusted to conform to the current fiscal year's presentation.

b) Revenue from external customers by product group

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

(Unit: millions of yen)

		Year ended Dec. 31, 2021	Year ended Dec. 31, 2020
	Farm Equipment and Engines	¥ 1,474,428	¥ 1,219,168
	Construction Machinery	390,375	289,921
Farm & Industrial Machinery		1,864,803	1,509,089
	Pipe-related Products	184,584	193,090
	Environment-related Products	120,796	122,684
Water & Environment		305,380	315,774
Other		26,583	28,371
Total		¥ 2,196,766	¥ 1,853,234

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 "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 retrospectively adjusted to conform to the current fiscal year's presentation.

c) Geographic information

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

(Unit: millions of yen)

	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020
Japan	¥ 602,783	¥ 595,188
North America	819,813	647,158
Europe	285,651	217,720
Asia outside Japan	406,884	334,186
Other areas	81,635	58,982
Total	¥ 2,196,766	¥ 1,853,234

Notes:

1. Revenue from North America included that from the United States of ¥721,398 million and ¥586,705 million for the years ended December 31, 2021 and 2020 respectively.
2. There was no single customer from whom revenue exceeded 10% of total consolidated revenue of the Company.

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

(Unit: millions of yen)

	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020
Japan	¥ 378,632	¥ 324,173
North America	110,289	78,029
Europe	55,305	50,704
Asia outside Japan	60,940	56,545
Other areas	3,649	3,900
Total	¥ 608,815	¥ 513,351

Notes:

1. Noncurrent assets do not include financial instruments, deferred tax assets, nor net defined benefit assets.
2. Noncurrent assets of North America included those in the United States of ¥92,900 million and ¥71,322 million at December 31, 2021 and 2020, respectively.

(9) Per common share information

(Unit: yen)

	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020
Equity attributable to owners of the parent per share	¥ 1,398.41	¥ 1,221.95
Earnings per share attributable to owners of the parent - basic	145.52	105.85
Earnings per share attributable to owners of the parent - diluted	-	-

The Company adopted a restricted stock compensation plan (hereinafter, the “Plan”) for the Company’s Directors and Executive Officers. Among the new shares issued under the Plan, contingently returnable shares are distinguished as participating equity instruments from common shares.

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

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

(Unit: millions of yen)

	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020
Profit attributable to owners of the parent	¥ 175,637	¥ 128,524
Profit attributable to participating equity instruments	5	4
Profit attributable to common shareholders	¥ 175,632	¥ 128,520

(Unit: thousands of shares)

	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020
Weighted-average number of common shares outstanding	1,206,967	1,214,215
Weighted-average number of participating equity instruments	37	41
Weighted-average number of common shares	1,206,930	1,214,174

Earnings per share attributable to owners of the parent—Diluted for the years ended December 31, 2021 and 2020 are not stated because Kubota Corporation did not have potentially dilutive common shares that were outstanding during those years.

(10) Subsequent events

None

(11) Consolidated revenue by product group

(Unit: millions of yen)

	Year ended Dec. 31, 2021		Year ended Dec. 31, 2020		Change	
	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	¥ 1,474,428	67.1	¥ 1,219,168	65.8	¥ 255,260	20.9
Domestic	270,488		256,080		14,408	5.6
Overseas	1,203,940		963,088		240,852	25.0
Construction Machinery	390,375	17.8	289,921	15.6	100,454	34.6
Domestic	40,015		36,809		3,206	8.7
Overseas	350,360		253,112		97,248	38.4
Farm & Industrial Machinery	1,864,803	84.9	1,509,089	81.4	355,714	23.6
Domestic	310,503	14.1	292,889	15.8	17,614	6.0
Overseas	1,554,300	70.8	1,216,200	65.6	338,100	27.8
Pipe- and Infrastructure-related Products	184,584	8.4	193,090	10.4	(8,506)	(4.4)
Domestic	157,641		163,885		(6,244)	(3.8)
Overseas	26,943		29,205		(2,262)	(7.7)
Environment-related Products	120,796	5.5	122,684	6.6	(1,888)	(1.5)
Domestic	108,088		110,071		(1,983)	(1.8)
Overseas	12,708		12,613		95	0.8
Water & Environment	305,380	13.9	315,774	17.0	(10,394)	(3.3)
Domestic	265,729	12.1	273,956	14.7	(8,227)	(3.0)
Overseas	39,651	1.8	41,818	2.3	(2,167)	(5.2)
Other	26,583	1.2	28,371	1.6	(1,788)	(6.3)
Domestic	26,551	1.2	28,343	1.6	(1,792)	(6.3)
Overseas	32	0.0	28	0.0	4	14.3
Total	¥ 2,196,766	100.0	¥ 1,853,234	100.0	¥ 343,532	18.5
Domestic	602,783	27.4	595,188	32.1	7,595	1.3
Overseas	1,593,983	72.6	1,258,046	67.9	335,937	26.7

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 "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 retrospectively adjusted to conform to the current fiscal year's presentation.

(12) Anticipated consolidated revenue by reportable segment

(Unit: billions of yen)

	Year ending Dec. 31, 2022		Year ended Dec. 31, 2021		Change	
	Amount	%	Amount	%	Amount	%
Domestic	¥ 320.0		¥ 310.5		¥ 9.5	3.1
Overseas	1,760.0		1,554.3		205.7	13.2
Farm & Industrial Machinery	2,080.0	84.9	1,864.8	84.9	215.2	11.5
Domestic	295.0		265.7		29.3	11.0
Overseas	45.0		39.7		5.3	13.5
Water & Environment	340.0	13.9	305.4	13.9	34.6	11.3
Domestic	30.0		26.6		3.4	13.0
Overseas	0.0		0.0		—	—
Other	30.0	1.2	26.6	1.2	3.4	12.9
Total	¥ 2,450.0	100.0	¥ 2,196.8	100.0	¥ 253.2	11.5

Domestic	¥ 645.0	26.3	¥ 602.8	27.4	¥ 42.2	7.0
Overseas	1,805.0	73.7	1,594.0	72.6	211.0	13.2

4. Results of operations for the three months ended December 31, 2021

(1) Condensed consolidated statement of profit or loss

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

	Three months ended Dec. 31, 2021		Three months ended Dec. 31, 2020		Change	
	Amount	%	Amount	%	Amount	%
Revenue	¥ 555,126	100.0	¥ 496,440	100.0	¥ 58,686	11.8
Cost of sales	(407,318)		(345,148)		(62,170)	
Selling, general, and administrative expenses	(114,629)		(105,068)		(9,561)	
Other income	3,509		1,775		1,734	
Other expenses	(1,984)		(2,602)		618	
Operating profit	34,704	6.3	45,397	9.1	(10,693)	(23.6)
Finance income	6,062		2,053		4,009	
Finance costs	(1,995)		(291)		(1,704)	
Profit before income taxes	38,771	7.0	47,159	9.5	(8,388)	(17.8)
Income tax expenses	(9,496)		(12,320)		2,824	
Share of profits of investments accounted for using the equity method	540		457		83	
Profit for the period	¥ 29,815	5.4	¥ 35,296	7.1	¥ (5,481)	(15.5)

Profit attributable to:						
Owners of the parent	¥ 29,009	5.2	¥ 32,056	6.5	¥ (3,047)	(9.5)
Noncontrolling interests	806	0.2	3,240	0.6	(2,434)	(75.1)

Earnings per share attributable to owners of the parent:				
Basic	¥ 24.01		¥ 26.54	
Diluted	-		-	

(2) Consolidated segment information

a) Reportable segments

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Three months ended Dec. 31, 2021		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 456,807	¥ 91,812	¥ 6,507	¥ -	¥ 555,126
	Intersegment	84	491	8,592	(9,167)	-
	Total	456,891	92,303	15,099	(9,167)	555,126
Operating profit		¥ 35,533	¥ 5,378	¥ 1,361	¥ (7,568)	¥ 34,704

(Unit: millions of yen)

Three months ended Dec. 31, 2020		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 395,873	¥ 93,316	¥ 7,251	¥ -	¥ 496,440
	Intersegment	102	501	7,636	(8,239)	-
	Total	395,975	93,817	14,887	(8,239)	496,440
Operating profit		¥ 43,925	¥ 11,044	¥ 1,351	¥ (10,923)	¥ 45,397

Notes:

1. *Adjustments* include the items, such as the elimination of intersegment transfers, corporate expenses, and corporate assets which are not allocated to any particular reportable segment. The corporate expenses included in Adjustments consist mainly of expenses of the administration department, basic research expenses, and foreign exchange gains or losses incurred in 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 "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 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 Dec. 31, 2021	Three months ended Dec. 31, 2020
Japan	¥ 156,729	¥ 159,462
North America	215,875	176,726
Europe	69,207	57,664
Asia outside Japan	91,658	84,875
Other areas	21,657	17,713
Total	¥ 555,126	¥ 496,440

Notes:

1. Revenue from North America included that from the United States of ¥194,228 million and ¥161,449 million for the three months ended Dec. 31, 2021 and 2020, respectively.
2. There was no single customer from whom revenue exceeded 10% of total consolidated revenue of the Company.

(3) Consolidated revenue by product group

(Unit: millions of yen)

	Three months ended Dec. 31, 2021		Three months ended Dec. 31, 2020		Change	
	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	¥ 357,800	64.5	¥ 314,132	63.2	¥ 43,668	13.9
Domestic	58,288		59,101		(813)	(1.4)
Overseas	299,512		255,031		44,481	17.4
Construction Machinery	99,007	17.8	81,741	16.5	17,266	21.1
Domestic	13,375		12,069		1,306	10.8
Overseas	85,632		69,672		15,960	22.9
Farm & Industrial Machinery	456,807	82.3	395,873	79.7	60,934	15.4
Domestic	71,663	12.9	71,170	14.3	493	0.7
Overseas	385,144	69.4	324,703	65.4	60,441	18.6
Pipe- and Infrastructure-related Products	58,625	10.5	55,842	11.2	2,783	5.0
Domestic	51,043		48,583		2,460	5.1
Overseas	7,582		7,259		323	4.4
Environment-related Products	33,187	6.0	37,474	7.6	(4,287)	(11.4)
Domestic	27,519		32,467		(4,948)	(15.2)
Overseas	5,668		5,007		661	13.2
Water & Environment	91,812	16.5	93,316	18.8	(1,504)	(1.6)
Domestic	78,562	14.1	81,050	16.3	(2,488)	(3.1)
Overseas	13,250	2.4	12,266	2.5	984	8.0
Other	6,507	1.2	7,251	1.5	(744)	(10.3)
Domestic	6,504	1.2	7,242	1.5	(738)	(10.2)
Overseas	3	0.0	9	0.0	(6)	(66.7)
Total	¥ 555,126	100.0	¥ 496,440	100.0	¥ 58,686	11.8
Domestic	156,729	28.2	159,462	32.1	(2,733)	(1.7)
Overseas	398,397	71.8	336,978	67.9	61,419	18.2

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 "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 fiscal year's presentation.

5. Other

(1) Change of management (Effective as of March 18, 2022)

a) Appointment of new Director

<u>Name</u>	<u>Current Position</u>
Hiroto Kimura	Managing Executive Officer

b) Appointment of new Audit & Supervisory Board Members

<u>Name</u>	<u>Current Position</u>
Masashi Tsunematsu	Water and Environment Infrastructure Consolidated Division
Keijiro Kimura	Attorney at law, Representative Partner of Kyoei Law Office

Mr. Keijiro Kimura is a candidate for Outside Audit & Supervisory Board Member.

c) Retirement of Audit & Supervisory Board Member

(Expiration of the term of office)

<u>Name</u>	<u>Current Position</u>
Masaki Fujiwara	Outside Audit & Supervisory Board Member

d) Appointment of Substitute Audit & Supervisory Board Member

<u>Name</u>	<u>Current Position</u>
Masaki Fujiwara	Outside Audit & Supervisory Board Member

In preparation for the prospect of failing to meet the minimum number of the Outside Audit & Supervisory Board Members required by laws and regulations, Kubota Corporation will propose to elect one Substitute Outside Audit & Supervisory Board Member at the 132nd Ordinary General Meeting of Shareholders to be held on March 18, 2022.