

KUBOTA Corporation

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RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 [IFRS]

Kubota Corporation hereby reports its consolidated results for the nine months ended September 30, 2023.

Consolidated Financial Highlights**1. Consolidated results of operations for the nine months ended September 30, 2023****(1) Results of operations**

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

	Nine months ended Sept. 30, 2023	Change [%]	Nine months ended Sept. 30, 2022	Change [%]
Revenue	¥ 2,258,231	15.7	¥ 1,952,571	-
Operating profit	¥ 258,857	43.8	¥ 180,007	-
Profit before income taxes	¥ 268,372	38.2	¥ 194,238	-
Profit for the period	¥ 199,496	35.0	¥ 147,813	-
Profit attributable to owners of the parent	¥ 182,366	36.4	¥ 133,689	-
Comprehensive income for the period	¥ 410,106	1.9	¥ 402,355	-
Earnings per share attributable to owners of the parent:				
Basic	¥ 154.02		¥ 111.83	
Diluted	-		-	

(2) Financial condition

(Unit: millions of yen)

	Sept. 30, 2023	Dec. 31, 2022
Total assets	¥ 5,438,177	¥ 4,765,053
Total equity	¥ 2,424,482	¥ 2,102,488
Equity attributable to owners of the parent	¥ 2,184,685	¥ 1,874,490
Ratio of equity attributable to owners of the parent to total assets	40.2%	39.3%

Notes:

1. Change [%] represents the percentage change from the same period in the prior year.
2. Kubota Corporation and its subsidiaries (hereinafter, the "Company") have retrospectively adopted changes in accounting policies. Therefore, the percentage changes from the same period in the prior year of the nine months ended Sept. 30, 2022 are not presented.

2. Cash dividends

(Unit: yen)

	Cash dividends per common share		
	Interim	Year-end	Total
Year ending Dec. 31, 2023	¥ 24.00	¥ 24.00 (forecast)	¥ 48.00 (forecast)
Year ended Dec. 31, 2022	¥ 22.00	¥ 22.00	¥ 44.00

3. Forecasts of operations for the year ending December 31, 2023

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

	Year ending Dec. 31, 2023	Change [%]
Revenue	¥ 2,950,000	10.2
Operating profit	¥ 295,000	37.6
Profit before income taxes	¥ 307,000	32.8
Profit attributable to owners of the parent	¥ 205,000	31.0
Earnings per share attributable to owners of the parent - Basic	¥ 173.38	

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 (3) Forecasts for the year ending December 31, 2023" on page 6 for further information related to the forecasts of operations.
3. Effective from the beginning of current consolidated fiscal year, the Company has adopted IFRS 17 Insurance Contracts, and effective from the year ended December 31, 2022, the Company has changed the measurement method of allowance for doubtful accounts for lease receivables. In addition, the provisional accounting for the business combination of Escorts Limited (currently, Escorts Kubota Limited), which the Company acquired on April 11, 2022, has been finalized during 1st quarter, 2023. Figures for the year ended December 31, 2022 have been retrospectively adjusted for these effects.

4. Other information

(1) Changes in significant subsidiaries during the nine months ended September 30, 2023 (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"): Yes
- b) Changes in accounting policies due to reasons other than a) above: None
- c) Changes in accounting estimates: None

Note:

See the accompanying materials, "2. Other information (2) Changes in accounting policies" on page 6.

(3) Number of common shares issued

- a) Number of common shares issued including treasury shares as of September 30, 2023 : 1,181,076,846
Number of common shares issued including treasury shares as of December 31, 2022 : 1,191,006,846
- b) Number of treasury shares as of September 30, 2023 : 3,668,978
Number of treasury shares as of December 31, 2022 : 1,838,075
- c) Weighted-average number of common shares outstanding during the nine months ended September 30, 2023 : 1,184,036,547
Weighted-average number of common shares outstanding during the nine months ended September 30, 2022 : 1,195,416,560

(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 November 8, 2023. 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

Effective from the beginning of current consolidated fiscal year, the Company has adopted IFRS 17 Insurance Contracts, and effective from the year ended December 31, 2022, the Company has changed the measurement method of allowance for doubtful accounts for lease receivables. In addition, the provisional accounting for the business combination of Escorts Limited (currently, Escorts Kubota Limited; hereinafter, “EKL”), which the Company acquired on April 11, 2022, has been finalized during 1st quarter, 2023. In the following analysis, consolidated financial position, results of operations, and cash flows for this current period, are compared with the figures for the same period in the prior year and the prior fiscal year-end, that are retrospectively adjusted for these effects.

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

For the nine months ended September 30, 2023, revenue of the Company increased by ¥305.7 billion [15.7%] from the same period in the prior year to ¥2,258.2 billion.

Domestic revenue increased by ¥30.9 billion [7.0%] from the same period in the prior year to ¥472.5 billion because of increased revenue in Farm & Industrial Machinery and Water & Environment.

Overseas revenue also increased by ¥274.8 billion [18.2%] from the same period in the prior year to ¥1,785.7 billion because of increased revenue in Farm & Industrial Machinery and Water & Environment.

Operating profit increased by ¥78.9 billion [43.8%] from the same period in the prior year to ¥258.9 billion mainly due to sales price increase and favorable impact from foreign exchange rates, although there were some negative effects, such as an increase in sales incentive cost caused by an interest rate hike, a rise in material prices, and an increase in various expenses mainly due to inflation. Profit before income taxes increased by ¥74.1 billion [38.2%] from the same period in the prior year to ¥268.4 billion due to increased operating profit. Income tax expenses were ¥70.4 billion. Share of profits of investments accounted for using the equity method was ¥1.6 billion. Profit for the period increased by ¥51.7 billion [35.0%] from the same period in the prior year to ¥199.5 billion. Profit attributable to owners of the parent increased by ¥48.7 billion [36.4%] from the same period in the prior year to ¥182.4 billion.

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

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 16.7% from the same period in the prior year to ¥1,991.4 billion and accounted for 88.2% of consolidated revenue.

Domestic revenue increased by 5.4% from the same period in the prior year to ¥242.1 billion mainly due to increased sales of farm equipment and construction machinery.

Overseas revenue increased by 18.4% from the same period in the prior year to ¥1,749.3 billion. In North America, sales of construction machinery increased thanks to firm demand for housing construction and infrastructure development by the government, and sales of mowers (in tractors) increased due to improvement of inventory shortage in the Company. In Europe, sales of construction machinery was solid, supported by public construction demand. Sales of tractors also increased thanks to improvement of inventory shortage in the Company. With respect to Asia except Japan, in Thailand, purchase postponement caused by unfavorable weather such as drought continued. Sales in India increased due to consolidation of EKL since the second quarter of the prior year and firm sales for dryland farming.

Operating profit in this segment increased by 53.1% from the same period in the prior year to ¥280.0 billion mainly due to some favorable impacts of sales price increase, and foreign exchange rates, although there were some negative

effects from an increase in sales incentive cost caused by an interest rate hike, a rise in material prices, and an increase in various expenses caused by inflation mainly.

2) Water & Environment

Water & Environment is composed of pipe system business (ductile iron pipes, plastic pipes, and other products), industrial products business (reformer and cracking tubes, spiral-welded steel pipes, air-conditioning equipment, and other products), and environment business (environmental control plants, pumps, and other products).

Revenue in this segment increased by 9.9% from the same period in the prior year to ¥251.5 billion and accounted for 11.1% of consolidated revenue.

Domestic revenue increased by 10.5% from the same period in the prior year to ¥215.2 billion due to sales of pipe system business were firm and sales of environment business increased.

Overseas revenue increased by 6.7% from the same period in the prior year to ¥36.4 billion mainly due to firm sales of industrial products business, such as cracking tubes, supported by demand for overseas plant constructions.

Operating profit in this segment increased by 51.7% from the same period in the prior year to ¥16.2 billion due to the compensation of negative effect from a rise in material prices by sales price increase.

3) Other

Other is mainly composed of a variety of other services.

Revenue in this segment decreased by 11.9% from the same period in the prior year to ¥15.3 billion and accounted for 0.7% of consolidated revenue.

Operating profit in this segment decreased by 55.3% from the same period in the prior year to ¥1.3 billion.

(2) Financial condition

a) Assets, liabilities, and equity

Total assets as of September 30, 2023, were ¥5,438.2 billion, an increase of ¥673.1 billion from the prior fiscal year-end. With respect to assets, trade receivables and finance receivables increased mainly due to increased revenue in North America.

With respect to liabilities, bonds and borrowings increased due to an increase in working capital mainly along with the change in payment terms with business partners in Japan. 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 40.2%, 0.9 percentage points higher than the prior fiscal year-end.

b) Cash flows

Net cash used in operating activities during the nine months ended September 30, 2023, was ¥59.9 billion, a decrease of ¥10.8 billion in net cash outflow compared with the same period in the prior year. This decrease of expenditure was due to a shrink of inventory increase and an increase profit for the period, although decrease in trade payables mainly resulting from the change in payment terms with business partners in Japan.

Net cash used in investing activities was ¥135.8 billion, a decrease of ¥132.3 billion in net cash outflow compared with the same period in the prior year. This decrease resulted from the acquisition of shares of a subsidiary in the same period of the prior year mainly.

Net cash provided by financing activities was ¥178.3 billion, a decrease of ¥54.8 billion in net cash inflow compared with the same period in the prior year, due to an increase in repayments of short-term borrowings.

As a result of the above and after taking into account the effects of exchange rate changes, cash and cash

equivalents as of September 30, 2023, were ¥220.5 billion, a decrease of ¥5.3 billion from the beginning of the current period.

(3) Forecasts for the year ending December 31, 2023

The Company revised its forecasts for the year ending December 31, 2023 considering the current trends of exchange rate fluctuations and market. Revenue was forecasted to remain unchanged from the previous forecast at ¥2,950.0 billion, which were announced on August 4, 2023. Operating profit was revised to ¥295.0 billion, an increase of ¥10.0 billion from the previous forecasts.

Profit before income taxes was revised to ¥307.0 billion, an increase of ¥9.0 billion from the previous forecasts and profit attributable to owners of the parent was revised to ¥205.0 billion, an increase of ¥5.0 billion from the previous forecasts.

These forecasts are based on the assumption of exchange rates of ¥139=US\$1 and ¥150=€1.

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

	Year ending Dec. 31, 2023				(Reference) Year ended Dec. 31, 2022
	Revised forecasts	Previous forecasts	Change		
			Amount	%	
Revenue	2,950,000	2,950,000	-	-	2,676,980
Operating profit	295,000	285,000	10,000	3.5	214,387
Profit before income taxes	307,000	298,000	9,000	3.0	231,150
Profit attributable to owners of the parent	205,000	200,000	5,000	2.5	156,472
Earnings per share attributable to owners of the parent-Basic	173.38	169.06	-	-	131.06

2. Other information

(1) Changes in significant subsidiaries

None

(2) Changes in accounting policies

Effective from the previous consolidated fiscal year, the Company has adopted IFRS 17 Insurance Contracts.

The Company has retrospectively applied IFRS 17 with a transition date of January 1, 2022. The retrospective application is in accordance with the transitional provisions stipulated in IFRS 17.

Following is the accounting policy for insurance contracts after the adoption of IFRS 17.

1) Classification and Level of Aggregation

The Company classifies contracts under which the Company assumes significant insurance risks as insurance contracts.

The Company recognizes portfolios consisting of multiple insurance contracts that are exposed to similar risks and are managed together, and aggregates as the group of insurance contracts by dividing each annual cohort into groups based on the profitability of the contracts.

2) Recognition

Insurance contracts issued by the Company are recognized from the earliest of the following: the beginning of the coverage period of the group of contracts, the date when the first payment from a policyholder in the group becomes due, and for a group of onerous contracts, when the group becomes onerous.

3) Measurement

On initial recognition, the Company measures a group of insurance contracts at the total of the fulfillment of cash

flows and contractual service margin. The fulfillment cash flows is an explicit, unbiased and probability-weighted estimate of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the Company fulfills insurance contracts, including a risk adjustment for non-financial risk. The contractual service margin is the excess of the consideration charged for a group of insurance contracts over the risk-adjusted expected present value of the cash outflows expected to fulfil that group of contracts and the insurance earned cash flows incurred prior to the recognition of the group of contracts.

The carrying amount of a group of insurance contracts at the end of the reporting period is measured at the total of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage is comprised of the fulfillment of cash flows for future services allocated to the group at estimated to reflect conditions as of the end of the reporting period and the contractual service margin. The liability for incurred claims is comprised of the fulfillment cash flows related to past service allocated to the group at the end of the reporting period.

In addition, the Company applies the premium allocation approach to simplify the measurement of the liability for remaining coverage for certain group of insurance contracts. For this group of insurance contracts, the carrying amount of the liability for remaining coverage is not adjusted to reflect the time value of money and the effect of financial risk since the Company expects, at initial recognition, that the time between providing each part of the services and the related premium due date is no more than a year.

3. Condensed consolidated financial statements

(1) Condensed consolidated statement of financial position

ASSETS

(Unit: millions of yen)

	Sept. 30, 2023		Dec. 31, 2022		Change
	Amount	%	Amount	%	Amount
Current assets:					
Cash and cash equivalents	¥ 220,514		¥ 225,799		¥ (5,285)
Trade receivables	976,792		779,385		197,407
Finance receivables	569,793		480,658		89,135
Other financial assets	79,160		71,516		7,644
Contract assets	29,845		28,018		1,827
Inventories	701,857		644,471		57,386
Income taxes receivable	15,604		2,710		12,894
Other current assets	61,252		55,223		6,029
Total current assets	2,654,817	48.8	2,287,780	48.0	367,037
Noncurrent assets:					
Investments accounted for using the equity method	46,523		46,492		31
Finance receivables	1,383,520		1,203,856		179,664
Other financial assets	200,144		165,438		34,706
Property, plant, and equipment	699,037		644,245		54,792
Goodwill	152,382		134,597		17,785
Intangible assets	194,265		184,291		9,974
Deferred tax assets	82,983		75,827		7,156
Other noncurrent assets	24,506		22,527		1,979
Total noncurrent assets	2,783,360	51.2	2,477,273	52.0	306,087
Total assets	¥ 5,438,177	100.0	¥ 4,765,053	100.0	¥ 673,124

LIABILITIES AND EQUITY

(Unit: millions of yen)

	Sept. 30, 2023		Dec. 31, 2022		Change
	Amount	%	Amount	%	Amount
Current liabilities:					
Bonds and borrowings	¥ 627,929		¥ 640,889		¥ (12,960)
Trade payables	326,732		454,780		(128,048)
Other financial liabilities	86,964		106,096		(19,132)
Insurance contract liabilities	54,186		50,792		3,394
Income taxes payable	23,813		24,646		(833)
Provisions	72,742		65,823		6,919
Contract liabilities	38,546		33,509		5,037
Other current liabilities	246,508		207,040		39,468
Total current liabilities	1,477,420	27.2	1,583,575	33.2	(106,155)
Noncurrent liabilities:					
Bonds and borrowings	1,422,528		970,216		452,312
Other financial liabilities	34,710		41,135		(6,425)
Retirement benefit liabilities	15,701		14,293		1,408
Deferred tax liabilities	55,846		46,673		9,173
Other noncurrent liabilities	7,490		6,673		817
Total noncurrent liabilities	1,536,275	28.2	1,078,990	22.7	457,285
Total liabilities	3,013,695	55.4	2,662,565	55.9	351,130
Equity:					
Share capital	84,130		84,130		—
Share premium	97,574		79,247		18,327
Retained earnings	1,637,234		1,529,248		107,986
Other components of equity	373,727		185,422		188,305
Treasury shares	(7,980)		(3,557)		(4,423)
Total equity attributable to owners of the parent	2,184,685	40.2	1,874,490	39.3	310,195
Noncontrolling interests	239,797	4.4	227,998	4.8	11,799
Total equity	2,424,482	44.6	2,102,488	44.1	321,994
Total liabilities and equity	¥ 5,438,177	100.0	¥ 4,765,053	100.0	¥ 673,124

(2) Condensed consolidated statement of profit or loss

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

	Nine months ended Sept. 30, 2023		Nine months ended Sept. 30, 2022		Change	
	Amount	%	Amount	%	Amount	%
Revenue	¥ 2,258,231	100.0	¥ 1,952,571	100.0	¥ 305,660	15.7
Cost of sales	(1,608,363)		(1,456,179)		(152,184)	
Selling, general, and administrative expenses	(397,380)		(336,255)		(61,125)	
Other income	17,213		23,687		(6,474)	
Other expenses	(10,844)		(3,817)		(7,027)	
Operating profit	258,857	11.5	180,007	9.2	78,850	43.8
Finance income	13,341		15,708		(2,367)	
Finance costs	(3,826)		(1,477)		(2,349)	
Profit before income taxes	268,372	11.9	194,238	9.9	74,134	38.2
Income tax expenses	(70,444)		(47,955)		(22,489)	
Share of profits of investments accounted for using the equity method	1,568		1,530		38	
Profit for the period	¥ 199,496	8.8	¥ 147,813	7.6	¥ 51,683	35.0

Profit attributable to:						
Owners of the parent	¥ 182,366	8.1	¥ 133,689	6.8	¥ 48,677	36.4
Noncontrolling interests	17,130	0.7	14,124	0.8	3,006	21.3

Earnings per share attributable to owners of the parent:				
Basic	¥ 154.02		¥ 111.83	
Diluted	—		—	

(3) Condensed consolidated statement of comprehensive income

(Unit: millions of yen)

	Nine months ended Sept. 30, 2023	Nine months ended Sept. 30, 2022	Change
Profit for the period	¥ 199,496	¥ 147,813	¥ 51,683
Other comprehensive income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension plans	115	529	(414)
Net change in fair value of financial assets measured at fair value through other comprehensive income	12,687	3,695	8,992
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations	197,808	250,318	(52,510)
Total other comprehensive income, net of income tax	210,610	254,542	(43,932)
Comprehensive income for the period	¥ 410,106	¥ 402,355	¥ 7,751

Comprehensive income attributable to:			
Owners of the parent	¥ 370,988	¥ 368,980	¥ 2,008
Noncontrolling interests	39,118	33,375	5,743

(4) Condensed consolidated statement of changes in equity

Nine months ended Sept. 30, 2023

(Unit: millions of yen)

	Equity attributable to owners of the parent						Noncontrolling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares	Total equity attributable to owners of the parent		
Balance as of Jan. 1, 2023	¥ 84,130	79,247	1,529,248	185,422	(3,557)	¥ 1,874,490	¥ 227,998	¥ 2,102,488
Profit for the period			182,366			182,366	17,130	199,496
Total other comprehensive income, net of income tax				188,622		188,622	21,988	210,610
Comprehensive income for the period			182,366	188,622		370,988	39,118	410,106
Transfer to retained earnings			102	(102)		—		—
Dividends paid			(54,483)			(54,483)	(9,475)	(63,958)
Purchases and sales of treasury shares					(24,422)	(24,422)		(24,422)
Retirement of treasury shares			(19,999)		19,999	—		—
Share-based payment transactions		(131)				(131)		(131)
Changes in ownership interests in subsidiaries		18,458		(215)		18,243	(17,844)	399
Balance as of Sept. 30, 2023	¥ 84,130	¥ 97,574	¥ 1,637,234	¥ 373,727	¥ (7,980)	¥ 2,184,685	¥ 239,797	¥ 2,424,482

Nine months ended Sept. 30, 2022

(Unit: millions of yen)

	Equity attributable to owners of the parent						Noncontrolling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares	Total equity attributable to owners of the parent		
Balance as of Jan. 1, 2022	¥ 84,130	¥ 84,886	¥ 1,439,631	¥ 69,522	¥ (134)	¥ 1,678,035	¥ 107,074	¥ 1,785,109
Cumulative effects of changes in accounting policies			(6,157)	(279)		(6,436)		(6,436)
Profit for the period			133,689			133,689	14,124	147,813
Total other comprehensive income, net of income tax				235,291		235,291	19,251	254,542
Comprehensive income for the period			133,689	235,291		368,980	33,375	402,355
Transfer to retained earnings			18,571	(18,571)		—		—
Dividends paid			(51,466)			(51,466)	(6,586)	(58,052)
Purchases and sales of treasury shares					(23,417)	(23,417)		(23,417)
Retirement of treasury shares			(19,989)		19,989	—		—
Share-based payment transactions		499				499		499
Changes associated with business combinations						—	105,180	105,180
Changes in ownership interests in subsidiaries		(3,052)		146		(2,906)	(2,789)	(5,695)
Balance as of Sept. 30, 2022	¥ 84,130	¥ 82,333	¥ 1,514,279	¥ 286,109	¥ (3,562)	¥ 1,963,289	¥ 236,254	¥ 2,199,543

(5) Condensed consolidated statement of cash flows

(Unit: millions of yen)

	Nine months ended Sept. 30, 2023	Nine months ended Sept. 30, 2022	Change
Cash flows from operating activities:			
Profit for the period	¥ 199,496	¥ 147,813	
Depreciation and amortization	78,262	65,017	
Finance income and costs	(6,527)	(10,104)	
Income tax expenses	70,444	47,955	
Increase in trade receivables	(150,846)	(142,510)	
Increase in finance receivables	(68,207)	(60,227)	
Decrease (increase) in inventories	6,430	(51,155)	
(Increase) decrease in other assets	(1,467)	5,182	
Decrease in trade payables	(148,166)	(47,077)	
Increase in other liabilities	38,199	51,615	
Other, net	3,507	(7,649)	
Interest received	8,662	3,310	
Dividends received	1,331	1,341	
Interest paid	(3,012)	(1,747)	
Income taxes paid, net	(87,973)	(72,396)	
Net cash used in operating activities	(59,867)	(70,632)	¥ 10,765
Cash flows from investing activities:			
Payments for acquisition of property, plant, and equipment and intangible assets	(124,974)	(128,892)	
Payments for acquisition of subsidiaries	(1,626)	(135,039)	
Purchase of investments accounted for using the equity method	(339)	(28,856)	
Net increase in short-term loans receivable from associate	(1,319)	(650)	
Net decrease in time deposits	234	4,817	
Net decrease in restricted cash	195	618	
Net (increase) decrease in short-term investments	(4,700)	10,500	
Other, net	(3,284)	9,381	
Net cash used in investing activities	(135,813)	(268,121)	132,308
Cash flows from financing activities:			
Funding from bonds and long-term borrowings	711,441	560,144	
Redemptions of bonds and repayments of long-term borrowings	(353,838)	(284,685)	
Net (decrease) increase in short-term borrowings	(75,240)	53,009	
Repayments of lease liabilities	(13,143)	(14,238)	
Dividends paid	(54,483)	(51,466)	
Purchases of treasury shares	(24,805)	(23,417)	
Other, net	(11,585)	(6,197)	
Net cash provided by financing activities	178,347	233,150	(54,803)
Effect of exchange rate changes on cash and cash equivalents	12,048	17,757	(5,709)
Net decrease in cash and cash equivalents	(5,285)	(87,846)	
Cash and cash equivalents, at the beginning of the period	225,799	258,639	
Cash and cash equivalents, at the end of the period	¥ 220,514	¥ 170,793	¥ 49,721

(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)

Nine months ended Sept. 30, 2023		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 1,991,414	¥ 251,549	¥ 15,268	¥ —	¥ 2,258,231
	Intersegment	141	31	23,482	(23,654)	—
	Total	1,991,555	251,580	38,750	(23,654)	2,258,231
Operating profit		¥ 279,965	¥ 16,190	¥ 1,278	¥ (38,576)	¥ 258,857

(Unit: millions of yen)

Nine months ended Sept. 30, 2022		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 1,706,435	¥ 228,808	¥ 17,328	¥ —	¥ 1,952,571
	Intersegment	140	63	25,277	(25,480)	—
	Total	1,706,575	228,871	42,605	(25,480)	1,952,571
Operating profit		¥ 182,829	¥ 10,674	¥ 2,861	¥ (16,357)	¥ 180,007

Notes:

- Adjustments include the 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 expenses of the administration department, basic research expenses, and foreign exchange gains or losses incurred in Kubota Corporation.
- 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.
- Intersegment transfers are recorded at values that approximate market prices.

b) Geographic information

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

(Unit: millions of yen)

	Nine months ended Sept. 30, 2023	Nine months ended Sept. 30, 2022
Japan	¥ 472,532	¥ 441,622
North America	938,490	794,512
Europe	318,655	242,657
Asia outside Japan	446,038	398,654
Other areas	82,516	75,126
Total	¥ 2,258,231	¥ 1,952,571

Notes:

- The revenue from North America included that from the United States was ¥801,764 million and ¥702,421 million for the nine months ended September 30, 2023 and 2022, respectively.
- There was no specific customer that exceeded 10% of total consolidated revenue of the Company.

(8) Consolidated revenue by product group

(Unit: millions of yen)

	Nine months ended Sept. 30, 2023		Nine months ended Sept. 30, 2022		Change	
	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	¥ 1,524,761	67.5	¥ 1,338,786	68.6	¥ 185,975	13.9
Domestic	211,942		203,224		8,718	4.3
Overseas	1,312,819		1,135,562		177,257	15.6
Construction Machinery	466,653	20.7	367,649	18.8	99,004	26.9
Domestic	30,196		26,402		3,794	14.4
Overseas	436,457		341,247		95,210	27.9
Farm & Industrial Machinery	1,991,414	88.2	1,706,435	87.4	284,979	16.7
Domestic	242,138	10.7	229,626	11.7	12,512	5.4
Overseas	1,749,276	77.5	1,476,809	75.7	272,467	18.4
Pipe system	101,395	4.5	90,223	4.6	11,172	12.4
Domestic	98,582		87,938		10,644	12.1
Overseas	2,813		2,285		528	23.1
Industrial products	52,240	2.3	49,295	2.5	2,945	6.0
Domestic	28,127		28,248		(121)	(0.4)
Overseas	24,113		21,047		3,066	14.6
Environment	97,914	4.3	89,290	4.6	8,624	9.7
Domestic	88,447		78,503		9,944	12.7
Overseas	9,467		10,787		(1,320)	(12.2)
Water & Environment	251,549	11.1	228,808	11.7	22,741	9.9
Domestic	215,156	9.5	194,689	10.0	20,467	10.5
Overseas	36,393	1.6	34,119	1.7	2,274	6.7
Other	15,268	0.7	17,328	0.9	(2,060)	(11.9)
Domestic	15,238	0.7	17,307	0.9	(2,069)	(12.0)
Overseas	30	0.0	21	0.0	9	42.9
Total	¥ 2,258,231	100.0	¥ 1,952,571	100.0	¥ 305,660	15.7
Domestic	472,532	20.9	441,622	22.6	30,910	7.0
Overseas	1,785,699	79.1	1,510,949	77.4	274,750	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 formerly reported in "Materials and urban infrastructure" are now classified as "Industrial products".

(9) Anticipated consolidated revenue by reportable segment

(Unit: billions of yen)

	Year ending Dec. 31, 2023		Year ended Dec. 31, 2022		Change	
	Amount	%	Amount	%	Amount	%
Domestic	¥ 308.0		¥ 302.6		¥ 5.4	1.8
Overseas	2,259.0		2,023.6		235.4	11.6
Farm & Industrial Machinery	2,567.0	87.0	2,326.2	86.9	240.8	10.4
Domestic	304.0		276.6		27.4	9.9
Overseas	59.0		51.0		8.0	15.7
Water & Environment	363.0	12.3	327.6	12.2	35.4	10.8
Domestic	20.0		23.2		(3.2)	(13.6)
Overseas	0.0		0.0		—	—
Other	20.0	0.7	23.2	0.9	(3.2)	(13.6)
Total	¥ 2,950.0	100.0	¥ 2,677.0	100.0	¥ 273.0	10.2

Domestic	¥ 632.0	21.4	¥ 602.4	22.5	¥ 29.6	4.9
Overseas	2,318.0	78.6	2,074.6	77.5	243.4	11.7

4. Results of operations for the three months ended September 30, 2023

(1) Condensed consolidated statement of profit or loss

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

	Three months ended Sept. 30, 2023		Three months ended Sept. 30, 2022		Change	
	Amount	%	Amount	%	Amount	%
Revenue	¥ 738,191	100.0	¥ 693,225	100.0	¥ 44,966	6.5
Cost of sales	(527,018)		(515,511)		(11,507)	
Selling, general, and administrative expenses	(136,855)		(116,974)		(19,881)	
Other income	5,527		2,883		2,644	
Other expenses	(5,562)		(2,376)		(3,186)	
Operating profit	74,283	10.1	61,247	8.8	13,036	21.3
Finance income	4,550		3,227		1,323	
Finance costs	(2,302)		(705)		(1,597)	
Profit before income taxes	76,531	10.4	63,769	9.2	12,762	20.0
Income tax expenses	(17,737)		(17,522)		(215)	
Share of profits of investments accounted for using the equity method	632		295		337	
Profit for the period	¥ 59,426	8.1	¥ 46,542	6.7	¥ 12,884	27.7

Profit attributable to:						
Owners of the parent	¥ 53,543	7.3	¥ 42,156	6.1	¥ 11,387	27.0
Noncontrolling interests	5,883	0.8	4,386	0.6	1,497	34.1

Earnings per share attributable to owners of the parent:			
Basic	¥ 45.42	¥ 35.45	
Diluted	—	—	

(2) Consolidated segment information

a) Reportable segments

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Three months ended Sept. 30, 2023		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 647,236	¥ 85,903	¥ 5,052	¥ —	¥ 738,191
	Intersegment	33	6	7,350	(7,389)	—
	Total	647,269	85,909	12,402	(7,389)	738,191
Operating profit		¥ 81,596	¥ 6,298	¥ 196	¥ (13,807)	¥ 74,283

(Unit: millions of yen)

Three months ended Sept. 30, 2022		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 611,385	¥ 76,095	¥ 5,745	¥ —	¥ 693,225
	Intersegment	56	15	8,937	(9,008)	—
	Total	611,441	76,110	14,682	(9,008)	693,225
Operating profit		¥ 67,769	¥ 986	¥ 1,122	¥ (8,630)	¥ 61,247

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.

b) Geographic information

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

(Unit: millions of yen)

	Three months ended Sept. 30, 2023	Three months ended Sept. 30, 2022
Japan	¥ 157,477	¥ 142,527
North America	317,174	314,673
Europe	99,818	79,341
Asia outside Japan	136,330	129,147
Other areas	27,392	27,537
Total	¥ 738,191	¥ 693,225

Notes:

1. Revenue from North America included that from the United States of ¥275,309 million and ¥285,301 million for the three months ended September 30, 2023 and 2022, 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 Sept. 30, 2023		Three months ended Sept. 30, 2022		Change	
		Amount	%	Amount	%	Amount	%
Farm Equipment and Engines		¥ 492,487	66.7	¥ 464,675	67.0	¥ 27,812	6.0
	Domestic	67,220		64,700		2,520	3.9
	Overseas	425,267		399,975		25,292	6.3
	Construction Machinery	154,749	21.0	146,710	21.2	8,039	5.5
	Domestic	12,039		9,332		2,707	29.0
	Overseas	142,710		137,378		5,332	3.9
Farm & Industrial Machinery		647,236	87.7	611,385	88.2	35,851	5.9
	Domestic	79,259	10.7	74,032	10.7	5,227	7.1
	Overseas	567,977	77.0	537,353	77.5	30,624	5.7
Pipe system		38,951	5.3	33,932	4.9	5,019	14.8
	Domestic	38,060		33,142		4,918	14.8
	Overseas	891		790		101	12.8
	Industrial products	16,540	2.2	18,621	2.7	(2,081)	(11.2)
	Domestic	9,475		9,804		(329)	(3.4)
	Overseas	7,065		8,817		(1,752)	(19.9)
Environment		30,412	4.1	23,542	3.4	6,870	29.2
	Domestic	25,634		19,804		5,830	29.4
	Overseas	4,778		3,738		1,040	27.8
Water & Environment		85,903	11.6	76,095	11.0	9,808	12.9
	Domestic	73,169	9.9	62,750	9.1	10,419	16.6
	Overseas	12,734	1.7	13,345	1.9	(611)	(4.6)
Other		5,052	0.7	5,745	0.8	(693)	(12.1)
	Domestic	5,049	0.7	5,745	0.8	(696)	(12.1)
	Overseas	3	0.0	—	—	3	—
Total		¥ 738,191	100.0	¥ 693,225	100.0	¥ 44,966	6.5
	Domestic	157,477	21.3	142,527	20.6	14,950	10.5
	Overseas	580,714	78.7	550,698	79.4	30,016	5.5

Note:

Beginning with the current consolidated fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts formerly reported in "Materials and urban infrastructure" are now classified as "Industrial products".