

KUBOTA Corporation

Contact: IR Group
 Corporate Planning and Control Dept.
 2-47, Shikitsuhigashi 1-chome,
 Naniwa-ku, Osaka 556-8601, Japan
 Phone: +81-6-6648-2645

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2020 [IFRS]

Kubota Corporation hereby reports its consolidated results for the six months ended June 30, 2020.

Consolidated Financial Highlights**1. Consolidated results of operations for the six months ended June 30, 2020****(1) Results of operations**

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

	Six months ended June 30, 2020	Change [%]	Six months ended June 30, 2019	Change [%]
Revenue	¥ 884,170	(8.9)	¥ 970,829	7.1
Operating profit	¥ 81,670	(26.4)	¥ 110,947	9.7
Profit before income taxes	¥ 84,421	(26.4)	¥ 114,640	9.0
Profit for the period	¥ 65,161	(24.9)	¥ 86,737	11.1
Profit attributable to owners of the parent	¥ 59,570	(26.6)	¥ 81,189	12.9
Comprehensive income for the period	¥ 30,848	(60.1)	¥ 77,332	99.2
Earnings per share attributable to owners of the parent:				
Basic	¥ 48.87		¥ 65.95	
Diluted	-		-	

(2) Financial condition

(Unit: millions of yen)

	June 30, 2020	Dec. 31, 2019
Total assets	¥ 3,127,889	¥ 3,139,318
Total equity	¥ 1,535,183	¥ 1,537,214
Equity attributable to owners of the parent	¥ 1,441,503	¥ 1,442,837
Ratio of equity attributable to owners of the parent to total assets	46.1%	46.0%

Note:

Change [%] represents the percentage change from the same period in the prior year.

2. Cash dividends

(Unit: yen)

	Cash dividends per common share		
	Interim	Year-end	Total
Year ending Dec. 31, 2020	¥ 17.00	Undecided	Undecided
Year ended Dec. 31, 2019	¥ 17.00	¥ 19.00	¥ 36.00

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 share buy-backs. The specific amount of cash dividends for the year ending December 31, 2020 has not been decided at this time and Kubota Corporation will publicize the amount as soon as a decision is made.

3. Forecasts of operations for the year ending December 31, 2020

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

	Year ending Dec. 31, 2020	Change [%]
Revenue	¥ 1,780,000	(7.3)
Operating profit	¥ 150,000	(25.6)
Profit before income taxes	¥ 155,000	(25.8)
Profit attributable to owners of the parent	¥ 110,000	(26.2)
Earnings per share attributable to owners of the parent - Basic	¥ 90.38	

Notes:

1. Change [%] represents the percentage change from the same period in the prior year.
2. Please refer to the accompanying materials, "1. Review of operations and financial condition (3) Forecasts for the year ending December 31, 2020" on page 6 for further information related to the forecasts of operations.

4. Other information

(1) Changes in significant subsidiaries during the six months ended June 30, 2020 (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 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 June 30, 2020 : 1,220,576,846
Number of common shares issued including treasury shares as of December 31, 2019 : 1,220,576,846
- b) Number of treasury shares as of June 30, 2020 : 5,142,876
Number of treasury shares as of December 31, 2019 : 648,716
- c) Weighted-average number of common shares outstanding during the six months ended June 30, 2020 : 1,218,840,330
Weighted-average number of common shares outstanding during the six months ended June 30, 2019 : 1,230,946,842

(Information on the status of the quarterly review by the independent auditor)

This release is not subject to the quarterly review by the independent auditor.

(Method of obtaining supplementary materials on the financial results)

Kubota Corporation plans to hold a result briefing (conference call) for institutional investors and securities analysts on August 7, 2020. The supplementary material will be published on the Company's 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, 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.

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1. Review of operations and financial condition

(1) Summary of the results of operations for the six-month period

For the six months ended June 30, 2020, revenue of Kubota Corporation and its subsidiaries (hereinafter, the “Company”) decreased by ¥86.7 billion [8.9%] from the same period in the prior year to ¥884.2 billion.

Domestic revenue decreased by ¥19.9 billion [6.4%] from the same period in the prior year to ¥290.2 billion because of decreased revenue in Farm & Industrial Machinery, Water & Environment, and Other.

Overseas revenue decreased by ¥66.8 billion [10.1%] from the same period in the prior year to ¥594.0 billion because of significantly decreased sales of construction machinery, tractors, and engines. On the other hand, revenue in Water & Environment increased.

Operating profit decreased by ¥29.3 billion [26.4%] from the same period in the prior year to ¥81.7 billion because profitability of products, which were shipped in this fiscal year, in its manufacturing bases deteriorated due to a significant reduction in production in the fourth quarter of 2019. In addition, there were some negative effects from significantly decreased sales in the overseas markets and unfavorable foreign exchange rates. Profit before income taxes decreased by ¥30.2 billion [26.4%] from the same period in the prior year to ¥84.4 billion mainly due to decreased operating profit. Income tax expenses were ¥20.6 billion. Share of profits of investments accounted for using the equity method was ¥1.3 billion. Profit for the period decreased by ¥21.6 billion [24.9%] from the same period in the prior year to ¥65.2 billion. Profit attributable to owners of the parent decreased by ¥21.6 billion [26.6%] from the same period in the prior year to ¥59.6 billion.

Revenue from external customers and operating profit by each reportable segment was as follows:

1) Farm & Industrial Machinery

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

Revenue in this segment decreased by 10.2% from the same period in the prior year to ¥719.0 billion, and accounted for 81.3% of consolidated revenue.

Domestic revenue decreased by 9.1% from the same period in the prior year to ¥144.6 billion. Sales of farm equipment and agricultural-related products decreased mainly due to adverse reaction from rushed demand before the consumption tax hike and a negative effect from voluntary restraint of sales activities along with the infection spread of COVID-19.

Overseas revenue decreased by 10.5% from the same period in the prior year to ¥574.4 billion. In North America, retail sales had been strong mainly due to solid demand since April and a positive effect from introduction of new models. However, wholesales of construction machinery and tractors decreased because of adverse reaction from carryover of shipment of some products from the fiscal 2018 to the fiscal 2019 caused by typhoon, which had occurred in 2018, and delay in production and shipment caused by suspended operations in its manufacturing bases resulting from the infection spread of COVID-19. In addition, sales of engines also significantly decreased from the same period in the prior year mainly due to a reduction in production of OEM clients resulting from the infection spread of COVID-19 and a deterioration in oil and gas market. In Europe, sales of construction machinery, tractors, and engines significantly decreased mainly due to some negative effects from business suspension by dealers and a reduction in production of OEM clients for engines along with the infection spread of COVID-19. In Asia outside Japan, sales of tractors in Thailand decreased due to a negative impact of water shortage, which had continued since the prior year and inventory adjustments by dealers. On the other hand, sales of engines in China increased due to recovered demand after

resumption of economic activities. In addition, sales of farm equipment increased due to a positive effect from introduction of a new model.

Operating profit in this segment decreased by 25.0% from the same period in the prior year to ¥87.1 billion mainly due to significantly decreased revenue in the domestic and overseas markets and a deterioration in profitability of products, which were shipped in this fiscal year, in its manufacturing bases, while there were some positive effects from raised product prices and declined material prices.

2) Water & Environment

Water & Environment is comprised 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 2.5% from the same period in the prior year to ¥150.3 billion, and accounted for 17.0% of consolidated revenue.

Domestic revenue decreased by 3.3% from the same period in the prior year to ¥130.9 billion. Revenue in pipe- and infrastructure-related products slightly decreased due to a decrease in sales of plastic pipes, air-conditioning equipment and spiral-welded steel pipes caused by the infection spread of COVID-19. On the other hand, sales of some products, such as ductile iron pipes, increased. In environment-related products, revenue from construction of waste disposal and treatment facility in Futaba Town, Fukushima Prefecture decreased mainly.

Overseas revenue increased by 3.3% from the same period in the prior year to ¥19.4 billion. Sales of industrial castings to Korea and membrane systems to China increased.

Operating profit in this segment decreased by 7.7% from the same period in the prior year to ¥9.9 billion due to decreased revenue in the domestic market and an increase in construction costs of plant.

3) Other

Other is mainly comprised of a variety of services.

Revenue in this segment decreased by 6.4% from the same period in the prior year to ¥14.8 billion, and accounted for 1.7% of consolidated revenue.

Operating profit in this segment decreased by 5.7% from the same period in the prior year to ¥1.5 billion.

(2) Financial condition

a) Assets, liabilities, and equity

Total assets at June 30, 2020 were ¥3,127.9 billion, a decrease of ¥11.4 billion from the prior fiscal year-end. With respect to assets, finance receivables increased due to the expansion in sales financing operations in North America, where retail sales were strong. In addition, cash and cash equivalents temporarily increased due to the acceleration of funding in preparation for the growing demand for funds caused by the infection spread of COVID-19. On the other hand, trade receivables and inventories decreased mainly due to delay in production and shipment caused by suspended operations in its manufacturing bases resulting from the infection spread of COVID-19. Furthermore, other financial assets also decreased due to sales of securities.

With respect to liabilities, trade payables significantly decreased while bonds and borrowings increased. Equity slightly decreased due to purchases of treasury shares and a deterioration in other components of equity along with fluctuations in foreign exchange rates and prices of securities despite the accumulation of retained earnings. The ratio of equity attributable to owners of the parent to total assets stood at 46.1%, 0.1 percent higher than the prior fiscal

year-end.

b) Cash flows

Net cash provided by operating activities during the six months ended June 30, 2020 was ¥49.5 billion, a decrease of ¥1.4 billion in net cash inflow compared with the same period in the prior year. The decrease was mainly due to an increase in cash outflow related to an increase in finance receivables and a decrease in profit for the period. On the other hand, cash outflow related to the changes in working capital decreased due to a decrease in trade receivables and inventories.

Net cash used in investing activities was ¥30.4 billion, a decrease of ¥34.2 billion in net cash outflow compared with the same period in the prior year. This decrease was mainly due to an increase in cash inflow related to sales of securities and a decrease in cash outflow related to acquisition of property, plant, and equipment and intangible assets.

Net cash provided by financing activities was ¥36.2 billion, an increase of ¥29.7 billion in net cash inflow compared with the same period in 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 at June 30, 2020 were ¥250.7 billion, an increase of ¥51.0 billion from the beginning of the current period.

(3) Forecasts for the year ending December 31, 2020

The Company did not announce the forecasts for the year ending December 31, 2020, as it was difficult to calculate the reasonable forecasts under the uncertain circumstances about the scale of the infection spread of COVID-19 and the timing of end of COVID-19. However, the Company has determined the forecasts as follows based on the information available at the present time and its business trends of the first half of this year because economic activities have been resumed gradually in the domestic and overseas markets.

Consolidated revenue for the year ending December 31, 2020 is forecast to decrease by ¥140.0 billion from the prior year to ¥1,780.0 billion. The Company expects the infection spread of COVID-19 will settle gradually. However, the negative impact of COVID-19 is expected to continue throughout the year because the pace of a recovery in demand after the resumption of economic activities is expected to be slow and it is expected to take time for a recovery in production, including parts procurement. As a result, the negative impact on consolidated revenue is expected to be a decrease of around ¥158.0 billion.

Operating profit is forecast to decrease by ¥51.7 billion from the prior year to ¥150.0 billion mainly due to a negative impact of the yen appreciation and a deterioration in profitability of products in manufacturing bases along with reduced production volumes, in addition to significantly decreased revenue in the domestic and overseas markets. Profit before income taxes is forecast to decrease by ¥54.0 billion from the prior year to ¥155.0 billion. Profit attributable to owners of the parent is forecast to decrease by ¥39.1 billion from the prior year to ¥110.0 billion.

(These forecasts are based on the assumption of exchange rates of ¥107=US\$1 and ¥120=€1.)

2. Other information

(1) Changes in significant subsidiaries

None

(2) Changes in accounting policies

None

3. Condensed consolidated financial statements

(1) Condensed consolidated statement of financial position

ASSETS

(Unit: millions of yen)

	June 30, 2020		Dec. 31, 2019		Change
	Amount	%	Amount	%	Amount
Current assets:					
Cash and cash equivalents	¥ 250,659		¥ 199,665		¥ 50,994
Trade receivables	656,793		682,596		(25,803)
Finance receivables	308,291		293,933		14,358
Other financial assets	87,075		71,968		15,107
Inventories	368,737		382,401		(13,664)
Income taxes receivable	4,985		6,287		(1,302)
Other current assets	51,885		82,034		(30,149)
Total current assets	1,728,425	55.3	1,718,884	54.8	9,541
Noncurrent assets:					
Investments accounted for using the equity method	34,573		33,729		844
Finance receivables	721,561		699,238		22,323
Other financial assets	116,229		148,936		(32,707)
Property, plant, and equipment	392,976		405,349		(12,373)
Goodwill and intangible assets	64,795		60,986		3,809
Deferred tax assets	45,027		46,984		(1,957)
Other noncurrent assets	24,303		25,212		(909)
Total noncurrent assets	1,399,464	44.7	1,420,434	45.2	(20,970)
Total assets	¥ 3,127,889	100.0	¥ 3,139,318	100.0	¥ (11,429)

LIABILITIES AND EQUITY

(Unit: millions of yen)

	June 30, 2020		Dec. 31, 2019		Change
	Amount	%	Amount	%	Amount
Current liabilities:					
Bonds and borrowings	¥ 364,585		¥ 386,538		¥ (21,953)
Trade payables	244,678		293,774		(49,096)
Other financial liabilities	72,910		78,860		(5,950)
Income taxes payable	22,162		18,611		3,551
Provisions	34,445		31,001		3,444
Other current liabilities	196,773		192,959		3,814
Total current liabilities	935,553	29.9	1,001,743	31.9	(66,190)
Noncurrent liabilities:					
Bonds and borrowings	592,535		516,443		76,092
Other financial liabilities	25,149		30,247		(5,098)
Retirement benefit liabilities	15,443		15,773		(330)
Deferred tax liabilities	19,039		32,984		(13,945)
Other noncurrent liabilities	4,987		4,914		73
Total noncurrent liabilities	657,153	21.0	600,361	19.1	56,792
Total liabilities	1,592,706	50.9	1,602,104	51.0	(9,398)
Equity:					
Share capital	84,130		84,130		—
Share premium	84,993		84,671		322
Retained earnings	1,293,047		1,238,824		54,223
Other components of equity	(13,178)		35,849		(49,027)
Treasury shares	(7,489)		(637)		(6,852)
Total equity attributable to owners of the parent	1,441,503	46.1	1,442,837	46.0	(1,334)
Noncontrolling interests	93,680	3.0	94,377	3.0	(697)
Total equity	1,535,183	49.1	1,537,214	49.0	(2,031)
Total liabilities and equity	¥ 3,127,889	100.0	¥ 3,139,318	100.0	¥ (11,429)

(2) Condensed consolidated statement of profit or loss

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

	Six months ended June 30, 2020		Six months ended June 30, 2019		Change	
	Amount	%	Amount	%	Amount	%
Revenue	¥ 884,170	100.0	¥ 970,829	100.0	¥ (86,659)	(8.9)
Cost of sales	(634,113)		(689,649)		55,536	
Selling, general, and administrative expenses	(166,357)		(166,637)		280	
Other income	4,356		1,326		3,030	
Other expenses	(6,386)		(4,922)		(1,464)	
Operating profit	81,670	9.2	110,947	11.4	(29,277)	(26.4)
Finance income	3,914		4,444		(530)	
Finance costs	(1,163)		(751)		(412)	
Profit before income taxes	84,421	9.5	114,640	11.8	(30,219)	(26.4)
Income tax expenses	(20,598)		(29,476)		8,878	
Share of profits of investments accounted for using the equity method	1,338		1,573		(235)	
Profit for the period	¥ 65,161	7.4	¥ 86,737	8.9	¥ (21,576)	(24.9)

Profit attributable to:						
Owners of the parent	¥ 59,570	6.7	¥ 81,189	8.4	¥ (21,619)	(26.6)
Noncontrolling interests	5,591	0.7	5,548	0.5	43	0.8

Earnings per share attributable to owners of the parent:				
Basic	¥ 48.87		¥ 65.95	
Diluted	—		—	

(3) Condensed consolidated statement of comprehensive income

(Unit: millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2019	Change
Profit for the period	¥ 65,161	¥ 86,737	¥ (21,576)
Other comprehensive income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension plans	113	30	83
Net change in fair value of financial assets measured at fair value through other comprehensive income	(7,887)	5,275	(13,162)
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations	(26,539)	(14,710)	(11,829)
Total other comprehensive income, net of income tax	(34,313)	(9,405)	(24,908)
Comprehensive income for the period	¥ 30,848	¥ 77,332	¥ (46,484)

Comprehensive income attributable to:			
Owners of the parent	¥ 28,401	¥ 70,513	¥ (42,112)
Noncontrolling interests	2,447	6,819	(4,372)

(4) Condensed consolidated statement of changes in equity

Six months ended June 30, 2020

(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 period			59,570			59,570	5,591	65,161
Total other comprehensive income, net of income tax				(31,169)		(31,169)	(3,144)	(34,313)
Comprehensive income for the period			59,570	(31,169)		28,401	2,447	30,848
Transfer to retained earnings			17,873	(17,873)		—	—	—
Dividends paid			(23,185)			(23,185)	(2,721)	(25,906)
Purchases and sales of treasury shares					(7,000)	(7,000)		(7,000)
Share-based payments with transfer restrictions		(61)	(35)		148	52		52
Changes in ownership interests in subsidiaries		383		15		398	(423)	(25)
Balance as of June 30, 2020	¥ 84,130	¥ 84,993	¥ 1,293,047	¥ (13,178)	¥ (7,489)	¥ 1,441,503	¥ 93,680	¥ 1,535,183

Six months ended June 30, 2019

(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, 2019	¥ 84,130	¥ 85,305	¥ 1,135,395	¥ 35,343	¥ (323)	¥ 1,339,850	¥ 86,583	¥ 1,426,433
Profit for the period			81,189			81,189	5,548	86,737
Total other comprehensive income, net of income tax				(10,676)		(10,676)	1,271	(9,405)
Comprehensive income for the period			81,189	(10,676)		70,513	6,819	77,332
Transfer to retained earnings			3,463	(3,463)		—	—	—
Dividends paid			(22,184)			(22,184)	(3,938)	(26,122)
Purchases and sales of treasury shares					(7,063)	(7,063)		(7,063)
Share-based payments with transfer restrictions		(56)	(19)		122	47		47
Changes in ownership interests in subsidiaries		(202)		(449)		(651)	(3,617)	(4,268)
Balance as of June 30, 2019	¥ 84,130	¥ 85,047	¥ 1,197,844	¥ 20,755	¥ (7,264)	¥ 1,380,512	¥ 85,847	¥ 1,466,359

(5) Condensed consolidated statement of cash flows

(Unit: millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2019	Change
Cash flows from operating activities:			
Profit for the period	¥ 65,161	¥ 86,737	
Depreciation and amortization	33,099	30,581	
Finance income and costs	(2,910)	(3,590)	
Income tax expenses	20,598	29,476	
Decrease (increase) in trade receivables	10,600	(37,635)	
Increase in finance receivables	(63,460)	(34,059)	
Decrease (increase) in inventories	6,300	(29,360)	
Decrease (increase) in other assets	37,786	(3,315)	
(Decrease) increase in trade payables	(46,317)	17,536	
Increase in other liabilities	11,320	12,778	
Other, net	(1,534)	(2,361)	
Interest received	2,058	2,071	
Dividends received	1,430	1,917	
Interest paid	(419)	(563)	
Income taxes paid, net	(24,191)	(19,340)	
Net cash provided by operating activities	49,521	50,873	¥ (1,352)
Cash flows from investing activities:			
Payments for acquisition of property, plant, and equipment and intangible assets	(38,434)	(51,722)	
Proceeds from sales and redemptions of securities	26,916	5,321	
Net decrease in short-term loans receivable from associate	250	150	
Net increase in time deposits	(25,373)	(8,513)	
Net decrease (increase) in short-term investments	2,894	(7,646)	
Other, net	3,330	(2,188)	
Net cash used in investing activities	(30,417)	(64,598)	34,181
Cash flows from financing activities:			
Funding from bonds and long-term borrowings	204,676	172,621	
Redemptions of bonds and repayments of long-term borrowings	(93,171)	(98,498)	
Net decrease in short-term borrowings	(38,197)	(22,333)	
Repayments of lease liabilities	(7,272)	(9,733)	
Dividends paid	(23,185)	(22,184)	
Purchases of treasury shares	(7,000)	(7,063)	
Proceeds from acquisition of noncontrolling interests	(24)	(5,652)	
Other, net	366	(655)	
Net cash provided by financing activities	36,193	6,503	29,690
Effect of exchange rate changes on cash and cash equivalents	(4,303)	(1,142)	(3,161)
Net increase (decrease) in cash and cash equivalents	50,994	(8,364)	
Cash and cash equivalents, at the beginning of the period	199,665	229,123	
Cash and cash equivalents, at the end of the period	¥ 250,659	¥ 220,759	¥ 29,900

(6) Notes to the going concern assumption

None

(7) Consolidated segment information

a) Reportable segments

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Six months ended June 30, 2020		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 718,996	¥ 150,326	¥ 14,848	¥ —	¥ 884,170
	Intersegment	137	535	13,240	(13,912)	—
	Total	719,133	150,861	28,088	(13,912)	884,170
Operating profit		¥ 87,149	¥ 9,904	¥ 1,530	¥ (16,913)	¥ 81,670

(Unit: millions of yen)

Six months ended June 30, 2019		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 800,822	¥ 154,138	¥ 15,869	¥ —	¥ 970,829
	Intersegment	121	537	14,032	(14,690)	—
	Total	800,943	154,675	29,901	(14,690)	970,829
Operating profit		¥ 116,245	¥ 10,733	¥ 1,623	¥ (17,654)	¥ 110,947

Notes:

1. *Adjustments* include items such as the elimination of intersegment transfers and corporate expenses which are not allocated to any particular reportable segment. The corporate expenses included in *Adjustments* consist mainly of administration department expenses, basic research expenses, and foreign exchange gains or losses incurred by 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 "Air-conditioning equipment" are reported in the "Water & Environment" segment, whereas they were formerly reported in the "Farm & Industrial Machinery" 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)

	Six months ended June 30, 2020	Six months ended June 30, 2019
Japan	¥ 290,193	¥ 310,102
North America	300,361	338,283
Europe	108,788	132,379
Asia outside Japan	161,160	166,842
Other areas	23,668	23,223
Total	¥ 884,170	¥ 970,829

Notes:

1. Revenue from North America included that from the United States of ¥270,045 million and ¥300,073 million for the six months ended June 30, 2020 and 2019, respectively.
2. There was no single customer from whom revenue exceeded 10% or more of total consolidated revenue of the Company.

(8) Consolidated revenue by product group

(Unit: millions of yen)

	Six months ended June 30, 2020		Six months ended June 30, 2019		Change	
	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	¥ 583,805	66.0	¥ 637,736	65.7	¥ (53,931)	(8.5)
Domestic	129,099		142,604		(13,505)	(9.5)
Overseas	454,706		495,132		(40,426)	(8.2)
Construction Machinery	135,191	15.3	163,086	16.8	(27,895)	(17.1)
Domestic	15,501		16,497		(996)	(6.0)
Overseas	119,690		146,589		(26,899)	(18.3)
Farm & Industrial Machinery	718,996	81.3	800,822	82.5	(81,826)	(10.2)
Domestic	144,600	16.3	159,101	16.4	(14,501)	(9.1)
Overseas	574,396	65.0	641,721	66.1	(67,325)	(10.5)
Pipe- and Infrastructure-related Products	90,325	10.2	89,930	9.3	395	0.4
Domestic	75,393		75,647		(254)	(0.3)
Overseas	14,932		14,283		649	4.5
Environment-related Products	60,001	6.8	64,208	6.6	(4,207)	(6.6)
Domestic	55,519		59,698		(4,179)	(7.0)
Overseas	4,482		4,510		(28)	(0.6)
Water & Environment	150,326	17.0	154,138	15.9	(3,812)	(2.5)
Domestic	130,912	14.8	135,345	13.9	(4,433)	(3.3)
Overseas	19,414	2.2	18,793	2.0	621	3.3
Other	14,848	1.7	15,869	1.6	(1,021)	(6.4)
Domestic	14,681	1.7	15,656	1.6	(975)	(6.2)
Overseas	167	0.0	213	0.0	(46)	(21.6)
Total	¥ 884,170	100.0	¥ 970,829	100.0	¥ (86,659)	(8.9)
Domestic	290,193	32.8	310,102	31.9	(19,909)	(6.4)
Overseas	593,977	67.2	660,727	68.1	(66,750)	(10.1)

Note:

In conformity with the change in the business reporting structure of the Company, the amounts related to "Air-conditioning equipment" are reported in the "Pipe- and Infrastructure-related Products", whereas they were formerly reported in the "Farm Equipment and Engines", and the amounts related to "Pumps" and the amounts related to "Valves for private sector" are reported in the "Environment-related Products", whereas they were formerly reported in the "Pipe- and Infrastructure-related Products". The information for the same period in the prior year has been retrospectively adjusted to conform to the current fiscal year's presentation.

(9) Anticipated consolidated revenue by reportable segment

(Unit: billions of yen)

	Year ending Dec. 31, 2020		Year ended Dec. 31, 2019		Change	
	Amount	%	Amount	%	Amount	%
Domestic	¥ 280.0		¥ 306.3		¥ (26.3)	(8.6)
Overseas	1,150.0		1,252.0		(102.0)	(8.1)
Farm & Industrial Machinery	1,430.0	80.3	1,558.3	81.1	(128.3)	(8.2)
Domestic	276.0		287.8		(11.8)	(4.1)
Overseas	44.0		42.3		1.7	4.1
Water & Environment	320.0	18.0	330.1	17.2	(10.1)	(3.0)
Domestic	29.5		31.2		(1.7)	(5.6)
Overseas	0.5		0.4		0.1	23.5
Other	30.0	1.7	31.6	1.7	(1.6)	(5.2)
Total	¥ 1,780.0	100.0	¥ 1,920.0	100.0	¥ (140.0)	(7.3)

Domestic	¥ 585.5	32.9	¥ 625.4	32.6	¥ (39.9)	(6.4)
Overseas	1,194.5	67.1	1,294.6	67.4	(100.1)	(7.7)

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 "Air-conditioning equipment" are reported in the "Water & Environment" segment, whereas they were formerly reported in the "Farm & Industrial Machinery" segment. The information for the same period in the prior year has been retrospectively adjusted to conform to the current fiscal year's presentation.

4. Results of operations for the three months ended June 30, 2020

(1) Condensed consolidated statement of profit or loss

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

	Three months ended June 30, 2020		Three months ended June 30, 2019		Change	
	Amount	%	Amount	%	Amount	%
Revenue	¥ 444,627	100.0	¥ 490,117	100.0	¥ (45,490)	(9.3)
Cost of sales	(312,295)		(347,623)		35,328	
Selling, general, and administrative expenses	(78,289)		(81,523)		3,234	
Other income	1,173		603		570	
Other expenses	(4,004)		(3,508)		(496)	
Operating profit	51,212	11.5	58,066	11.8	(6,854)	(11.8)
Finance income	2,719		2,805		(86)	
Finance costs	(540)		(395)		(145)	
Profit before income taxes	53,391	12.0	60,476	12.3	(7,085)	(11.7)
Income tax expenses	(12,509)		(15,176)		2,667	
Share of profits of investments accounted for using the equity method	1,051		1,003		48	
Profit for the period	¥ 41,933	9.4	¥ 46,303	9.4	¥ (4,370)	(9.4)

Profit attributable to:						
Owners of the parent	¥ 38,814	8.7	¥ 43,907	9.0	¥ (5,093)	(11.6)
Noncontrolling interests	3,119	0.7	2,396	0.4	723	30.2

Earnings per share attributable to owners of the parent:				
Basic	¥ 31.87		¥ 35.70	
Diluted	—		—	

(2) Consolidated segment information

a) Reportable segments

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Three months ended June 30, 2020		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 372,098	¥ 65,474	¥ 7,055	¥ —	¥ 444,627
	Intersegment	94	264	6,221	(6,579)	—
	Total	372,192	65,738	13,276	(6,579)	444,627
Operating profit		¥ 56,664	¥ 1,606	¥ 524	¥ (7,582)	¥ 51,212

(Unit: millions of yen)

Three months ended June 30, 2019		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 414,247	¥ 68,137	¥ 7,733	¥ —	¥ 490,117
	Intersegment	30	241	7,154	(7,425)	—
	Total	414,277	68,378	14,887	(7,425)	490,117
Operating profit		¥ 64,786	¥ 1,345	¥ 548	¥ (8,613)	¥ 58,066

Notes:

1. *Adjustments* include items such as the elimination of intersegment transfers and corporate expenses which are not allocated to any particular reportable segment. The corporate expenses included in *Adjustments* consist mainly of administration department expenses, basic research expenses, and foreign exchange gains or losses incurred by 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 "Air-conditioning equipment" are reported in the "Water & Environment" segment, whereas they were formerly reported in the "Farm & Industrial Machinery" 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 June 30, 2020	Three months ended June 30, 2019
Japan	¥ 140,166	¥ 154,155
North America	151,248	175,602
Europe	49,291	64,754
Asia outside Japan	91,035	84,884
Other areas	12,887	10,722
Total	¥ 444,627	¥ 490,117

Notes:

1. Revenue from North America included that from the United States of ¥134,856 million and ¥156,738 million for the three months ended June 30, 2020 and 2019, 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 June 30, 2020		Three months ended June 30, 2019		Change	
	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	¥ 297,957	67.0	¥ 330,987	67.5	¥ (33,030)	(10.0)
Domestic	70,854		79,203		(8,349)	(10.5)
Overseas	227,103		251,784		(24,681)	(9.8)
Construction Machinery	74,141	16.7	83,260	17.0	(9,119)	(11.0)
Domestic	7,413		7,775		(362)	(4.7)
Overseas	66,728		75,485		(8,757)	(11.6)
Farm & Industrial Machinery	372,098	83.7	414,247	84.5	(42,149)	(10.2)
Domestic	78,267	17.6	86,978	17.8	(8,711)	(10.0)
Overseas	293,831	66.1	327,269	66.7	(33,438)	(10.2)
Pipe- and Infrastructure-related Products	41,078	9.2	43,545	8.9	(2,467)	(5.7)
Domestic	33,269		37,099		(3,830)	(10.3)
Overseas	7,809		6,446		1,363	21.1
Environment-related Products	24,396	5.5	24,592	5.0	(196)	(0.8)
Domestic	21,658		22,450		(792)	(3.5)
Overseas	2,738		2,142		596	27.8
Water & Environment	65,474	14.7	68,137	13.9	(2,663)	(3.9)
Domestic	54,927	12.3	59,549	12.1	(4,622)	(7.8)
Overseas	10,547	2.4	8,588	1.8	1,959	22.8
Other	7,055	1.6	7,733	1.6	(678)	(8.8)
Domestic	6,972	1.6	7,628	1.6	(656)	(8.6)
Overseas	83	0.0	105	0.0	(22)	(21.0)
Total	¥ 444,627	100.0	¥ 490,117	100.0	¥ (45,490)	(9.3)
Domestic	140,166	31.5	154,155	31.5	(13,989)	(9.1)
Overseas	304,461	68.5	335,962	68.5	(31,501)	(9.4)

Note:

In conformity with the change in the business reporting structure of the Company, the amounts related to "Air-conditioning equipment" are reported in the "Pipe- and Infrastructure-related Products", whereas they were formerly reported in the "Farm Equipment and Engines", and the amounts related to "Pumps" and the amounts related to "Valves for private sector" are reported in the "Environment-related Products", whereas they were formerly reported in the "Pipe- and Infrastructure-related Products". The information for the same period in the prior year has been retrospectively adjusted to conform to the current fiscal year's presentation.