

News Release

Contact:

Jen Hartmann

Director, Public Relations

HartmannJenniferA@JohnDeere.com

Deere Reports Second Quarter Net Income of \$1.790 Billion

- Second-quarter earnings rise on 34% increase in net sales, reflecting strong market conditions and broad improvement across divisions and geographies.
- Equipment-division operating margin of 19.5% demonstrates solid execution, impact of strategy.
- Full-year earnings forecast raised to range of \$5.3 to \$5.7 billion.

MOLINE, Illinois (May 21, 2021) — Deere & Company reported net income of \$1.790 billion for the second quarter ended May 2, 2021, or \$5.68 per share, compared with net income of \$666 million, or \$2.11 per share, for the quarter ended May 3, 2020. For the first six months of the year, net income attributable to Deere & Company was \$3.013 billion, or \$9.55 per share, compared with \$1.182 billion, or \$3.73 per share, for the same period last year.

Worldwide net sales and revenues increased 30 percent, to \$12.058 billion, for the second quarter of 2021 and rose 25 percent, to \$21.170 billion, for six months. Net sales of the equipment operations were \$10.998 billion for the quarter and \$19.049 billion for six months, compared with \$8.224 billion and \$14.754 billion last year.

“With another quarter of solid performance, John Deere closed out the first half of the year on a highly encouraging note,” said John C. May, chairman and chief executive officer. “Our results received support across our entire business lineup, reflecting healthy worldwide markets for farm and construction equipment. Our smart industrial operating strategy is continuing to have a significant impact on performance while also helping customers do their jobs in a more profitable and sustainable manner.”

Company Outlook & Summary

Net income attributable to Deere & Company for fiscal 2021 is forecast to be in a range of \$5.3 billion to \$5.7 billion.

“While the company is clearly performing at a high level, Deere expects to see increased supply-chain pressures through the balance of the year,” May said. “We are working closely with key suppliers to secure the parts and components that our customers need to deliver essential food production and infrastructure. Despite these challenges, Deere is on track for a strong year and we believe is well-positioned to unlock greater value for our customers and other stakeholders in the future.”

Deere & Company

| \$ in millions | Second Quarter | | | Year to Date | | |
|------------------------|----------------|----------|----------|--------------|-----------|----------|
| | 2021 | 2020 | % Change | 2021 | 2020 | % Change |
| Net sales and revenues | \$ 12,058 | \$ 9,253 | 30% | \$ 21,170 | \$ 16,884 | 25% |
| Net income | \$ 1,790 | \$ 666 | 169% | \$ 3,013 | \$ 1,182 | 155% |
| Fully diluted EPS | \$ 5.68 | \$ 2.11 | | \$ 9.55 | \$ 3.73 | |

In last year's second quarter, Deere recorded impairments totaling \$114 million pretax. In the first half of 2020, total voluntary employee-separation program expense recognized was \$136 million pretax. For further details on special items, see Note 1 of the press release financial statements.

Equipment Operations

| \$ in millions | Second Quarter | | |
|------------------|----------------|----------|----------|
| | 2021 | 2020 | % Change |
| Net sales | \$ 10,998 | \$ 8,224 | 34% |
| Operating profit | \$ 2,144 | \$ 890 | 141% |
| Net income | \$ 1,568 | \$ 606 | 159% |

For a discussion of net sales and operating profit results, see the production and precision agriculture, small agriculture and turf, and construction and forestry sections below.

Production & Precision Agriculture

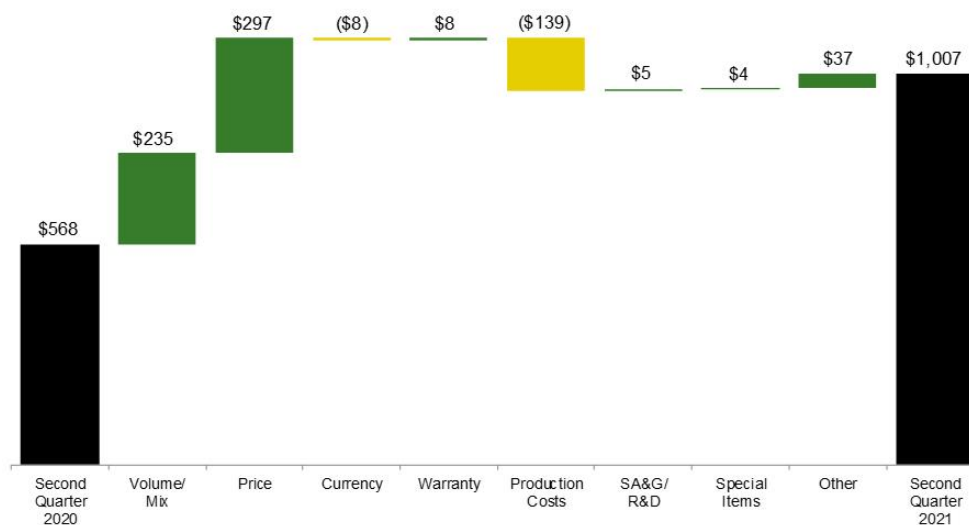
| \$ in millions | Second Quarter | | |
|------------------|----------------|----------|----------|
| | 2021 | 2020 | % Change |
| Net sales | \$ 4,529 | \$ 3,365 | 35% |
| Operating profit | \$ 1,007 | \$ 568 | 77% |
| Operating margin | 22.2% | 16.9% | |

Production and precision agriculture sales increased for the quarter due to higher shipment volumes and price realization. Operating profit rose primarily due to price realization and higher shipment volumes / sales mix. These items were partially offset by higher production costs.

Production & Precision Agriculture Operating Profit

Second Quarter 2021 compared to Second Quarter 2020

\$ in millions



Small Agriculture & Turf

\$ in millions

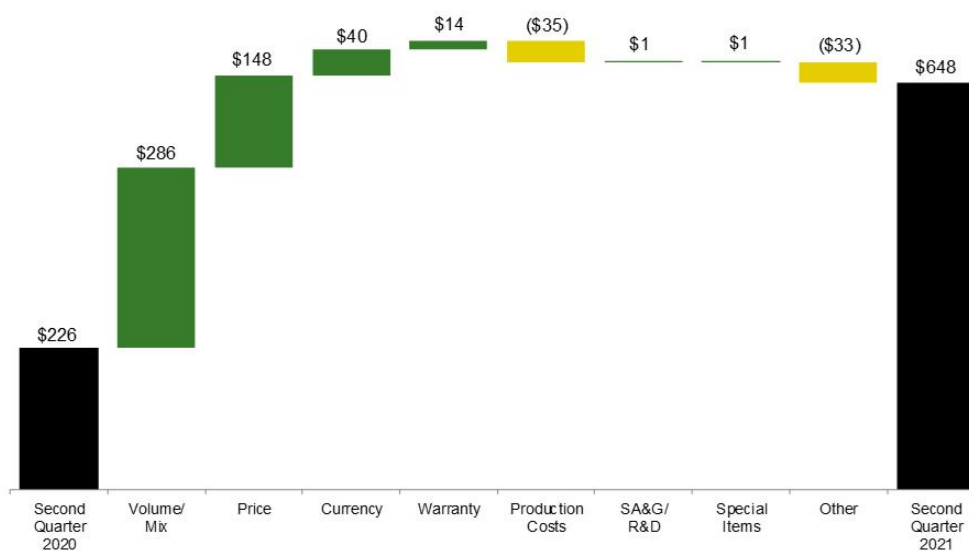
| | Second Quarter | | |
|------------------|----------------|----------|----------|
| | 2021 | 2020 | % Change |
| Net sales | \$ 3,390 | \$ 2,603 | 30% |
| Operating profit | \$ 648 | \$ 226 | 187% |
| Operating margin | 19.1% | 8.7% | |

Small agriculture and turf sales for the quarter increased due to higher shipment volumes, price realization, and the favorable effects of foreign currency translation. Operating profit increased primarily due to higher shipment volumes / sales mix, price realization, and the favorable effects of foreign currency exchange. These items were partially offset by higher production costs.

Small Agriculture & Turf Operating Profit

Second Quarter 2021 compared to Second Quarter 2020

\$ in millions



Construction & Forestry

\$ in millions

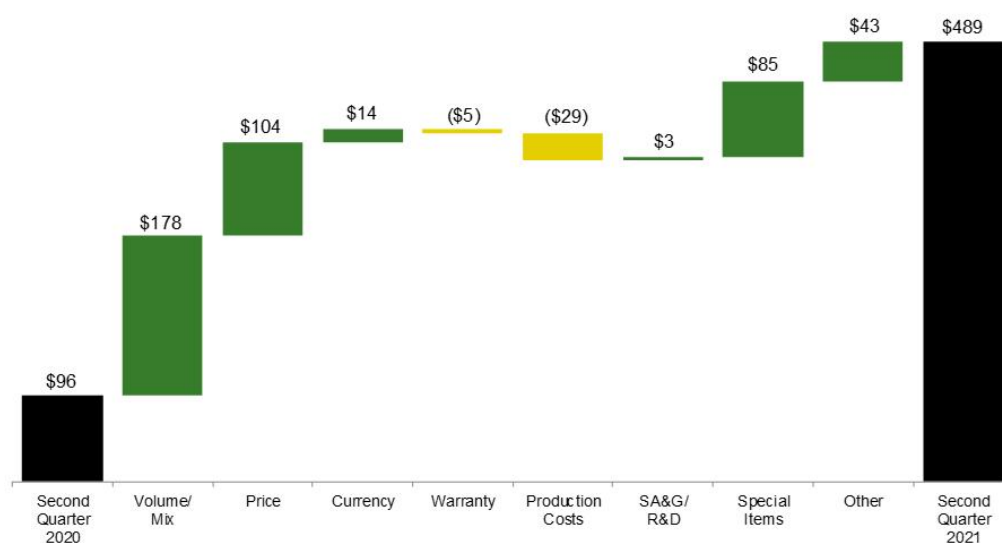
| | Second Quarter | | |
|------------------|----------------|----------|----------|
| | 2021 | 2020 | % Change |
| Net sales | \$ 3,079 | \$ 2,256 | 36% |
| Operating profit | \$ 489 | \$ 96 | 409% |
| Operating margin | 15.9% | 4.3% | |

Construction and forestry sales moved higher for the quarter primarily due to higher shipment volumes, price realization, and the favorable effects of foreign currency translation. Operating profit increased due to higher shipment volumes / sales mix and price realization. Results for the prior period were affected by impairments to certain fixed assets and an unconsolidated equipment company.

Construction & Forestry Operating Profit

Second Quarter 2021 compared to Second Quarter 2020

\$ in millions



Financial Services

\$ in millions

| | Second Quarter | | |
|------------|----------------|-------|----------|
| | 2021 | 2020 | % Change |
| Net income | \$ 222 | \$ 60 | 270% |

The increase in financial services net income for the quarter was mainly due to a lower provision for credit losses, improvement on operating-lease residual values, and more-favorable financing spreads. Results last year also included impairments on lease residual values.

Industry Outlook for 2021 (Annual)

Agriculture & Turf

U.S. & Canada:

Large Ag Up ~ 25%

Small Ag & Turf Up ~ 10%

Europe Up ~ 10%

South America (Tractors & Combines) Up ~ 20%

Asia Up slightly

Construction & Forestry

U.S. & Canada:

Construction Equipment Up 15 to 20%

Compact Construction Equipment Up 20 to 25%

Global Forestry Up 15 to 20%

Deere Segment Outlook (2021)

| <i>\$ in millions</i> | Net Sales | Currency Translation | Price Realization |
|---------------------------|--------------|----------------------|-------------------|
| Production & Precision Ag | Up 25 to 30% | +2% | +7% |
| Small Ag & Turf | Up 20 to 25% | +3% | +3% |
| Construction & Forestry | Up 25 to 30% | +2% | +3% |
| Financial Services | Net Income | \$ 800 | |

Financial Services. Full-year 2021 results are expected to benefit from improvement on operating-lease residual values, income earned on a higher average portfolio, a lower provision for credit losses, and more-favorable financing spreads.

John Deere Capital Corporation

The following is disclosed on behalf of the company's financial services subsidiary, John Deere Capital Corporation (JDCC), in connection with the disclosure requirements applicable to its periodic issuance of debt securities in the public market.

| <i>\$ in millions</i> | Second Quarter | | | Year to Date | | |
|--------------------------|----------------|--------|----------|--------------|-----------|----------|
| | 2021 | 2020 | % Change | 2021 | 2020 | % Change |
| Revenue | \$ 675 | \$ 700 | -4% | \$ 1,332 | \$ 1,419 | -6% |
| Net income | \$ 177 | \$ 26 | 581% | \$ 344 | \$ 125 | 175% |
| Ending portfolio balance | | | | \$ 40,613 | \$ 38,223 | 6% |

Results for the quarter and first six months were higher than the same periods in 2020 mainly due to a lower provision for credit losses, improvement on operating-lease residual values, and more-favorable financing spreads. Results last year also included impairments on lease residual values.

Safe Harbor Statement

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: Statements under “Company Outlook & Summary,” “Industry Outlook,” “Deere Segment Outlook,” and other forward-looking statements herein that relate to future events, expectations, and trends involve factors that are subject to change, and risks and uncertainties that could cause actual results to differ materially. Some of these risks and uncertainties could affect particular lines of business, while others could affect all of the company’s businesses.

The company’s agricultural equipment businesses are subject to a number of uncertainties including the factors that affect farmers’ confidence and financial condition. These factors include demand for agricultural products, world grain stocks, weather conditions, soil conditions, harvest yields, prices for commodities and livestock, crop and livestock production expenses, availability of transport for crops, trade restrictions and tariffs (e.g., China), global trade agreements, the level of farm product exports (including concerns about genetically modified organisms), the growth and sustainability of non-food uses for some crops (including ethanol and biodiesel production), real estate values, available acreage for farming, the land ownership policies of governments, changes in government farm programs and policies, international reaction to such programs, changes in and effects of crop insurance programs, changes in environmental regulations and their impact on farming practices, animal diseases (e.g., African swine fever) and their effects on poultry, beef and pork consumption and prices and on livestock feed demand, and crop pests and diseases and the impact of the COVID pandemic on the agricultural industry including demand for, and production and exports of, agricultural products, and commodity prices.

The production and precision agriculture business is dependent on agricultural conditions, and relies on hardware and software, guidance, connectivity and digital solutions, and automation and machine intelligence. Many factors contribute to the company’s precision agriculture sales and results, including the impact to customers’ profitability or sustainability outcomes; the rate of adoption and use by customers; availability of technological innovations; speed of research and development; effectiveness of partnerships with third-parties; and the dealer channel’s ability to support and service precision technology solutions.

Factors affecting the outlook for the company’s small agriculture and turf equipment include agricultural conditions, consumer confidence, weather conditions, customer profitability, labor supply, consumer borrowing patterns, consumer purchasing preferences, housing starts and supply, infrastructure investment, spending by municipalities and golf courses, and consumable input costs.

Consumer spending patterns, real estate and housing prices, the number of housing starts, interest rates, commodity prices such as oil and gas, the levels of public and non-residential construction, and investment in infrastructure affect sales and results of the company’s construction and forestry equipment. Prices for pulp, paper, lumber and structural panels affect sales of forestry equipment.

Many of the factors affecting production and precision agriculture, small agriculture and turf, and construction and forestry segments, have been and may continue to be impacted by global economic conditions, including those resulting from the COVID pandemic and responses to the pandemic taken by governments and other authorities.

All of the company’s businesses and its results are affected by general economic conditions in the global markets and industries in which the company operates; customer confidence in general economic conditions; government spending and taxing; foreign currency exchange rates and their volatility, especially fluctuations in the value of the U.S. dollar; interest rates (including the availability of IBOR reference rates); inflation and deflation rates; changes in weather patterns; the political and social stability of the global markets in which the company operates; the effects of, or response to, terrorism and security threats; wars and other conflicts; natural disasters; and the spread of major epidemics (including the COVID pandemic) and government and industry responses to epidemics such as travel restrictions and extended shut down of businesses.

Uncertainties related to the magnitude and duration of the COVID pandemic may significantly adversely affect the company’s business and outlook. These uncertainties include: the duration and impact of any resurgence in COVID cases in any country, state, or region; the emergence, contagiousness, and threat

of new and different strains of COVID; the availability, acceptance, and effects of vaccines; prolonged reduction or closure of the company's operations, or a delayed recovery in our operations; additional closures as mandated or otherwise made necessary by governmental authorities; disruptions in the supply chain and a prolonged delay in resumption of operations by one or more key suppliers, or the failure of any key suppliers; the company's ability to meet commitments to customers on a timely basis as a result of increased costs and supply challenges; the ability to receive goods on a timely basis and at anticipated costs; increased logistics costs; delays in the company's strategic initiatives as a result of reduced spending on research and development; additional operating costs due to remote working arrangements, adherence to social distancing guidelines and other COVID-related challenges; increased risk of cyber attacks on network connections used in remote working arrangements; increased privacy-related risks due to processing health-related personal information; legal claims related to personal protective equipment designed, made, or provided by the company or alleged exposure to COVID on company premises; absence of employees due to illness; the impact of the pandemic on the company's customers and dealers, and their delays in their plans to invest in new equipment; requests by the company's customers or dealers for payment deferrals and contract modifications; the impact of disruptions in the global capital markets and/or declines in the company's financial performance, outlook or credit ratings, which could impact the company's ability to obtain funding in the future; and the impact of the pandemic on demand for our products and services as discussed above. It remains unclear when a sustained economic recovery could occur and what a recovery may look like. All of these factors could materially and adversely affect our business, liquidity, results of operations and financial position.

Significant changes in market liquidity conditions, changes in the company's credit ratings and any failure to comply with financial covenants in credit agreements could impact access to funding and funding costs, which could reduce the company's earnings and cash flows. Financial market conditions could also negatively impact customer access to capital for purchases of the company's products and customer confidence and purchase decisions, borrowing and repayment practices, and the number and size of customer loan delinquencies and defaults. A debt crisis in Europe, Latin America, or elsewhere could negatively impact currencies, global financial markets, social and political stability, funding sources and costs, asset and obligation values, customers, suppliers, demand for equipment, and company operations and results. The company's investment management activities could be impaired by changes in the equity, bond and other financial markets, which would negatively affect earnings.

The withdrawal of the United Kingdom from the European Union and the perceptions as to the impact of the withdrawal may adversely affect business activity, political stability and economic conditions in the United Kingdom, the European Union and elsewhere. The economic conditions and outlook could be further adversely affected by (i) uncertainty regarding any new or modified trade arrangements between the United Kingdom and the European Union and/or other countries, (ii) the risk that one or more other European Union countries could come under increasing pressure to leave the European Union, or (iii) the risk that the euro as the single currency of the Eurozone could cease to exist. Any of these developments, or the perception that any of these developments are likely to occur, could affect economic growth or business activity in the United Kingdom or the European Union, and could result in the relocation of businesses, cause business interruptions, lead to economic recession or depression, and impact the stability of the financial markets, availability of credit, currency exchange rates, interest rates, financial institutions, and political, financial and monetary systems. Any of these developments could affect our businesses, liquidity, results of operations and financial position.

Additional factors that could materially affect the company's operations, access to capital, expenses and results include changes in, uncertainty surrounding and the impact of governmental trade, banking, monetary and fiscal policies, including financial regulatory reform and its effects on the consumer finance industry, derivatives, funding costs and other areas; governmental programs, policies, and tariffs for the benefit of certain industries or sectors; sanctions in particular jurisdictions; retaliatory actions to such changes in trade, banking, monetary and fiscal policies; actions by central banks; actions by financial and securities regulators; actions by environmental, health and safety regulatory agencies, including those related to engine emissions, carbon and other greenhouse gas emissions, noise and the effects of climate change; changes to GPS radio frequency bands or their permitted uses; changes in labor and immigration regulations; changes to accounting standards; changes in tax rates, estimates, laws and regulations and company actions related thereto; changes to and compliance with privacy regulations;

changes to and compliance with economic sanctions and export controls laws and regulations; compliance with U.S. and foreign laws when expanding to new markets and otherwise; and actions by other regulatory bodies.

Other factors that could materially affect results include production, design and technological innovations and difficulties, including capacity and supply constraints and prices; the loss of or challenges to intellectual property rights whether through theft, infringement, counterfeiting or otherwise; the availability and prices of strategically sourced materials, components and whole goods; delays or disruptions in the company's supply chain or the loss of liquidity by suppliers; disruptions of infrastructures that support communications, operations or distribution; the failure of customers, dealers, suppliers or the company to comply with laws, regulations and company policy pertaining to employment, human rights, health, safety, the environment, sanctions, export controls, anti-corruption, privacy and data protection and other ethical business practices; events that damage the company's reputation or brand; significant investigations, claims, lawsuits or other legal proceedings; start-up of new plants and products; the success of new product initiatives or business strategies; changes in customer product preferences and sales mix; gaps or limitations in rural broadband coverage, capacity and speed needed to support technology solutions; oil and energy prices, supplies and volatility; the availability and cost of freight; actions of competitors in the various industries in which the company competes, particularly price discounting; dealer practices especially as to levels of new and used field inventories; changes in demand and pricing for used equipment and resulting impacts on lease residual values; labor relations and contracts; changes in the ability to attract, develop, engage, and retain qualified personnel; acquisitions and divestitures of businesses; greater than anticipated transaction costs; the integration of new businesses; the failure or delay in closing or realizing anticipated benefits of acquisitions, joint ventures or divestitures; the inability to deliver precision technology and agricultural solutions to customers; the implementation of the smart industrial operating strategy and other organizational changes; the failure to realize anticipated savings or benefits of cost reduction, productivity, or efficiency efforts; difficulties related to the conversion and implementation of enterprise resource planning systems; security breaches, cybersecurity attacks, technology failures and other disruptions to the company's and suppliers' information technology infrastructure; changes in company declared dividends and common stock issuances and repurchases; changes in the level and funding of employee retirement benefits; changes in market values of investment assets, compensation, retirement, discount and mortality rates which impact retirement benefit costs; and significant changes in health care costs.

The liquidity and ongoing profitability of John Deere Capital Corporation and other credit subsidiaries depend largely on timely access to capital in order to meet future cash flow requirements, and to fund operations, costs, and purchases of the company's products. If general economic conditions deteriorate or capital markets become more volatile, including as a result of the COVID pandemic, funding could be unavailable or insufficient. Additionally, customer confidence levels may result in declines in credit applications and increases in delinquencies and default rates, which could materially impact write-offs and provisions for credit losses.

The company's forward-looking statements are based upon assumptions relating to the factors described above, which are sometimes based upon estimates and data prepared by government agencies. Such estimates and data are often revised. The company, except as required by law, undertakes no obligation to update or revise its forward-looking statements, whether as a result of new developments or otherwise. Further information concerning the company and its businesses, including factors that could materially affect the company's financial results, is included in the company's other filings with the SEC (including, but not limited to, the factors discussed in Item 1A. Risk Factors of the company's most recent annual report on Form 10-K and quarterly reports on Form 10-Q).

DEERE & COMPANY

SECOND QUARTER 2021 PRESS RELEASE

(In millions of dollars) Unaudited

| | Three Months Ended | | | Six Months Ended | | |
|--|--------------------|-----------------|-------------|------------------|-----------------|-------------|
| | May 2 2021 | May 3 2020 | % Change | May 2 2021 | May 3 2020 | % Change |
| Net sales and revenues: | | | | | | |
| Production & precision ag net sales | \$ 4,529 | \$ 3,365 | +35 | \$ 7,599 | \$ 5,872 | +29 |
| Small ag & turf net sales | 3,390 | 2,603 | +30 | 5,904 | 4,583 | +29 |
| Construction & forestry net sales | 3,079 | 2,256 | +36 | 5,546 | 4,299 | +29 |
| Financial services revenues | 892 | 875 | +2 | 1,776 | 1,806 | -2 |
| Other revenues | 168 | 154 | +9 | 345 | 324 | +6 |
| Total net sales and revenues | <u>\$12,058</u> | <u>\$ 9,253</u> | +30 | <u>\$21,170</u> | <u>\$16,884</u> | +25 |
| Operating profit: * | | | | | | |
| Production & precision ag | \$ 1,007 | \$ 568 | +77 | \$ 1,651 | \$ 786 | +110 |
| Small ag & turf | 648 | 226 | +187 | 1,117 | 381 | +193 |
| Construction & forestry | 489 | 96 | +409 | 756 | 189 | +300 |
| Financial services | 295 | 75 | +293 | 553 | 254 | +118 |
| Total operating profit | 2,439 | 965 | +153 | 4,077 | 1,610 | +153 |
| Reconciling items ** | (119) | (54) | +120 | (226) | (133) | +70 |
| Income taxes | (530) | (245) | +116 | (838) | (295) | +184 |
| Net income attributable to Deere & Company | <u>\$ 1,790</u> | <u>\$ 666</u> | +169 | <u>\$ 3,013</u> | <u>\$ 1,182</u> | +155 |

* Operating profit is income from continuing operations before corporate expenses, certain external interest expense, certain foreign exchange gains and losses, and income taxes. Operating profit of the financial services segment includes the effect of interest expense and foreign exchange gains or losses.

** Reconciling items are primarily corporate expenses, certain external interest expense, certain foreign exchange gains and losses, pension and postretirement benefit costs excluding the service cost component, and net income attributable to noncontrolling interests.

DEERE & COMPANY

STATEMENT OF CONSOLIDATED INCOME

For the Three Months Ended May 2, 2021 and May 3, 2020

(In millions of dollars and shares except per share amounts) Unaudited

| | 2021 | 2020 |
|---|-----------------|---------------|
| Net Sales and Revenues | | |
| Net sales | \$ 10,998 | \$ 8,224 |
| Finance and interest income | 809 | 849 |
| Other income | 251 | 180 |
| Total | <u>12,058</u> | <u>9,253</u> |
| Costs and Expenses | | |
| Cost of sales | 7,928 | 6,294 |
| Research and development expenses | 377 | 406 |
| Selling, administrative and general expenses | 838 | 906 |
| Interest expense | 268 | 342 |
| Other operating expenses | 335 | 377 |
| Total | <u>9,746</u> | <u>8,325</u> |
| Income of Consolidated Group before Income Taxes | 2,312 | 928 |
| Provision for income taxes | 530 | 245 |
| Income of Consolidated Group | 1,782 | 683 |
| Equity in income (loss) of unconsolidated affiliates | 8 | (17) |
| Net Income | 1,790 | 666 |
| Less: Net income attributable to noncontrolling interests | | |
| Net Income Attributable to Deere & Company | <u>\$ 1,790</u> | <u>\$ 666</u> |
| Per Share Data | | |
| Basic | \$ 5.72 | \$ 2.13 |
| Diluted | \$ 5.68 | \$ 2.11 |
| Average Shares Outstanding | | |
| Basic | 312.8 | 313.2 |
| Diluted | 315.2 | 316.2 |

See Condensed Notes to Interim Consolidated Financial Statements.

DEERE & COMPANY

STATEMENT OF CONSOLIDATED INCOME

For the Six Months Ended May 2, 2021 and May 3, 2020

(In millions of dollars and shares except per share amounts) Unaudited

| | 2021 | 2020 |
|---|-----------------|-----------------|
| Net Sales and Revenues | | |
| Net sales | \$ 19,049 | \$ 14,754 |
| Finance and interest income | 1,644 | 1,745 |
| Other income | 477 | 385 |
| Total | <u>21,170</u> | <u>16,884</u> |
| Costs and Expenses | | |
| Cost of sales | 13,734 | 11,371 |
| Research and development expenses | 743 | 831 |
| Selling, administrative and general expenses | 1,607 | 1,715 |
| Interest expense | 538 | 678 |
| Other operating expenses | 708 | 792 |
| Total | <u>17,330</u> | <u>15,387</u> |
| Income of Consolidated Group before Income Taxes | 3,840 | 1,497 |
| Provision for income taxes | <u>838</u> | <u>295</u> |
| Income of Consolidated Group | 3,002 | 1,202 |
| Equity in income (loss) of unconsolidated affiliates | <u>12</u> | <u>(18)</u> |
| Net Income | 3,014 | 1,184 |
| Less: Net income attributable to noncontrolling interests | <u>1</u> | <u>2</u> |
| Net Income Attributable to Deere & Company | <u>\$ 3,013</u> | <u>\$ 1,182</u> |
| Per Share Data | | |
| Basic | \$ 9.62 | \$ 3.77 |
| Diluted | \$ 9.55 | \$ 3.73 |
| Average Shares Outstanding | | |
| Basic | 313.1 | 313.3 |
| Diluted | 315.6 | 316.7 |

See Condensed Notes to Interim Consolidated Financial Statements.

DEERE & COMPANY

CONDENSED CONSOLIDATED BALANCE SHEET

(In millions of dollars) Unaudited

| | May 2 2021 | November 1 2020 | May 3 2020 |
|---|------------------|--------------------|------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 7,182 | \$ 7,066 | \$ 8,900 |
| Marketable securities | 668 | 641 | 626 |
| Receivables from unconsolidated affiliates | 31 | 31 | 32 |
| Trade accounts and notes receivable - net | 6,158 | 4,171 | 5,986 |
| Financing receivables - net | 30,994 | 29,750 | 27,256 |
| Financing receivables securitized - net | 4,107 | 4,703 | 4,685 |
| Other receivables | 1,473 | 1,220 | 1,212 |
| Equipment on operating leases - net | 7,108 | 7,298 | 7,245 |
| Inventories | 6,042 | 4,999 | 6,171 |
| Property and equipment - net | 5,704 | 5,817 | 5,685 |
| Investments in unconsolidated affiliates | 182 | 193 | 192 |
| Goodwill | 3,190 | 3,081 | 2,917 |
| Other intangible assets - net | 1,310 | 1,327 | 1,311 |
| Retirement benefits | 951 | 863 | 960 |
| Deferred income taxes | 1,724 | 1,499 | 1,435 |
| Other assets | 2,155 | 2,432 | 2,713 |
| Total Assets | \$ 78,979 | \$ 75,091 | \$ 77,326 |
| Liabilities and Stockholders' Equity | | | |
| Liabilities | | | |
| Short-term borrowings | \$ 9,911 | \$ 8,582 | \$ 11,179 |
| Short-term securitization borrowings | 4,106 | 4,682 | 4,640 |
| Payables to unconsolidated affiliates | 155 | 105 | 91 |
| Accounts payable and accrued expenses | 10,527 | 10,112 | 9,072 |
| Deferred income taxes | 533 | 519 | 475 |
| Long-term borrowings | 33,346 | 32,734 | 34,324 |
| Retirement benefits and other liabilities | 5,305 | 5,413 | 5,680 |
| Total liabilities | 63,883 | 62,147 | 65,461 |
| Stockholders' Equity | | | |
| Total Deere & Company stockholders' equity | 15,092 | 12,937 | 11,864 |
| Noncontrolling interests | 4 | 7 | 1 |
| Total stockholders' equity | 15,096 | 12,944 | 11,865 |
| Total Liabilities and Stockholders' Equity | \$ 78,979 | \$ 75,091 | \$ 77,326 |

See Condensed Notes to Interim Consolidated Financial Statements.

DEERE & COMPANY

STATEMENT OF CONSOLIDATED CASH FLOWS

For the Six Months Ended May 2, 2021 and May 3, 2020

(In millions of dollars) Unaudited

| | 2021 | 2020 |
|---|-----------------|-----------------|
| Cash Flows from Operating Activities | | |
| Net income | \$ 3,014 | \$ 1,184 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Provision (credit) for credit losses | (24) | 107 |
| Provision for depreciation and amortization | 1,054 | 1,067 |
| Impairment charges | 50 | 114 |
| Share-based compensation expense | 45 | 48 |
| Undistributed earnings of unconsolidated affiliates | 11 | (8) |
| Credit for deferred income taxes | (213) | (61) |
| Changes in assets and liabilities: | | |
| Trade, notes, and financing receivables related to sales | (1,124) | (491) |
| Inventories | (1,193) | (496) |
| Accounts payable and accrued expenses | 318 | (707) |
| Accrued income taxes payable/receivable | 54 | (173) |
| Retirement benefits | (5) | 58 |
| Other | (201) | 134 |
| Net cash provided by operating activities | <u>1,786</u> | <u>776</u> |
| Cash Flows from Investing Activities | | |
| Collections of receivables (excluding receivables related to sales) | 10,367 | 9,624 |
| Proceeds from maturities and sales of marketable securities | 47 | 39 |
| Proceeds from sales of equipment on operating leases | 1,011 | 898 |
| Cost of receivables acquired (excluding receivables related to sales) | (11,359) | (9,367) |
| Acquisitions of businesses, net of cash acquired | (19) | |
| Purchases of marketable securities | (74) | (71) |
| Purchases of property and equipment | (320) | (441) |
| Cost of equipment on operating leases acquired | (764) | (960) |
| Collateral on derivatives – net | (255) | 319 |
| Other | (21) | (11) |
| Net cash provided by (used for) investing activities | <u>(1,387)</u> | <u>30</u> |
| Cash Flows from Financing Activities | | |
| Increase in total short-term borrowings | 212 | 1,138 |
| Proceeds from long-term borrowings | 3,967 | 7,275 |
| Payments of long-term borrowings | (3,157) | (3,315) |
| Proceeds from issuance of common stock | 116 | 70 |
| Repurchases of common stock | (1,044) | (263) |
| Dividends paid | (480) | (481) |
| Other | (55) | (81) |
| Net cash provided by (used for) financing activities | <u>(441)</u> | <u>4,343</u> |
| Effect of Exchange Rate Changes on Cash, Cash Equivalents, and Restricted Cash | <u>151</u> | <u>(102)</u> |
| Net Increase in Cash, Cash Equivalents, and Restricted Cash | 109 | 5,047 |
| Cash, Cash Equivalents, and Restricted Cash at Beginning of Period | 7,172 | 3,956 |
| Cash, Cash Equivalents, and Restricted Cash at End of Period | <u>\$ 7,281</u> | <u>\$ 9,003</u> |

See Condensed Notes to Interim Consolidated Financial Statements.

DEERE & COMPANY

Condensed Notes to Interim Consolidated Financial Statements

(In millions of dollars and shares except per share amounts) Unaudited

- (1) During the first quarter of 2021, the fixed assets in an asphalt plant factory in Germany were impaired by \$38 million, pretax and after-tax. The company also continued to assess its manufacturing locations, resulting in additional long-lived asset impairments of \$12 million pretax. The impairments were the result of a decline in forecasted financial performance that indicated it was probable future cash flows would not cover the carrying amount of the net assets. These impairments were offset by a favorable indirect tax ruling in Brazil of \$58 million pretax.

| | Six Months Ended May 2, 2021 | | | |
|-------------------------------------|------------------------------|-----------------|-------------------------|---------------|
| | Production & Precision Ag | Small Ag & Turf | Construction & Forestry | Total |
| Expense (benefit): | | | | |
| Long-lived asset impairments – | | | | |
| Cost of sales | \$ 5 | \$ 3 | \$ 42 | \$ 50 |
| Brazil indirect tax – Cost of sales | (53) | | (5) | (58) |
| Total expense (benefit) | <u>\$ (48)</u> | <u>\$ 3</u> | <u>\$ 37</u> | <u>\$ (8)</u> |

In the second quarter of 2020, the company recorded non-cash asset impairments of \$62 million pretax and after-tax of fixed assets of an asphalt plant factory in Germany, \$32 million pretax of equipment on operating leases and matured operating lease inventory, and \$20 million pretax and after-tax of a minority investment in a construction equipment company headquartered in South Africa.

| | Six Months Ended May 3, 2020 | | |
|--|------------------------------|--------------------|---------------|
| | Construction & Forestry | Financial Services | Total |
| Expense: | | | |
| German asphalt plant factory – Cost of sales | \$ 62 | | \$ 62 |
| Investments in unconsolidated affiliates impairment – | | | |
| Equity in loss of unconsolidated affiliate | 20 | | 20 |
| Equipment on operating leases & matured operating lease inventory impairments – Other operating expenses | | \$ 32 | 32 |
| Total expense | <u>\$ 82</u> | <u>\$ 32</u> | <u>\$ 114</u> |

During the first quarter of 2020, the company implemented a voluntary employee-separation program with total pretax expenses as follows:

| | Six Months Ended May 3, 2020 | | | | |
|--|------------------------------|-----------------|-------------------------|--------------------|---------------|
| | Production & Precision Ag | Small Ag & Turf | Construction & Forestry | Financial Services | Total |
| Cost of sales | \$ 21 | \$ 11 | \$ 9 | | \$ 41 |
| Research and development expenses | 7 | 7 | 4 | | 18 |
| Selling, administrative and general expenses | 18 | 19 | 14 | \$ 3 | 54 |
| Total operating profit impact | <u>\$ 46</u> | <u>\$ 37</u> | <u>\$ 27</u> | <u>\$ 3</u> | 113 |
| Other operating expenses | | | | | 23 |
| Total expense | | | | | <u>\$ 136</u> |

(2) Prior to November 2, 2020, the operating results of the Wirtgen Group (Wirtgen) were incorporated into the company's consolidated financial statements using a one-month lag period. In the first quarter of 2021, the reporting lag was eliminated resulting in one additional month of Wirtgen activity in the first quarter and the year-to-date period. The effect was an increase to "Net sales" of \$270 million, which the company considers immaterial to construction and forestry's annual net sales. Prior period results were not restated.

(3) Dividends declared and paid on a per share basis were as follows:

| | Three Months Ended | | Six Months Ended | |
|--------------------|--------------------|---------------|------------------|---------------|
| | May 2 2021 | May 3 2020 | May 2 2021 | May 3 2020 |
| Dividends declared | \$.90 | \$.76 | \$ 1.66 | \$ 1.52 |
| Dividends paid | \$.76 | \$.76 | \$ 1.52 | \$ 1.52 |

(4) The calculation of basic net income per share is based on the average number of shares outstanding. The calculation of diluted net income per share recognizes any dilutive effect of share-based compensation.

(5) The consolidated financial statements represent the consolidation of all of Deere & Company's subsidiaries. In the supplemental consolidating data in Note 6 to the financial statements, the "Equipment Operations" represents the enterprise without "Financial Services," which include the company's production and precision agriculture operations, small agriculture and turf operations, and construction and forestry operations, and other corporate assets, liabilities, revenues, and expenses not reflected within "Financial Services."

DEERE & COMPANY

(6) SUPPLEMENTAL CONSOLIDATING DATA

STATEMENT OF INCOME

For the Three Months Ended May 2, 2021 and May 3, 2020

(In millions of dollars) Unaudited

| | EQUIPMENT OPERATIONS ¹ | | FINANCIAL SERVICES | | ELIMINATIONS | | CONSOLIDATED | |
|---|-----------------------------------|---------------|--------------------|--------------|--------------|--------------|-----------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Net Sales and Revenues | | | | | | | | |
| Net sales | \$ 10,998 | \$ 8,224 | | | | | \$ 10,998 | \$ 8,224 |
| Finance and interest income | 29 | 23 | \$ 853 | \$ 906 | \$ (73) | \$ (80) | 809 | 849 ² |
| Other income | 228 | 181 | 101 | 61 | (78) | (62) | 251 | 180 ³ |
| Total | <u>11,255</u> | <u>8,428</u> | <u>954</u> | <u>967</u> | <u>(151)</u> | <u>(142)</u> | <u>12,058</u> | <u>9,253</u> |
| Costs and Expenses | | | | | | | | |
| Cost of sales | 7,929 | 6,294 | | | (1) | | 7,928 | 6,294 ⁴ |
| Research and development expenses | 377 | 406 | | | | | 377 | 406 |
| Selling, administrative and general expenses | 734 | 700 | 107 | 208 | (3) | (2) | 838 | 906 ⁴ |
| Interest expense | 100 | 83 | 181 | 266 | (13) | (7) | 268 | 342 ⁵ |
| Interest compensation to Financial Services | 60 | 73 | | | (60) | (73) | | |
| Other operating expenses | 40 | 21 | 369 | 416 | (74) | (60) | 335 | 377 ⁶ |
| Total | <u>9,240</u> | <u>7,577</u> | <u>657</u> | <u>890</u> | <u>(151)</u> | <u>(142)</u> | <u>9,746</u> | <u>8,325</u> |
| Income before Income Taxes | 2,015 | 851 | 297 | 77 | | | 2,312 | 928 |
| Provision for income taxes | 454 | 228 | 76 | 17 | | | 530 | 245 |
| Income after Income Taxes | 1,561 | 623 | 221 | 60 | | | 1,782 | 683 |
| Equity in income (loss) of unconsolidated affiliates | 7 | (17) | 1 | | | | 8 | (17) |
| Net Income | 1,568 | 606 | 222 | 60 | | | 1,790 | 666 |
| Less: Net income attributable to noncontrolling interests | | | | | | | | |
| Net Income Attributable to Deere & Company | <u>\$ 1,568</u> | <u>\$ 606</u> | <u>\$ 222</u> | <u>\$ 60</u> | | | <u>\$ 1,790</u> | <u>\$ 666</u> |

The supplemental consolidating data is presented for informational purposes. Transactions between the Equipment Operations and Financial Services have been eliminated to arrive at the consolidated financial statements.

¹ The Equipment Operations represents the enterprise without Financial Services. The Equipment Operations includes the company's production and precision agriculture operations, small agriculture and turf operations, construction and forestry operations, and other corporate assets, liabilities, revenues, and expenses not reflected within Financial Services.

² Elimination of Financial Services' interest income earned from Equipment Operations.

³ Elimination of Equipment Operations' margin from inventory transferred to equipment on operating leases.

⁴ Elimination of intercompany service fees.

⁵ Elimination of Equipment Operations' interest expense to Financial Services.

⁶ Elimination of Financial Services' lease depreciation expense related to inventory transferred to equipment on operating leases.

DEERE & COMPANY

SUPPLEMENTAL CONSOLIDATING DATA (Continued)

STATEMENT OF INCOME

For the Six Months Ended May 2, 2021 and May 3, 2020

(In millions of dollars) Unaudited

| | EQUIPMENT OPERATIONS ¹ | | FINANCIAL SERVICES | | ELIMINATIONS | | CONSOLIDATED | |
|---|-----------------------------------|---------------|--------------------|---------------|--------------|--------------|-----------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Net Sales and Revenues | | | | | | | | |
| Net sales | \$ 19,049 | \$ 14,754 | | | | | \$ 19,049 | \$ 14,754 |
| Finance and interest income | 62 | 49 | \$ 1,716 | \$ 1,841 | \$ (134) | \$ (145) | 1,644 | 1,745 |
| Other income | 447 | 391 | 172 | 124 | (142) | (130) | 477 | 385 |
| Total | <u>19,558</u> | <u>15,194</u> | <u>1,888</u> | <u>1,965</u> | <u>(276)</u> | <u>(275)</u> | <u>21,170</u> | <u>16,884</u> |
| Costs and Expenses | | | | | | | | |
| Cost of sales | 13,735 | 11,372 | | | (1) | (1) | 13,734 | 11,371 |
| Research and development expenses | 743 | 831 | | | | | 743 | 831 |
| Selling, administrative and general expenses | 1,387 | 1,373 | 224 | 346 | (4) | (4) | 1,607 | 1,715 |
| Interest expense | 195 | 146 | 369 | 541 | (26) | (9) | 538 | 678 |
| Interest compensation to Financial Services | 108 | 137 | | | (108) | (137) | | |
| Other operating expenses | 107 | 92 | 738 | 824 | (137) | (124) | 708 | 792 |
| Total | <u>16,275</u> | <u>13,951</u> | <u>1,331</u> | <u>1,711</u> | <u>(276)</u> | <u>(275)</u> | <u>17,330</u> | <u>15,387</u> |
| Income before Income Taxes | 3,283 | 1,243 | 557 | 254 | | | 3,840 | 1,497 |
| Provision for income taxes | 706 | 237 | 132 | 58 | | | 838 | 295 |
| Income after Income Taxes | 2,577 | 1,006 | 425 | 196 | | | 3,002 | 1,202 |
| Equity in income (loss) of unconsolidated affiliates | 10 | (19) | 2 | 1 | | | 12 | (18) |
| Net Income | 2,587 | 987 | 427 | 197 | | | 3,014 | 1,184 |
| Less: Net income attributable to noncontrolling interests | 1 | 2 | | | | | 1 | 2 |
| Net Income Attributable to Deere & Company | <u>\$ 2,586</u> | <u>\$ 985</u> | <u>\$ 427</u> | <u>\$ 197</u> | | | <u>\$ 3,013</u> | <u>\$ 1,182</u> |

The supplemental consolidating data is presented for informational purposes. Transactions between the Equipment Operations and Financial Services have been eliminated to arrive at the consolidated financial statements.

¹ The Equipment Operations represents the enterprise without Financial Services. The Equipment Operations includes the company's production and precision agriculture operations, small agriculture and turf operations, construction and forestry operations, and other corporate assets, liabilities, revenues, and expenses not reflected within Financial Services.

² Elimination of Financial Services' interest income earned from Equipment Operations.

³ Elimination of Equipment Operations' margin from inventory transferred to equipment on operating leases.

⁴ Elimination of intercompany service fees.

⁵ Elimination of Equipment Operations' interest expense to Financial Services.

⁶ Elimination of Financial Services' lease depreciation expense related to inventory transferred to equipment on operating leases.

DEERE & COMPANY

SUPPLEMENTAL CONSOLIDATING DATA (Continued)

CONDENSED BALANCE SHEET

(In millions of dollars) Unaudited

| | EQUIPMENT OPERATIONS ¹ | | | FINANCIAL SERVICES | | | ELIMINATIONS | | | CONSOLIDATED | | |
|---|-----------------------------------|-----------------|-----------------|--------------------|-----------------|-----------------|-------------------|-------------------|-------------------|-----------------|-----------------|----------------------|
| | May 2 2021 | Nov 1 2020 | May 3 2020 | May 2 2021 | Nov 1 2020 | May 3 2020 | May 2 2021 | Nov 1 2020 | May 3 2020 | May 2 2021 | Nov 1 2020 | May 3 2020 |
| Assets | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 6,282 | \$ 6,145 | \$ 7,466 | \$ 900 | \$ 921 | \$ 1,434 | | | | \$ 7,182 | \$ 7,066 | \$ 8,900 |
| Marketable securities | 5 | 7 | 3 | 663 | 634 | 623 | | | | 668 | 641 | 626 |
| Receivables from unconsolidated affiliates | 5,986 | 5,290 | 2,248 | | | | \$ (5,955) | \$ (5,259) | \$ (2,216) | 31 | 31 | 32 ⁷ |
| Trade accounts and notes receivable - net | 1,225 | 1,013 | 1,419 | 6,222 | 4,238 | 6,050 | (1,289) | (1,080) | (1,483) | 6,158 | 4,171 | 5,986 ⁸ |
| Financing receivables - net | 99 | 106 | 118 | 30,895 | 29,644 | 27,138 | | | | 30,994 | 29,750 | 27,256 |
| Financing receivables securitized - net | 15 | 26 | 37 | 4,092 | 4,677 | 4,648 | | | | 4,107 | 4,703 | 4,685 |
| Other receivables | 1,338 | 1,117 | 1,072 | 162 | 151 | 148 | (27) | (48) | (8) | 1,473 | 1,220 | 1,212 ⁸ |
| Equipment on operating leases - net | | | | 7,108 | 7,298 | 7,245 | | | | 7,108 | 7,298 | 7,245 |
| Inventories | 6,042 | 4,999 | 6,171 | | | | | | | 6,042 | 4,999 | 6,171 |
| Property and equipment - net | 5,667 | 5,778 | 5,642 | 37 | 39 | 43 | | | | 5,704 | 5,817 | 5,685 |
| Investments in unconsolidated affiliates | 161 | 174 | 175 | 21 | 19 | 17 | | | | 182 | 193 | 192 |
| Goodwill | 3,190 | 3,081 | 2,917 | | | | | | | 3,190 | 3,081 | 2,917 |
| Other intangible assets - net | 1,310 | 1,327 | 1,311 | | | | | | | 1,310 | 1,327 | 1,311 |
| Retirement benefits | 947 | 859 | 908 | 61 | 59 | 58 | (57) | (55) | (6) | 951 | 863 | 960 ⁹ |
| Deferred income taxes | 1,926 | 1,763 | 1,796 | 53 | 45 | 52 | (255) | (309) | (413) | 1,724 | 1,499 | 1,435 ¹⁰ |
| Other assets | 1,522 | 1,439 | 1,506 | 635 | 994 | 1,208 | (2) | (1) | (1) | 2,155 | 2,432 | 2,713 |
| Total Assets | \$35,715 | \$33,124 | \$32,789 | \$50,849 | \$48,719 | \$48,664 | \$ (7,585) | \$ (6,752) | \$ (4,127) | \$78,979 | \$75,091 | \$77,326 |
| Liabilities and Stockholders' Equity | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | |
| Short-term borrowings | \$ 352 | \$ 292 | \$ 1,398 | \$ 9,559 | \$ 8,290 | \$ 9,781 | | | | \$ 9,911 | \$ 8,582 | \$ 11,179 |
| Short-term securitization borrowings | 14 | 26 | 37 | 4,092 | 4,656 | 4,603 | | | | 4,106 | 4,682 | 4,640 |
| Payables to unconsolidated affiliates | 155 | 104 | 91 | 5,955 | 5,260 | 2,216 | \$ (5,955) | \$ (5,259) | \$ (2,216) | 155 | 105 | 91 ⁷ |
| Accounts payable and accrued expenses | 9,919 | 9,114 | 8,416 | 1,926 | 2,127 | 2,149 | (1,318) | (1,129) | (1,493) | 10,527 | 10,112 | 9,072 ⁸ |
| Deferred income taxes | 390 | 385 | 395 | 398 | 443 | 493 | (255) | (309) | (413) | 533 | 519 | 475 ¹⁰ |
| Long-term borrowings | 10,124 | 10,124 | 9,947 | 23,222 | 22,610 | 24,377 | | | | 33,346 | 32,734 | 34,324 |
| Retirement benefits and other liabilities | 5,253 | 5,366 | 5,584 | 109 | 102 | 101 | (57) | (55) | (5) | 5,305 | 5,413 | 5,680 ⁹ |
| Total liabilities | 26,207 | 25,411 | 25,868 | 45,261 | 43,488 | 43,720 | (7,585) | (6,752) | (4,127) | 63,883 | 62,147 | 65,461 |
| Stockholders' Equity | | | | | | | | | | | | |
| Total Deere & Company stockholders' equity | 15,092 | 12,937 | 11,864 | 5,588 | 5,231 | 4,944 | (5,588) | (5,231) | (4,944) | 15,092 | 12,937 | 11,864 ¹¹ |
| Noncontrolling interests | 4 | 7 | 1 | | | | | | | 4 | 7 | 1 |
| Financial Services equity | (5,588) | (5,231) | (4,944) | | | | 5,588 | 5,231 | 4,944 | | | |
| Adjusted total stockholders' equity | 9,508 | 7,713 | 6,921 | 5,588 | 5,231 | 4,944 | | | | 15,096 | 12,944 | 11,865 ¹¹ |
| Total Liabilities and Stockholders' Equity | \$35,715 | \$33,124 | \$32,789 | \$50,849 | \$48,719 | \$48,664 | \$ (7,585) | \$ (6,752) | \$ (4,127) | \$78,979 | \$75,091 | \$77,326 |

The supplemental consolidating data is presented for informational purposes. Transactions between the Equipment Operations and Financial Services have been eliminated to arrive at the consolidated financial statements.

¹ The Equipment Operations represents the enterprise without Financial Services. The Equipment Operations includes the company's production and precision agriculture operations, small agriculture and turf operations, construction and forestry operations, and other corporate assets, liabilities, revenues, and expenses not reflected within Financial Services.

⁷ Elimination of receivables / payables between Equipment Operations and Financial Services.

⁸ Reclassification of sales incentive accruals on receivables sold to Financial Services.

⁹ Reclassification of net pension assets / liabilities.

¹⁰ Reclassification of deferred tax assets / liabilities in the same taxing jurisdictions.

¹¹ Elimination of Financial Services' equity.

DEERE & COMPANY

SUPPLEMENTAL CONSOLIDATING DATA (Continued)
STATEMENT OF CASH FLOWS
For the Six Months Ended May 2, 2021 and May 3, 2020
(In millions of dollars) Unaudited

| | EQUIPMENT OPERATIONS ¹ | | FINANCIAL SERVICES | | ELIMINATIONS | | CONSOLIDATED | | |
|---|-----------------------------------|-----------------|--------------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | |
| Cash Flows from Operating Activities | | | | | | | | | |
| Net income | \$ 2,587 | \$ 987 | \$ 427 | \$ 197 | | | \$ 3,014 | \$ 1,184 | |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | | | | | |
| Provision (credit) for credit losses | 2 | 9 | (26) | 98 | | | (24) | 107 | |
| Provision for depreciation and amortization | 543 | 515 | 581 | 621 | \$ (70) | \$ (69) | 1,054 | 1,067 | ¹² |
| Impairment charges | 50 | 82 | | 32 | | | 50 | 114 | |
| Share-based compensation expense | | | | | 45 | 48 | 45 | 48 | ¹³ |
| Undistributed earnings of unconsolidated affiliates | 158 | 218 | (2) | (1) | (145) | (225) | 11 | (8) | ¹⁴ |
| Provision (credit) for deferred income taxes | (170) | 9 | (43) | (70) | | | (213) | (61) | |
| Changes in assets and liabilities: | | | | | | | | | |
| Trade, notes, and financing receivables related to sales | (170) | (80) | | | (954) | (411) | (1,124) | (491) | ^{15, 17, 18} |
| Inventories | (926) | (242) | | | (267) | (254) | (1,193) | (496) | ¹⁶ |
| Accounts payable and accrued expenses | 527 | (659) | (1) | 30 | (208) | (78) | 318 | (707) | ¹⁷ |
| Accrued income taxes payable/receivable | 77 | (154) | (23) | (19) | | | 54 | (173) | |
| Retirement benefits | (8) | 50 | 3 | 8 | | | (5) | 58 | |
| Other | (163) | 107 | 32 | 95 | (70) | (68) | (201) | 134 | ^{12, 13, 16} |
| Net cash provided by operating activities | <u>2,507</u> | <u>842</u> | <u>948</u> | <u>991</u> | <u>(1,669)</u> | <u>(1,057)</u> | <u>1,786</u> | <u>776</u> | |
| Cash Flows from Investing Activities | | | | | | | | | |
| Collections of receivables (excluding receivables related to sales) | | | 11,187 | 10,385 | (820) | (761) | 10,367 | 9,624 | ¹⁵ |
| Proceeds from maturities and sales of marketable securities | 2 | | 45 | 39 | | | 47 | 39 | |
| Proceeds from sales of equipment on operating leases | | | 1,011 | 898 | | | 1,011 | 898 | |
| Cost of receivables acquired (excluding receivables related to sales) | | | (12,080) | (9,885) | 721 | 518 | (11,359) | (9,367) | ¹⁵ |
| Acquisitions of businesses, net of cash acquired | (19) | | | | | | (19) | | |
| Purchases of marketable securities | | | (74) | (71) | | | (74) | (71) | |
| Purchases of property and equipment | (319) | (440) | (1) | (1) | | | (320) | (441) | |
| Cost of equipment on operating leases acquired | | | (1,125) | (1,304) | 361 | 344 | (764) | (960) | ¹⁶ |
| Increase in trade and wholesale receivables | | | (1,246) | (673) | 1,246 | 673 | | | ¹⁵ |
| Collateral on derivatives – net | (1) | | (254) | 319 | | | (255) | 319 | |
| Other | (38) | (40) | (7) | (36) | 24 | 65 | (21) | (11) | ^{14, 18} |
| Net cash provided by (used for) investing activities | <u>(375)</u> | <u>(480)</u> | <u>(2,544)</u> | <u>(329)</u> | <u>1,532</u> | <u>839</u> | <u>(1,387)</u> | <u>30</u> | |
| Cash Flows from Financing Activities | | | | | | | | | |
| Increase (decrease) in total short-term borrowings | (84) | 554 | 296 | 584 | | | 212 | 1,138 | |
| Change in intercompany receivables/payables | (562) | (292) | 562 | 292 | | | | | |
| Proceeds from long-term borrowings | | 4,602 | 3,967 | 2,673 | | | 3,967 | 7,275 | |
| Payments of long-term borrowings | (30) | (152) | (3,127) | (3,163) | | | (3,157) | (3,315) | |
| Proceeds from issuance of common stock | 116 | 70 | | | | | 116 | 70 | |
| Repurchases of common stock | (1,044) | (263) | | | | | (1,044) | (263) | |
| Dividends paid | (480) | (481) | (145) | (225) | 145 | 225 | (480) | (481) | ¹⁴ |
| Other | (34) | (61) | (13) | (13) | (8) | (7) | (55) | (81) | ¹⁴ |
| Net cash provided by (used for) financing activities | <u>(2,118)</u> | <u>3,977</u> | <u>1,540</u> | <u>148</u> | <u>137</u> | <u>218</u> | <u>(441)</u> | <u>4,343</u> | |
| Effect of Exchange Rate Changes on Cash, Cash Equivalents, and Restricted Cash | <u>124</u> | <u>(58)</u> | <u>27</u> | <u>(44)</u> | | | <u>151</u> | <u>(102)</u> | |
| Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash | <u>138</u> | <u>4,281</u> | <u>(29)</u> | <u>766</u> | | | <u>109</u> | <u>5,047</u> | |
| Cash, Cash Equivalents, and Restricted Cash at Beginning of Period | <u>6,156</u> | <u>3,196</u> | <u>1,016</u> | <u>760</u> | | | <u>7,172</u> | <u>3,956</u> | |
| Cash, Cash Equivalents, and Restricted Cash at End of Period | <u>\$ 6,294</u> | <u>\$ 7,477</u> | <u>\$ 987</u> | <u>\$ 1,526</u> | | | <u>\$ 7,281</u> | <u>\$ 9,003</u> | |

The supplemental consolidating data is presented for informational purposes. Transactions between the Equipment Operations and Financial Services have been eliminated to arrive at the consolidated financial statements.

¹ The Equipment Operations represents the enterprise without Financial Services. The Equipment Operations includes the company's production and precision agriculture operations, small agriculture and turf operations, construction and forestry operations, and other corporate assets, liabilities, revenues, and expenses not reflected within Financial Services.

¹² Elimination of depreciation on leases related to inventory transferred to equipment on operating leases.

¹³ Reclassification of share-based compensation expense.

¹⁴ Elimination of dividends from Financial Services to the Equipment Operations, which are included in the Equipment Operations net cash provided by operating activities, and capital investments in Financial Services from the Equipment Operations.

¹⁵ Primarily reclassification of receivables related to the sale of equipment.

¹⁶ Reclassification of lease agreements with direct customers.

¹⁷ Reclassification of sales incentive accruals on receivables sold to Financial Services.

¹⁸ Elimination and reclassification of the effects of Financial Services partial financing of the construction and forestry retail locations sales and subsequent collection of those amounts.

DEERE & COMPANY

OTHER FINANCIAL INFORMATION

The company evaluates its business results on the basis of accounting principles generally accepted in the United States. In addition, it uses a metric referred to as Shareholder Value Added (SVA), which management believes is an appropriate measure for the performance of its businesses. SVA is, in effect, the pretax profit left over after subtracting the cost of enterprise capital. The company is aiming for a sustained creation of SVA and is using this metric for various performance goals. Certain compensation is also determined on the basis of performance using this measure. For purposes of determining SVA, each of the equipment segments is assessed a pretax cost of assets, which on an annual basis is approximately 12 percent of the segment's average identifiable operating assets during the applicable period with inventory at standard cost. Management believes that valuing inventories at standard cost more closely approximates the current cost of inventory and the company's investment in the asset. The Financial Services segment is assessed an annual pretax cost of approximately 13 percent of the segment's average equity. The cost of assets or equity, as applicable, is deducted from the operating profit or added to the operating loss of each segment to determine the amount of SVA.

| For the Six Months Ended | Equipment Operations | | Production & Precision Ag | | Small Ag & Turf | | Construction & Forestry | |
|---|----------------------|---------------|---------------------------|---------------|-----------------|---------------|-------------------------|---------------|
| | May 2 2021 | May 3 2020 | May 2 2021 | May 3 2020 | May 2 2021 | May 3 2020 | May 2 2021 | May 3 2020 |
| Dollars in millions | | | | | | | | |
| Net Sales | \$ 19,049 | \$ 14,754 | \$ 7,599 | \$ 5,872 | \$ 5,904 | \$ 4,583 | \$ 5,546 | \$ 4,299 |
| Net Sales - excluding Wirtgen | | 13,426 | | 5,872 | | 4,583 | | 2,971 |
| Average Identifiable Assets* | | | | | | | | |
| With Inventories at LIFO | \$ 16,292 | \$ 17,162 | \$ 6,375 | \$ 6,390 | \$ 3,513 | \$ 3,721 | \$ 6,404 | \$ 7,051 |
| With Inventories at LIFO - excluding Wirtgen | | 13,113 | | 6,390 | | 3,721 | | 3,002 |
| With Inventories at Standard Cost | 17,681 | 18,580 | 7,065 | 7,074 | 3,947 | 4,188 | 6,669 | 7,318 |
| With Inventories at Standard Cost - excluding Wirtgen | | 14,532 | | 7,074 | | 4,188 | | 3,270 |
| Operating Profit | \$ 3,524 | \$ 1,356 | \$ 1,651 | \$ 786 | \$ 1,117 | \$ 381 | \$ 756 | \$ 189 |
| Operating Profit - excluding Wirtgen | | 1,313 | | 786 | | 381 | | 146 |
| Percent of Net Sales** | 18.5 % | 9.8 % | 21.7 % | 13.4 % | 18.9 % | 8.3 % | 13.6 % | 4.9 % |
| Operating Return on Assets** | | | | | | | | |
| With Inventories at LIFO | 21.6 % | 10.0 % | 25.9 % | 12.3 % | 31.8 % | 10.2 % | 11.8 % | 4.9 % |
| With Inventories at Standard Cost | 19.9 % | 9.0 % | 23.4 % | 11.1 % | 28.3 % | 9.1 % | 11.3 % | 4.5 % |
| SVA Cost of Assets** | \$ (1,062) | \$ (872) | \$ (425) | \$ (425) | \$ (237) | \$ (251) | \$ (400) | \$ (196) |
| SVA** | 2,462 | 441 | 1,226 | 361 | 880 | 130 | 356 | (50) |

| For the Six Months Ended | Financial Services | |
|--|--------------------|---------------|
| | May 2 2021 | May 3 2020 |
| Dollars in millions | | |
| Net Income Attributable to Deere & Company | \$ 427 | \$ 197 |
| Average Equity | 5,376 | 5,071 |
| Return on Equity | 7.9 % | 3.9 % |
| Operating Profit | \$ 553 | \$ 254 |
| Cost of Equity | (349) | (330) |
| SVA | 204 | (76) |

* At the beginning of fiscal year 2021, the company reclassified goodwill from the Equipment Operations segments' identifiable assets to corporate assets. Operating return on assets (OROA) and SVA exclude the impact of goodwill. Prior period information has been recast for a consistent presentation.

** Beginning in fiscal year 2021, the results and assets related to the Wirtgen Group (Wirtgen) are included in the calculation of OROA and SVA. Due to integration efforts, the 2020 information did not include Wirtgen's results and assets. Prior period information was not recast for this change, which is consistent with the company's internal presentation.