

For Earth, For Life  
Kubota

A photograph of three children running through a lush green field under a blue sky with light clouds. The child in the foreground is wearing a teal shirt, the middle child is in a green jacket, and the child on the right is in a yellow sweater. They are all smiling and have their arms outstretched.

**ON YOUR SIDE**

## **Financial Results for the six months ended June 30, 2023**

**Masato Yoshikawa**

**Executive Vice President and Representative Director,  
General Manager of Planning & Control Headquarters**

**Kubota Corporation**

**August 8, 2023**



# Financial Summary for FY 2023 2<sup>nd</sup> Quarter

For Earth, For Life  


(Unit: billions of yen)	FY2023 2Q	FY2022 2Q	Changes	
			Amount	%
<b>Revenue</b>	<b>1,520.0</b>	<b>1,259.3</b>	<b>+260.7</b>	<b>+20.7</b>
Japan	315.1	299.1	+16.0	+5.3
Overseas	1,205.0	960.3	+244.7	+25.5
<b>Operating profit</b>	12.1% <b>184.6</b>	9.4% <b>118.8</b>	<b>+65.8</b>	<b>+55.4</b>
<b>Profit before income taxes</b>	12.6% <b>191.8</b>	10.4% <b>130.5</b>	<b>+61.4</b>	<b>+47.0</b>
<b>Profit attributable to owners of the parent</b>	8.5% <b>128.8</b>	7.3% <b>91.5</b>	<b>+37.3</b>	<b>+40.7</b>

<b>1USD (JPY)</b>	<b>135</b>	<b>123</b>
<b>1EUR (JPY)</b>	<b>146</b>	<b>134</b>
<b>1THB (JPY)</b>	<b>3.95</b>	<b>3.65</b>

The effect of fluctuation in foreign exchange rate to Revenue this year was +82.0 billion yen.

# Revenue by Reportable Segment (Year-on-Year)



## Machinery: 1,344.2 billion yen (YoY: +249.1)

### Japan

Although agricultural machinery market has continued to be weak, sales increased due to sales growth in the high horsepower range.

### North America

Sales of tractors were sluggish and behind to the plan due to shrinking of housing market while replenishment of dealer inventory had progressed.

Sales of CE increased thanks to backorders of housing construction and demand for infrastructure development by the government.

### Europe

Sales of CE and engines increased, supported by demand for public construction.

Sales of tractors increased due to recovery from inventory shortage despite some weakness in the market.

### Asia outside Japan

In Thailand, sales decreased due to weak mind for investment caused by drought concerns.

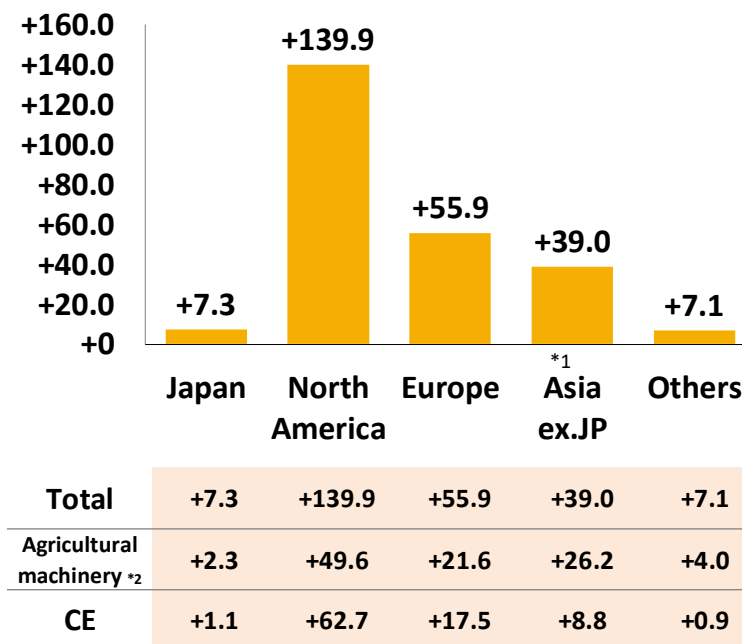
In India, market condition was good led by positive macroeconomic factors and farmer sentiments on account of good yields in this spring season.

In China, market shrank due to adverse reaction to the rush demand before implementation of emissions regulations in the previous year.

### Others

Sales were firm mainly in Australia, where demand was solid.

■ Changes in revenue by region (Billions of yen)



\*1 Escorts has been consolidated since the 2Q of FY2022

\*2 Tractor, combine harvesters, and rice transplanters

# Revenue by Reportable Segment (Year-on-Year)



## Water: 165.6 billion yen (YoY: +12.9)

### Pipe system

Sales of Ductile iron pipes were weak due to a shift to alternative pipes as price rise.  
Sales of plastic pipes were firm thanks to solid demand for apartment building and non-residential market.

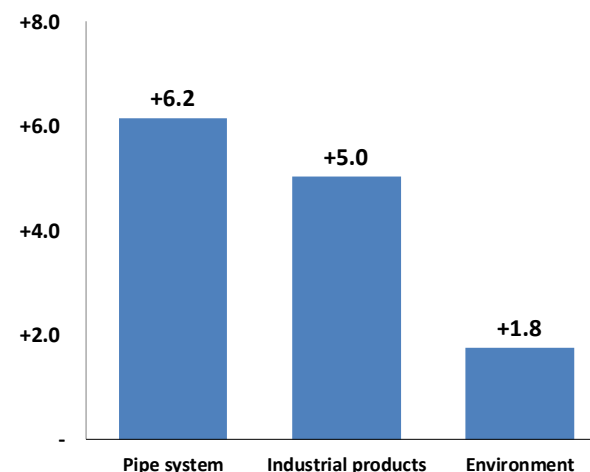
### Industrial products

Sales of cracking tubes were firm by demand for overseas plant construction.  
Orders for air-conditioning equipment increased due to the trend to shift factories back to Japan.

### Environment

Sales of pumps decreased due to an effect from the big project in the prior year, but are in line with our plan.  
Progress of order receipt of Public private partnership projects has been steadily although there has been delay in some local government plans.

■ Changes in revenue by business (Billions of yen)



## Other: 10.2 billion yen (YoY: -1.4)

Other is mainly comprised of a variety of other services such as logistics.

# Operating Profit

For Earth, For Life  


(Unit: billions of yen)	FY2023 2Q		FY2022 2Q		Changes	
	Amount	%	Amount	%	Amount	%
<b>Operating profit</b>	<b>184.6</b>	12.1	<b>118.8</b>	9.4	<b>+65.8</b>	+55.4

## Factors affecting operating profit (YoY change +65.8 billion yen)

<b>1. Fluctuation in exchange rates</b>	1USD (JPY) (123→135 *1) 1EUR (JPY) (134→146 *1) Other currencies	+33.0 billion yen +6.0 billion yen +5.0 billion yen	<b>+44.0 billion yen</b>
<b>2. Foreign exchange gain/loss</b>			<b>-14.6 billion yen</b>
<b>3. Material</b>	Machinery (Purchased parts, steel, etc.) Water (PVC, coil, etc.)	-10.9 billion yen -3.0 billion yen	<b>-13.9 billion yen</b>
<b>4. Change in sales incentive ratio</b>	North America : -15.5 billion yen, etc.		<b>-13.8 billion yen</b>
<b>5. Impact of increased or decreased sales</b>			<b>+15.8 billion yen</b>
<b>6. Sales price increase</b>			<b>+80.7 billion yen</b>
<b>7. Other</b>	Logistics expenses +1.9 billion yen, R&D expenses -8.0 billion yen, Depreciation and amortization -7.7 billion yen, etc.		<b>-32.4 billion yen</b>

\*1: Exchange rates, which affected profit of exported products from Japan in consideration of the period of transportation and inventory, were as follows:  
 USD:115→138 EUR:130→143

# Operating Profit by Reportable Segment

For Earth, For Life  


(Unit: billions of yen)		FY2023 2Q	FY2022 2Q	Changes
Machinery	Revenue	1,344.2	1,095.1	+249.1
	Operating profit	198.4	115.1	+83.3
	OP margin	14.8%	10.5%	+4.3P
Water	Revenue	165.6	152.7	+12.9
	Operating profit	9.9	9.7	+0.2
	OP margin	6.0%	6.3%	-0.4P
Other	Revenue	10.2	11.6	-1.4
	Operating profit	1.1	1.7	-0.7
	OP margin	10.6%	15.0%	-4.4P
Adjustment*	Operating profit	-24.8	-7.7	-17.0
Total	Revenue	1,520.0	1,259.3	+260.7
	Operating profit	184.6	118.8	+65.8
	OP margin	12.1%	9.4%	+2.7P

\*Adjustment includes administrative expenses, basic research expenses, and foreign exchange gain/loss at the parent company.

# Statement of Financial Position

For Earth, For Life  


(Unit: billions of yen)		As of June 30, 2023	As of Dec. 31, 2022	Changes	Changes excl. the effects of fluctuation in exchange rates
<b>Cash and cash equivalents</b>		193.3	225.8	- 32.5	
<b>Trade receivables</b>		927.9	779.4	+ 148.6	+ 86.9
<b>Finance receivables</b>		1,878.9	1,684.5	+ 194.4	+ 42.1
<b>Inventories</b>		686.2	644.5	+ 41.7	- 6.5
<b>Other</b>		1,534.8	1,430.9	+ 104.0	
<b>Total assets</b>		5,221.2	4,765.1	+ 456.2	
<b>Bonds and borrowings</b>		1,942.9	1,611.1	+ 331.8	+ 216.1
<b>Trade payables</b>		295.5	454.8	- 159.3	
<b>Other</b>		626.3	596.7	+ 29.6	
<b>Total liabilities</b>		2,864.7	2,662.6	+ 202.1	
<b>Equity attributable to owners of the parent</b>		2,127.4	1,874.5	+ 252.9	
<b>Noncontrolling interests</b>		229.2	228.0	+ 1.2	
<b>Total equity</b>		2,356.5	2,102.5	+ 254.1	
<b>Total liabilities and equity</b>		5,221.2	4,765.1	+ 456.2	
<b>Net debt equity ratio</b>		0.82	0.74	+ 0.08	
<b>Net debt equity ratio (excl. financial services)</b>		0.08	-0.03	+ 0.11	

# Statement of Cash Flows

For Earth, For Life  


(Unit: billions of yen)	FY2023 2Q	FY2022 2Q	Changes
<b>Net cash used in operating activities</b>	<b>-98.1</b>	<b>-22.0</b>	<b>-76.1</b>
Profit for the year and Depreciation	191.3	142.5	+48.9
Increase in finance receivables	-45.3	-37.9	-7.3
Other	-244.2	-126.6	-117.6
<b>Net cash used in investing activities</b>	<b>-97.8</b>	<b>-226.6</b>	<b>+128.8</b>
Payments for acquisition of property, plant, and equipment and intangible assets	-90.1	-80.6	-9.5
Other	-7.7	-146.0	+138.3
<b>Net cash provided by financing activities</b>	<b>153.7</b>	<b>189.8</b>	<b>-36.1</b>
Effect of exchange rate changes on cash and cash equivalents	9.8	15.6	-5.8
<b>Net decrease in cash and cash equivalents</b>	<b>-32.5</b>	<b>-43.3</b>	<b>+10.9</b>
<b>Free cash flow</b>	<b>-195.9</b>	<b>-248.7</b>	<b>+52.7</b>



# Financial Services <Reference (unaudited)>

For Earth, For Life  


## Statement of Financial Position

(Unit: billions of yen)	As of June 30, 2023		As of Dec. 31, 2022	
	Financial services	Equipment operations	Financial services	Equipment operations
<b>Total assets</b>	<b>2,146.4</b>	<b>3,186.0</b>	<b>1,952.2</b>	<b>2,946.2</b>
Cash and cash equivalents	31.4	162.0	23.1	202.7
Trade receivables	30.6	898.5	29.3	752.1
Finance receivables	1,878.9	-	1,684.5	-
Inventories	-	686.2	-	644.5
Property, plant, and equipment	15.5	668.9	11.1	624.6
Other	190.1	770.3	204.3	722.3
<b>Total liabilities</b>	<b>1,795.7</b>	<b>1,162.6</b>	<b>1,680.0</b>	<b>1,166.8</b>
Total interest-bearing liabilities	1,710.4	274.2	1,544.8	157.1
Other	85.3	888.4	135.2	1,009.7
<b>Total equity</b>	<b>350.7</b>	<b>2,023.3</b>	<b>272.2</b>	<b>1,779.4</b>

## Delinquency rate of retail financial receivables

(Unit: billions of yen)	As of June 30, 2023	As of Dec. 31, 2022	Changes	
	Amount	Amount	Amount	%
<b>Balance of receivables</b>	<b>1,878.9</b>	<b>1,684.5</b>	<b>194.4</b>	<b>+ 11.5</b>
Over 90 days delinquent payment	16.9	11.3	5.6	+ 49.9
<b>Delinquency rate</b>	<b>0.9%</b>	<b>0.7%</b>	-	<b>+ 0.2P</b>

Forecast

# Financial Forecast for the Year Ending December 2023

For Earth, For Life  


(Unit: billions of yen)	Year ending Dec. 31, 2023 (Forecast)	Year ended Dec. 31, 2022 (Actual)	Changes		Previous forecast (Feb. 2023)
			Amount	%	
<b>Revenue</b>	<b>2,950.0</b>	<b>2,677.0</b>	<b>+273.0</b>	<b>+10.2</b>	<b>2,900.0</b>
Japan	639.0	602.4	+36.6	+6.1	638.0
Overseas	2,311.0	2,074.6	+236.4	+11.4	2,262.0
<b>Operating profit</b>	9.7% <b>285.0</b>	8.0% <b>214.4</b>	<b>+70.6</b>	<b>+32.9</b>	9.3% <b>270.0</b>
<b>Profit before income taxes</b>	10.1% <b>298.0</b>	8.6% <b>231.2</b>	<b>+66.9</b>	<b>+28.9</b>	9.6% <b>278.0</b>
<b>Profit attributable to owners of the parent</b>	6.8% <b>200.0</b>	5.8% <b>156.5</b>	<b>+43.5</b>	<b>+27.8</b>	6.4% <b>186.0</b>
<b>1USD (JPY)</b>	<b>132</b>	<b>131</b>			
<b>1EUR (JPY)</b>	<b>144</b>	<b>138</b>			
<b>1THB (JPY)</b>	<b>3.88</b>	<b>3.75</b>			

The effect of fluctuation in foreign exchange rate to Revenue forecast is +17.0 billion yen against LY and +110.0 billion yen against the Previous forecast.

# Revenue by Reportable Segment (Year-on-Year)



## Machinery: 2,562.0 billion yen (YoY: +235.8)

### Japan

Although rice prices are bottoming out, high production costs are leading the way and a full-scale recovery in farm machinery market is not yet expected.

### North America

Residential market remains in adjustment phase since the start of the year and it is expected to be same level as 2018. Agricultural and dairy markets are entering a turning point due to falling crop prices. CE market is slightly stronger than previous forecast and is expected to continue to perform well, supported by the backorders of home construction and demand for infrastructure development by the government.

### Europe

Sales of CE and engines are expected to increase, supported by demand for public construction, but the market may come to a peak this year and enter adjustment phase. Tractor market remains weak, but sales are expected to increase due to improvement of inventory shortages happened in the previous year.

### Asia outside Japan

In Thailand, sales of tractors are expected to decrease due to weak mind for investment caused by drought concerns in dryland and rice farming market. In India, there are small concerns due to uneven distribution of rainfall and the effect of El Nino, but planting for winter crops has started smoothly. In China, agricultural machinery market is expected to continue to decline due to adverse reaction to the rush demand in the previous year. CE market is also expected to continue to decline due to sluggish of public construction.

### Others

Australian market is expected to turn to a downward trend due to a rise in interest rate.

# Revenue by Reportable Segment (Year-on-Year)



**Water: 368.0 billion yen (YoY +40.4)**

## Pipe system

Sales of Ductile iron pipes are expected to weak continuously due to a shift to alternative pipes as price rose.  
Sales of plastic pipes are expected to be firm for apartment building and non-residential market, partly due to demand for Ductile iron pipes substitutes.

## Industrial products

Sales of cracking tubes are expected to be stable by demand for overseas plant construction.  
Sales of air-conditioning equipment are expected to progress in the second half thanks to orders in the first half due to the trend to shift factories back to Japan.

## Environment

Sales for industrial wastewater and exhaust gas are expected to increase as the trend to shift factories back to Japan.  
Sales have a tendency to delay due to long delivery time of procurement although demands for pumps and PPP projects are firm.



**Other: 20.0billion yen (YoY -3.2)**

Other is mainly comprised of a variety of other services such as logistics.

# Operating Profit Forecast

(Unit: billions of yen)	Year ending Dec. 31, 2023 (Forecast)		Year ended Dec. 31, 2022 (Actual)		Changes	
	Amount	%	Amount	%	Amount	%
<b>Operating profit</b>	<b>285.0</b>	9.7	<b>214.4</b>	8.0	<b>+70.6</b>	+32.9

## Factors affecting operating profit (YoY change +70.6 billion yen)

<b>1. Fluctuation in exchange rates</b>	1USD (JPY) (131→132 *1) 1EUR (JPY) (138→144 *1) Other currencies	+42.0 billion yen +12.0 billion yen +1.0 billion yen	<b>+55.0 billion yen</b>
<b>2. Foreign exchange gain/loss</b>			<b>-18.1 billion yen</b>
<b>3. Material</b>	Machinery (Purchased parts, steel, etc.) Water (PVC, coil, etc.)	-28.7 billion yen -4.4 billion yen	<b>-33.1 billion yen</b>
<b>4. Change in sales incentive ratio</b>	North America : -20.7 billion yen, etc.		<b>-21.6 billion yen</b>
<b>5. Impact of increased or decreased sales</b>			<b>+18.7 billion yen</b>
<b>6. Sales price increase</b>			<b>+128.0 billion yen</b>
<b>7. Other</b>	Logistics expenses +25.9 billion yen, R&D expenses -15.5 billion yen, Depreciation and amortization -14.5 billion yen, etc.		<b>-58.3 billion yen</b>

\*1: Exchange rates, which affect profit of exported products from Japan in consideration of the period of transportation and inventory, are as follows:  
USD:122→136 EUR:133→144

# Operating Profit Forecast by Reportable Segment

For Earth, For Life  


(Unit: billions of yen)		Year ending Dec. 31, 2023 (Forecast)	Year ended Dec. 31, 2022 (Actual)	Changes
Machinery	Revenue	2,562.0	2,326.2	+235.8
	Operating profit	323.0	232.6	+90.4
	OP margin	12.6%	10.0%	+2.6P
Water	Revenue	368.0	327.6	+40.4
	Operating profit	26.0	17.3	+8.8
	OP margin	7.1%	5.3%	+1.8P
Other	Revenue	20.0	23.2	-3.2
	Operating profit	3.0	3.1	-0.1
	OP margin	15.0%	13.3%	+1.7P
Adjustment*	Operating profit	-67.0	-38.5	-28.5
Total	Revenue	2,950.0	2,677.0	+273.0
	Operating profit	285.0	214.4	+70.6
	OP margin	9.7%	8.0%	+1.7P

\*Adjustment includes administrative expenses, basic research expenses, and foreign exchange gain/loss at the parent company.

# CAPEX, R&D expenses and Dividend

## ■ CAPEX and R&D expenses

(Unit: billions of yen)	Year ending Dec.31 2023 (Forecast)	Year ended Dec.31 2022 (Actual)	Year ended Dec.31 2021 (Actual)
Capital expenditures	<b>180.0</b>	<b>169.4</b>	<b>121.4</b>
R&D expenses	<b>103.8</b>	<b>88.3</b>	<b>65.3</b>

## ■ Dividend per common share

		Year ending Dec. 31, 2023	Year ended Dec. 31, 2022	Changes
Dividend per common share	Interim	<b>24 yen</b>	<b>22 yen</b>	<b>+2 yen</b>
	Year-end	<b>(Undecided)</b>	<b>22 yen</b>	<b>-</b>
	Total	<b>(Undecided)</b>	<b>44 yen</b>	<b>-</b>



**Lastly**

**For Earth, For Life**  
Kubota

# Return to Profitable Operations

**For Earth, For Life**

ENVIRONMENTAL

**Kubota**

# Supplementary data of U.S.

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

		Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Sept.	Jan.-Dec.
2022	0-40hp	-10.8%	-18.7%	-21.4%	-26.2%	-15.8%	-17.5%	-19.3%
	40-120hp	-4.2%	-13.4%	-9.5%	-1.2%	-9.8%	-9.7%	-7.5%
	120-160hp	+10.3%	+3.9%	+4.4%	+12.5%	+6.5%	+5.7%	+7.8%
2023	0-40hp	-20.1%	-8.4%	-	-	-13.0%	-	-
	40-120hp	-9.2%	-4.5%	-	-	-6.5%	-	-
	120-160hp	-0.2%	+0.1%	-	-	-0.0%	-	-

Source: AEM (Association of Equipment Manufacturers)

## ■ YoY growth rate of retail sales units in mini-excavator market (0-6t)

		Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Sept.	Jan.-Dec.
2022		+10.2%	-7.7%	+7.6%	-3.1%	-0.3%	+2.3%	+0.8%
2023		+3.8%	+10.9%	-	-	+7.7%	-	-

Source: AEM (Association of Equipment Manufacturers)

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

		Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Sept.	Jan.-Dec.
2022		-1.7%	-9.1%	-1.1%	+12.7%	-6.0%	-4.4%	+0.2%
2023		+17.4%	+3.3%	-	-	+9.4%	-	-

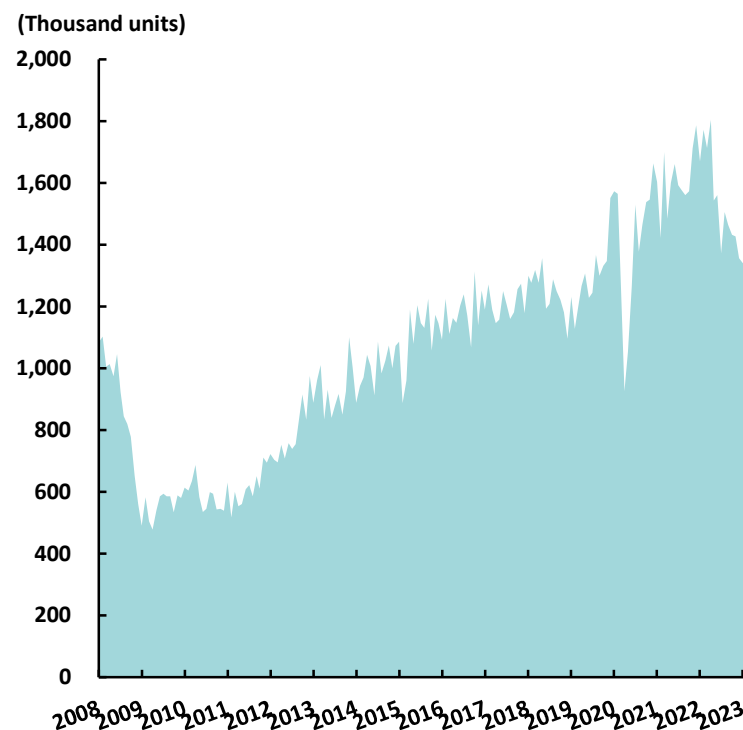
Source: AEM (Association of Equipment Manufacturers)

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

		Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Sept.	Jan.-Dec.
2022		-20.3%	-18.9%	-15.7%	-17.4%	-19.6%	-18.3%	-18.0%
2023		-5.3%	+4.5%	-	-	+0.1%	-	-

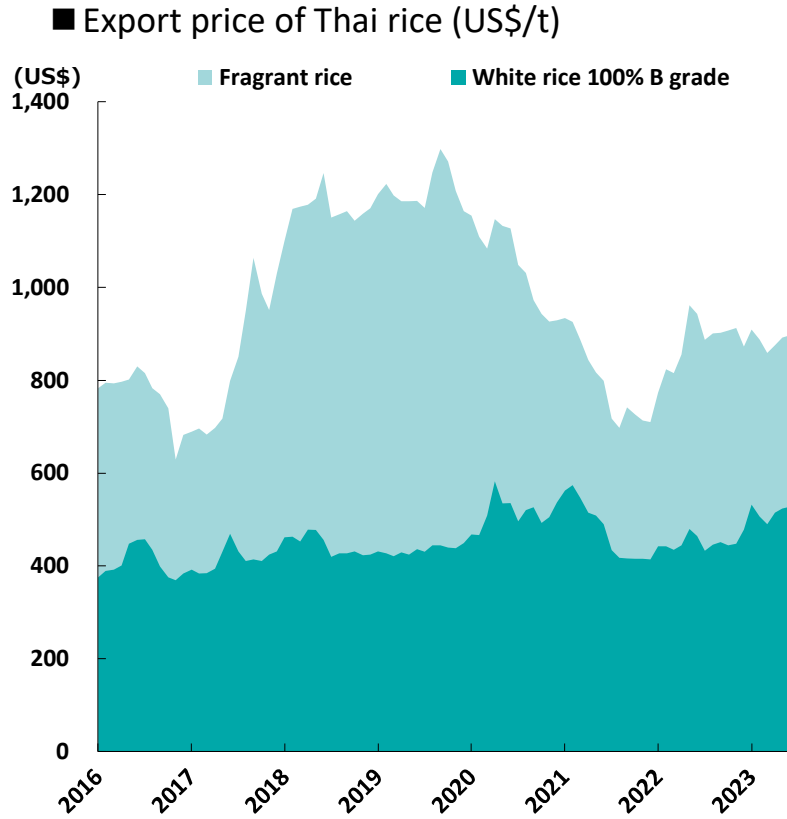
Source: AEM (Association of Equipment Manufacturers)

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

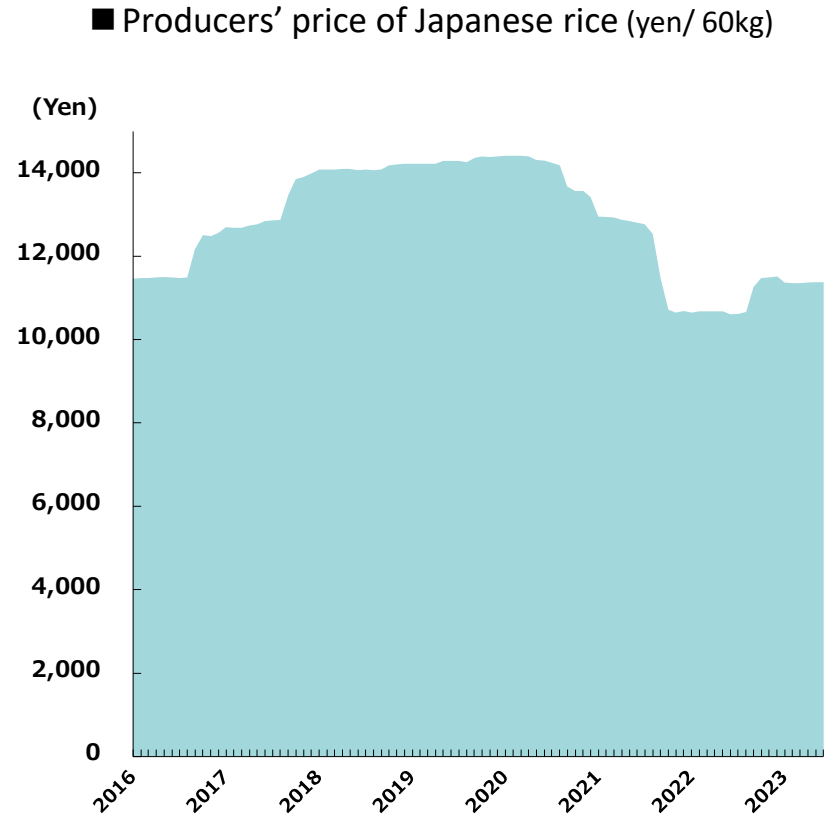


Source: U.S. Census Bureau

# Supplementary data of Thailand and Japan



Source: USDA, Thai Rice Exporters Association



Source: Ministry of Agriculture, Forestry and Fisheries

---

## 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.

---