

For Earth, For Life
Kubota

ON YOUR SIDE

Financial Results for the year ended December 31, 2021

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February 18, 2022



Financial Summary

For Earth, For Life


| (Unit: billions of yen) | Year ended Dec. 31, 2021 | Year ended Dec. 31, 2020 | Changes | |
|--|-----------------------------|-----------------------------|---------|-------|
| | | | Amount | % |
| Revenue | 2,196.8 | 1,853.2 | +343.5 | +18.5 |
| Domestic | 602.8 | 595.2 | +7.6 | +1.3 |
| Overseas | 1,594.0 | 1,258.0 | +335.9 | +26.7 |
| Operating profit | 11.2% 246.2 | 9.5% 175.3 | +70.9 | +40.5 |
| Profit before income taxes | 11.5% 252.6 | 10.0% 185.9 | +66.7 | +35.9 |
| Profit attributable to owners of the parent | 8.0% 175.6 | 6.9% 128.5 | +47.1 | +36.7 |

| Variance from revised forecast (Aug. 2021) | |
|--|------|
| Amount | % |
| +46.8 | +2.2 |
| -13.2 | -2.1 |
| +60.0 | +3.9 |
| -13.8 | -5.3 |
| -10.4 | -4.0 |
| -7.4 | -4.0 |

| | Year ended Dec. 31, 2021 | Year ended Dec. 31, 2020 | Changes |
|------------|-----------------------------|-----------------------------|---------|
| ROE | 11.1% | 8.8% | +2.3 p |

Revenue by Reportable Segment

| (Unit: billions of yen) | Year ended Dec. 31, 2021 | Year ended Dec. 31, 2020 | Changes | |
|--|-----------------------------|-----------------------------|---------------|--------------|
| | | | Amount | % |
| Farm & Industrial Machinery (Machinery) | 1,864.8 | 1,509.1 | +355.7 | +23.6 |
| Domestic | 310.5 | 292.9 | +17.6 | +6.0 |
| Overseas | 1,554.3 | 1,216.2 | +338.1 | +27.8 |
| Water & Environment (Water) | 305.4 | 315.8 | -10.4 | -3.3 |
| Domestic | 265.7 | 274.0 | -8.2 | -3.0 |
| Overseas | 39.7 | 41.8 | -2.2 | -5.2 |
| Other | 26.6 | 28.4 | -1.8 | -6.3 |
| Domestic | 26.6 | 28.3 | -1.8 | -6.3 |
| Overseas | 0.0 | 0.0 | +0.0 | +14.3 |
| Total revenue | 2,196.8 | 1,853.2 | +343.5 | +18.5 |

| | | | | |
|-------------------------|----------------|----------------|---------------|--------------|
| Domestic revenue | 602.8 | 595.2 | +7.6 | +1.3 |
| Overseas revenue | 1,594.0 | 1,258.0 | +335.9 | +26.7 |

For reference: Changes excluding the effects of fluctuation in exchange [+65.0 billion yen]
>Overseas revenue in Machinery increased by 22%. Total overseas revenue increased by 22%.

*Beginning with the year ended 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 retrospectively adjusted to conform to the current year's presentation.

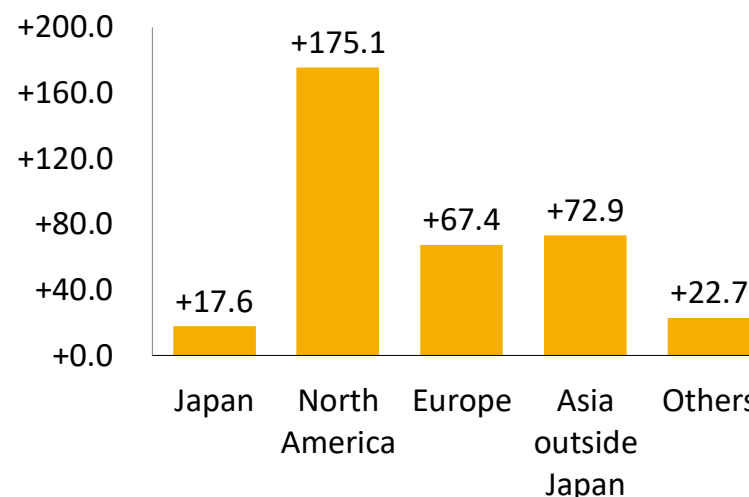
Revenue by Reportable Segment (Year-on-Year)



Machinery: +355.7 billion yen (Domestic: +17.6, Overseas: +338.1)

- 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 because demand was driven by strong housing market such as move to suburbs. Sales of engines were also strong due to robust construction and infrastructure development.
- Europe** Sales of tractors and CE increased due to a favorable recovery from COVID-19 pandemic in the prior year. Sales of engines were also strong due to continuously strong demand for construction & industrial machinery.
- Asia outside Japan** Sales of tractors and combine harvesters in Thailand increased due to progress in developing dryland farming market, in addition to stable weather and government projects.
- Others** Sales of tractors and CE in Australia increased due to benefit from the economic stimulus measures and strong housing market.

■ Changes in revenue by region (Billions of yen)



Revenue by Reportable Segment (Year-on-Year)



Water: -10.4 billion yen (Domestic: -8.2, Overseas: -2.2)

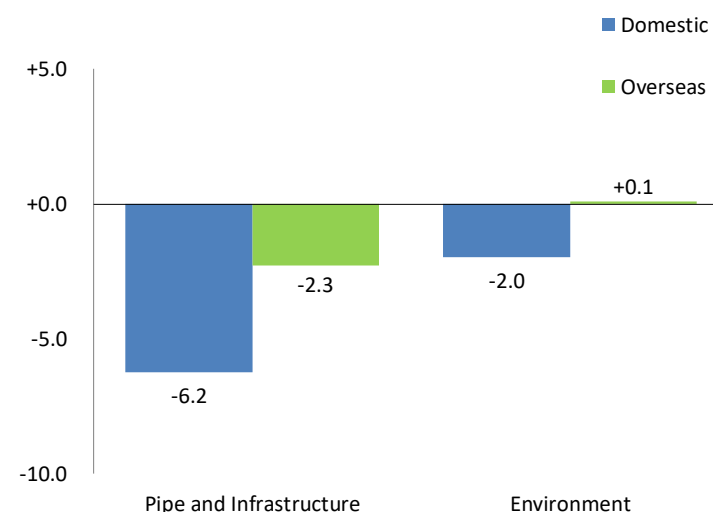
Domestic

- In pipe- and infrastructure-related products, sales of ductile iron pipes decreased mainly due to adverse reaction from large-scale projects in 2020 and delay in construction work along with a state of emergency.
- Revenue in environment-related products decrease due to decreased plant construction, while sales of pumps increased 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 decreased orders received in the prior year resulting from the impact of COVID-19.

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



Operating Profit

| (Unit: billions of yen) | Year ended Dec. 31, 2021 | | Year ended Dec. 31, 2020 | | Changes | |
|-------------------------|-----------------------------|------|-----------------------------|-----|---------|-------|
| | Amount | % | Amount | % | Amount | % |
| Operating profit | 246.2 | 11.2 | 175.3 | 9.5 | +70.9 | +40.5 |

Factors affecting operating profit (YoY change +70.9 billion yen)

| | | | | |
|---|--|--|---|--------------------------|
| 1. Fluctuation in exchange rates | US\$ (107→110 *1) Euro (122→130 *1) Other currencies | -1.5 billion yen +7.0 billion yen +9.5 billion yen | } | +15.0 billion yen |
|---|--|--|---|--------------------------|

| | | | | |
|--------------------------------------|--|--|--|--------------------------|
| 2. Foreign exchange gain/loss | | | | +11.5 billion yen |
|--------------------------------------|--|--|--|--------------------------|

| | | | | |
|--------------------|--------------------|---------------------------------------|---|--------------------------|
| 3. Material | Machinery Water | -30.3 billion yen -7.2 billion yen | } | -37.5 billion yen |
|--------------------|--------------------|---------------------------------------|---|--------------------------|

| | | | | |
|---|---------------------------------------|--|--|-------------------------|
| 4. Change in sales incentive ratio | North America : +3.2 billion yen etc. | | | +3.3 billion yen |
|---|---------------------------------------|--|--|-------------------------|

| | | | | |
|--|--|--|--|--------------------------|
| 5. Impact of increased or decreased sales | | | | +79.6 billion yen |
|--|--|--|--|--------------------------|

| | | | | |
|--------------------------------|--|--|--|--------------------------|
| 6. Sales price increase | | | | +21.1 billion yen |
|--------------------------------|--|--|--|--------------------------|

| | | | | |
|-----------------|--|--|--|--------------------------|
| 7. Other | | | | -22.1 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

Operating Profit by Reportable Segment

For Earth, For Life


| (Unit: billions of yen) | | Year ended Dec. 31, 2021 | Year ended Dec. 31, 2020 | Changes |
|-------------------------|------------------|-----------------------------|-----------------------------|---------|
| Machinery | Revenue | 1,864.8 | 1,509.1 | +355.7 |
| | Operating profit | 250.4 | 180.0 | +70.4 |
| | OP margin | 13.4% | 11.9% | +1.5P |
| Water | Revenue | 305.4 | 315.8 | -10.4 |
| | Operating profit | 22.3 | 25.9 | -3.7 |
| | OP margin | 7.3% | 8.2% | -0.9P |
| Other | Revenue | 26.6 | 28.4 | -1.8 |
| | Operating profit | 3.7 | 3.5 | +0.2 |
| | OP margin | 13.9% | 12.2% | +1.7P |
| Adjustment | Operating profit | -30.2 | -34.1 | +3.9 |
| Total | Revenue | 2,196.8 | 1,853.2 | +343.5 |
| | Operating profit | 246.2 | 175.3 | +70.9 |
| | OP margin | 11.2% | 9.5% | +1.7P |

*Beginning with the year ended 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 retrospectively adjusted to conform to the current year's presentation.

Shareholder Return History

For Earth, For Life


| (Unit: billions of yen) | Year ended Dec. 31, 2017 | Year ended Dec. 31, 2018 | Year ended Dec. 31, 2019 | Year ended Dec. 31, 2020 | Year ended Dec. 31, 2021 | Changes | Total of last 5 years |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------|
| | U.S. GAAP | IFRS | | | | | |
| Profit attributable to owners of the parent (Per share) | 136.4 (110.30yen) | 138.6 (112.44yen) | 149.1 (121.59yen) | 128.5 (105.85yen) | 175.6 (145.52yen) | + 47.1 (+39.67yen) | 728.3 |
| Total amount of dividend paid (Dividend per share) | 39.5 (32yen) | 41.9 (34yen) | 44.1 (36yen) | 43.6 (36yen) | 50.6 (42yen) | + 7.0 (+ 6yen) | 219.7 |
| Retirement of treasury shares (Number of shares retired) | 13.2 (7.1 mil. shares) | 2.9 (1.5 mil. shares) | 19.6 (12.0 mil. shares) | 19.9 (12.0 mil. shares) | 20.2 (8.3 mil. shares) | + 0.4 (- 3.7mil. shares) | 75.7 |
| Total shareholder return | 52.7 | 44.8 | 63.6 | 63.5 | 70.8 | + 7.3 | 295.4 |

| | | | | | | | |
|--|-----|-----|-----|-----|-----|------|-----|
| Payout ratio | 29% | 30% | 30% | 34% | 29% | ▲ 5P | 30% |
| Shareholder return ratio (Dividends and retirement of treasury) | 39% | 32% | 43% | 49% | 40% | ▲ 9P | 41% |

Mid-term target for shareholder return

- Set the target of over 40% in shareholder return ratio , and aim at 50%
- Continue share buy-backs and prompt retirement of treasury shares

Statement of Financial Position

For Earth, For Life


| (Unit: billions of yen) | | As of Dec. 31, 2021 | As of Dec. 31, 2020 | Changes | Changes excl. the effects of fluctuation in exchange rates |
|--|--|------------------------|------------------------|----------------|---|
| Cash and cash equivalents | | 258.6 | 222.9 | + 35.7 | |
| Trade receivables | | 574.3 | 592.0 | - 17.7 | ▲ 42.0 |
| Finance receivables | | 1,410.4 | 1,125.0 | + 285.4 | + 175.0 |
| Inventories | | 510.1 | 374.0 | + 136.1 | + 105.0 |
| Other | | 1,020.1 | 875.4 | + 144.7 | |
| Total assets | | 3,773.5 | 3,189.3 | + 584.2 | |
| Bonds and borrowings | | 1,094.5 | 874.4 | + 220.1 | + 145.0 |
| Trade payables | | 392.3 | 323.6 | + 68.7 | |
| Other | | 501.7 | 417.1 | + 84.6 | |
| Total liabilities | | 1,988.5 | 1,615.1 | + 373.4 | |
| Equity attributable to owners of the parent | | 1,678.0 | 1,476.0 | + 201.9 | |
| Noncontrolling interests | | 107.0 | 98.1 | + 8.9 | |
| Total equity | | 1,785.0 | 1,574.2 | + 210.8 | |
| Total liabilities and equity | | 3,773.5 | 3,189.3 | + 584.2 | |
| Net debt equity ratio | | 0.50 | 0.44 | 0.06 | |
| Net debt equity ratio (excl. financial services) | | -0.21 | -0.30 | 0.09 | |

Statement of Cash Flows

| (Unit: billions of yen) | Year ended Dec. 31, 2021 | Year ended Dec. 31, 2020 | Changes |
|--|-----------------------------|-----------------------------|---------|
| Net cash provided by operating activities | 92.5 | 142.9 | -50.4 |
| Increase in finance receivables | -180.8 | -185.3 | +4.5 |
| Other | 273.3 | 328.2 | -54.9 |
| Net cash used in investing activities | -127.4 | -47.1 | -80.2 |
| Payments for acquisition of property, plant, and equipment and intangible assets | -125.7 | -84.8 | -41.0 |
| Other | -1.6 | 37.6 | -39.3 |
| Net cash provided by (used in) financing activities | 60.6 | -68.4 | +128.9 |
| Effect of exchange rate changes on cash and cash equivalents | 10.0 | -4.2 | +14.2 |
| Net increase in cash and cash equivalents | 35.7 | 23.3 | +12.5 |
| Free cash flow | -33.2 | 58.2 | -91.4 |
| Free cash flow (excl. the impact of increase in finance receivables) | 147.6 | 243.4 | -95.9 |

Financial Services <Reference (unaudited)>

Statement of Financial Position

| (Unit: billions of yen) | As of Dec. 31, 2021 | | As of Dec. 31, 2020 | |
|------------------------------------|---------------------|----------------------|---------------------|----------------------|
| | Financial services | Equipment operations | Financial services | Equipment operations |
| Total assets | 1,636.4 | 2,404.0 | 1,317.4 | 2,097.3 |
| Cash and cash equivalents | 30.4 | 228.3 | 24.9 | 198.0 |
| Trade receivables | 30.7 | 544.6 | 33.2 | 560.4 |
| Finance receivables | 1,410.4 | - | 1,125.0 | - |
| Inventories | - | 510.1 | - | 374.0 |
| Property, plant, and equipment | 5.7 | 490.7 | 1.2 | 423.5 |
| Other | 159.4 | 630.4 | 133.1 | 541.4 |
| Total liabilities | 1,384.0 | 855.2 | 1,115.3 | 707.8 |
| Total interest-bearing liabilities | 1,301.6 | - | 1,056.4 | - |
| Other | 82.4 | 855.2 | 59.0 | 707.8 |
| Total equity | 252.4 | 1,548.7 | 202.1 | 1,389.5 |

Statement of Profit or Loss (Financial Services)

| (Unit: billions of yen) | Year ended Dec. 31, 2021 | Year ended Dec. 31, 2020 | Changes | |
|---|--------------------------|--------------------------|---------|-------|
| | Amount | Amount | Amount | % |
| Revenue | 89.8 | 79.2 | +10.7 | +13.5 |
| Operating profit | 50.3% 45.2 | 41.5% 32.8 | +12.3 | +37.6 |
| Profit attributable to owners of the parent | 30.9% 27.8 | 25.1% 19.9 | +7.9 | +39.8 |

Recent Developments In Machinery

Recent Developments in Machinery (U.S.)

U.S.

Retail sales of tractors and CE are expected to remain strong continuously thanks to strong housing market caused by boom in move to suburbs. However, it is expected to take time to increase dealer inventories significantly.

Tractors / RS*

While demand for home owners continues to be strong, sales in the 1st half of the year are expected to be at the same level as the prior year due to constraint of inventories. Sales in the 2nd half of the year are expected to increase due to improvement in supply. Demand for farmers are expected to be solid due to stable crop prices, such as beef and milk, at a high level.

CE / RS

Sales are expected to increase due to an increase in construction related to government infrastructure project, in addition to strong demand for construction along with strong housing starts.

Tractors • CE / WS*

It is expected to take time to resolve delay in production and shipment caused by port congestion and shortage of production components and also increase dealer inventories significantly.

Engines / WS

Sales mainly for construction & industrial machinery are expected to increase due to continuously strong demand by OEM clients.

* 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.-Sept. | Jan.-Dec. |
|------|-----------|-----------|-----------|------------|-----------|-----------|------------|-----------|
| 2020 | 0-40hp | -8.9% | +24.0% | +28.2% | +33.3% | +13.3% | +18.0% | +21.0% |
| | 40-120hp | -5.1% | +13.9% | +17.1% | +21.6% | +6.5% | +10.3% | +13.1% |
| | 120-160hp | -14.1% | +9.2% | -10.4% | +8.8% | -0.1% | -3.9% | -0.3% |
| 2021 | 0-40hp | +64.3% | -1.9% | +1.2% | +2.9% | +15.2% | +10.5% | +8.9% |
| | 40-120hp | +34.0% | +11.4% | +4.9% | +3.8% | +19.3% | +13.8% | +11.1% |
| | 120-160hp | +29.8% | +16.9% | +29.2% | +18.7% | +22.1% | +24.5% | +22.7% |

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.-Sept. | Jan.-Dec. |
|------|-----------|-----------|------------|-----------|-----------|------------|-----------|
| 2020 | +4.5% | -4.4% | +20.2% | +27.5% | -1.0% | +6.1% | +12.0% |
| 2021 | +38.0% | +30.4% | +7.4% | +2.1% | +33.5% | +23.4% | +16.8% |

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.-Sept. | Jan.-Dec. |
|------|-----------|-----------|------------|-----------|-----------|------------|-----------|
| 2020 | +2.2% | -0.1% | +25.0% | +24.7% | +0.8% | +9.0% | +13.8% |
| 2021 | +46.5% | +32.3% | +8.5% | -7.1% | +37.9% | +26.5% | +15.2% |

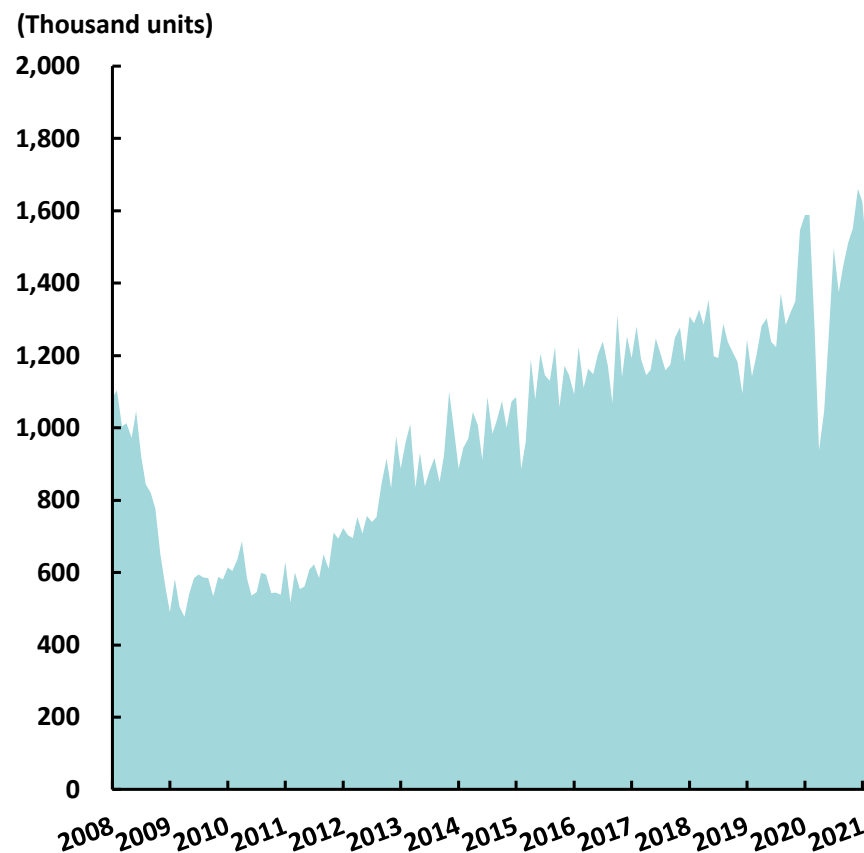
Source: AEM (Association of Equipment Manufacturers)

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

| | Jan.-Mar. | Apr.-Jun. | Jul.-Sept. | Oct.-Dec. | Jan.-Jun. | Jan.-Sept. | Jan.-Dec. |
|------|-----------|-----------|------------|-----------|-----------|------------|-----------|
| 2020 | -10.9% | -23.6% | +6.4% | -0.8% | -18.0% | -10.4% | -6.9% |
| 2021 | +14.8% | +27.1% | -2.6% | -21.6% | +21.1% | +12.3% | -0.8% |

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

Demand for farm equipment is expected to be at the same level as the prior year. Demand for CE is expected to be strong due to robust infrastructure investment in each country.

Tractors / RS

Economic trends are solid. Demand for farm equipment is expected to be at the same level as the prior year due to a lull in recovery in the prior year.

Implements / WS

While demand is expected to expand in line with the solid demand for farm equipment, the growth is expected to be limited due to an impact of sales price increase along with rise in steel prices.

CE / RS

Demand is expected to be solid due to progress in investments in each country, in addition to tax incentives in Italy and the UK.

Engines / WS

Demand for construction & industrial machinery and refrigeration equipment is expected to continue to be strong. However, sales are not able to catch up with demand fully because it is difficult to respond to all surge requests by OEM clients.

Recent Developments in Machinery (Asia)

Thailand and neighboring countries

Demand is expected to be unchanged significantly. However, sales are expected to decrease from the prior year because there is a high possibility that government projects will not be implemented.

Farm Equipment / RS

Demand for rice farming is expected to be dampened slightly due to a declining rice price. The impact is mitigated by rice price guarantee system. Demand for dryland farming is expected to be stable due to remaining prices of cassava and sugar cane at a high level. However, Sales are expected to decrease due to adverse reaction from government projects in the prior year.

CE / RS

Sales are expected to increase due to an increase in public construction resulting from economic stimulus measures by the government.

Neighboring countries / RS

Demand in Myanmar is expected to be slowdown because retail sales price are not fixed due to unstable local currency.

China

Demand for higher-priced farm equipment is expected to decrease slightly in line with a decrease in unit price of budgeted government subsidies. However, sales in China as a whole are expected to be solid partly due to a rushed demand before the Tier 4 exhaust gas regulations.

Farm Equipment / RS

Sales of farm equipment as a whole are expected to increase due to rushed order from price increase caused by exhaust gas regulations.

CE / RS

Sales are expected to increase due to an increase in private construction despite a decrease in public construction.

Engines / WS

Sales are expected to be solid, mainly for forklifts, elevated work vehicles, and refrigeration equipment.

Recent Developments in Machinery (Japan)

Japan

Demand for farm equipment is expected to decrease slightly due to termination of subsidies for business continuation of farmers and a negative effect from a decline in rice prices. Demand for CE and engines has a tendency to recover due to relaxation of restriction in activities caused by COVID-19.

Farm Equipment / RS

Sales are expected to increase due to a positive effect from introduction of new models despite a slight decrease in the market.

CE / RS

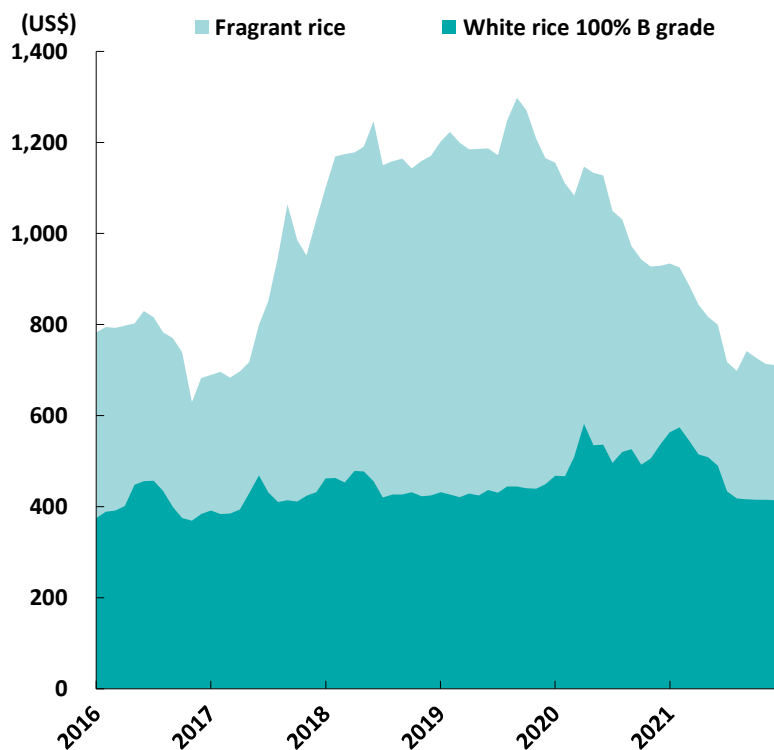
Demand is expected to recover due to relaxation of restriction in activities caused by COVID-19, and sales are expected to be solid, mainly for rental companies.

Engines / WS

Demand is expected to be solid mainly for civil engineering machinery such as generators and road machinery.

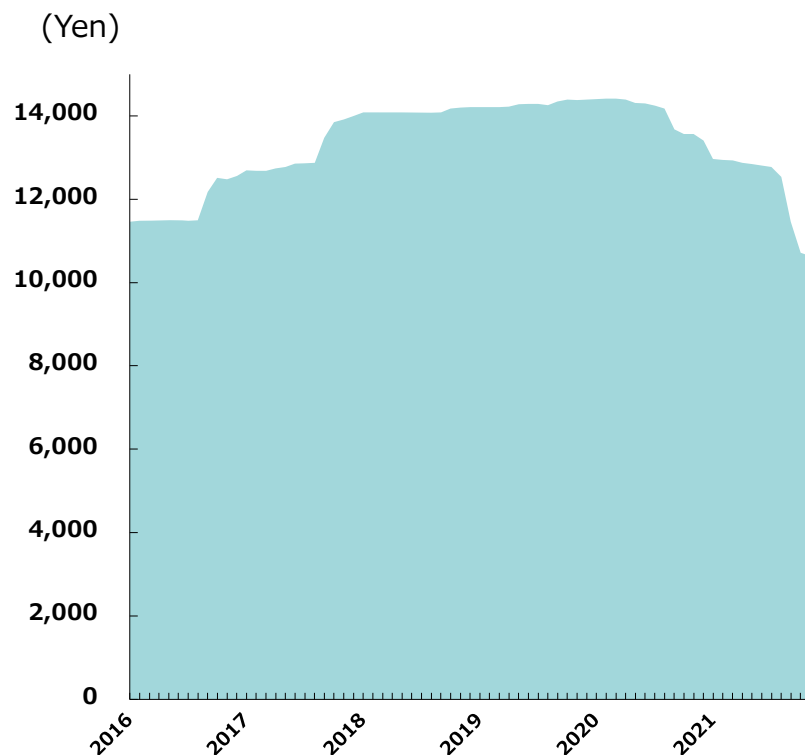
Supplementary data of Thailand, China, and Japan

■ 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) | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2021 |
|-------------------------|-----------|------|------|------|------|------|------|------|------|------|------|
| Subsidies | 1st stage | 20.0 | 17.0 | 21.0 | 22.8 | 18.6 | 18.6 | 18.0 | 16.9 | 14.0 | 21.0 |
| | Full year | 21.8 | 23.8 | 23.8 | 23.7 | 18.6 | 18.6 | 18.0 | 27.4 | 19.0 | |

Forecast

Anticipated Operating Results

For Earth, For Life


| (Unit: billions of yen) | Year ending Dec. 31, 2022 (Forecast) | Year ended Dec. 31, 2021 (Actual) | Changes | |
|--|--|---|---------|-------|
| | | | Amount | % |
| Revenue | 2,450.0 | 2,196.8 | +253.2 | +11.5 |
| Domestic | 645.0 | 602.8 | +42.2 | +7.0 |
| Overseas | 1,805.0 | 1,594.0 | +211.0 | +13.2 |
| Operating profit | 10.2% 250.0 | 11.2% 246.2 | +3.8 | +1.5 |
| Profit before income taxes | 10.3% 253.0 | 11.5% 252.6 | +0.4 | +0.2 |
| Profit attributable to owners of the parent | 7.3% 178.0 | 8.0% 175.6 | +2.4 | +1.3 |

Anticipated Revenue by Reportable Segment

| (Unit: billions of yen) | Year ending Dec. 31, 2022 (Forecast) | Year ended Dec. 31, 2021 (Actual) | Changes | |
|-------------------------|--|---|---------------|--------------|
| | | | Amount | % |
| Machinery | 2,080.0 | 1,864.8 | +215.2 | +11.5 |
| Domestic | 320.0 | 310.5 | +9.5 | +3.1 |
| Overseas | 1,760.0 | 1,554.3 | +205.7 | +13.2 |
| Water | 340.0 | 305.4 | +34.6 | +11.3 |
| Domestic | 295.0 | 265.7 | +29.3 | +11.0 |
| Overseas | 45.0 | 39.7 | +5.3 | +13.5 |
| Other | 30.0 | 26.6 | +3.4 | +12.9 |
| Domestic | 30.0 | 26.6 | +3.4 | +13.0 |
| Overseas | 0.0 | 0.0 | - | - |
| Total revenue | 2,450.0 | 2,196.8 | +253.2 | +11.5 |

| | | | | |
|-------------------------|----------------|----------------|---------------|--------------|
| Domestic revenue | 645.0 | 602.8 | +42.2 | +7.0 |
| Overseas revenue | 1,805.0 | 1,594.0 | +211.0 | +13.2 |

For reference: Changes excluding the effects of fluctuation in exchange [+26.1 billion yen]
 >Overseas revenue in Machinery is forecast to increase by 12%. Total overseas revenue is forecast to increase by 12%.

Anticipated Operating Profit

| (Unit: billions of yen) | Year ending Dec. 31, 2022 (Forecast) | | Year ended Dec. 31, 2021 (Actual) | | Changes | |
|-------------------------|--|------|---|------|---------|------|
| | Amount | % | Amount | % | Amount | % |
| Operating profit | 250.0 | 10.2 | 246.2 | 11.2 | +3.8 | +1.5 |

Factors affecting operating profit (YoY change +3.8 billion yen)

| | | | |
|--|--|---|--------------------------|
| 1. Fluctuation in exchange rates | US\$ (110→114 *1) Euro (130→128 *1) Other currencies | +25.0 billion yen -1.0 billion yen -3.0 billion yen | +21.0 billion yen |
| 2. Foreign exchange gain/loss | | | -8.0 billion yen |
| 3. Material | Machinery Water | -53.0 billion yen -16.0 billion yen | -69.0 billion yen |
| 4. Change in sales incentive ratio | North America : -7.1 billion yen etc. | | -7.8 billion yen |
| 5. Impact of increased or decreased sales | | | +46.0 billion yen |
| 6. Sales price increase | | | +76.0 billion yen |
| 7. Other | | | -54.4 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→114 Euro:129→129

Anticipated Operating Profit by Reportable Segment

For Earth, For Life


| (Unit: billions of yen) | | Year ending Dec. 31, 2022 (Forecast) | Year ended Dec. 31, 2021 (Actual) | Changes |
|-------------------------|------------------|---|--------------------------------------|---------|
| Machinery | Revenue | 2,080.0 | 1,864.8 | +215.2 |
| | Operating profit | 289.0 | 250.4 | +38.6 |
| | OP margin | 13.9% | 13.4% | +0.5P |
| Water | Revenue | 340.0 | 305.4 | +34.6 |
| | Operating profit | 21.0 | 22.3 | -1.3 |
| | OP margin | 6.2% | 7.3% | -1.1P |
| Other | Revenue | 30.0 | 26.6 | +3.4 |
| | Operating profit | 4.0 | 3.7 | +0.3 |
| | OP margin | 13.3% | 13.9% | -0.6P |
| Adjustment | Operating profit | -64.0 | -30.2 | -33.8 |
| Total | Revenue | 2,450.0 | 2,196.8 | +253.2 |
| | Operating profit | 250.0 | 246.2 | +3.8 |
| | OP margin | 10.2% | 11.2% | -1.0P |

CAPEX, Depreciation, and R&D Expenses

■ CAPEX, Depreciation and R&D expenses

| (Unit: billions of yen) | Year ending Dec. 31, 2022 | Year ended Dec. 31, 2021 | Year ended Dec. 31, 2020 |
|---------------------------------|------------------------------|-----------------------------|-----------------------------|
| | (Forecast) | (Actual) | (Actual) |
| Capital expenditures * | 190.0 | 121.4 | 87.2 |
| Depreciation and amortization * | 62.6 | 55.6 | 53.2 |
| R&D expenses | 86.3 | 65.3 | 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
Kubota