

Caterpillar Inc.

2Q 2021 Earnings Release

July 30, 2021

FOR IMMEDIATE RELEASE

Caterpillar Reports Second-Quarter 2021 Results

| | Second Quarter | |
|--|----------------|--------|
| | 2021 | 2020 |
| (\$ in billions except profit per share) | | |
| Sales and Revenues | \$12.9 | \$10.0 |
| Profit Per Share | \$2.56 | \$0.84 |
| Adjusted Profit Per Share | \$2.60 | \$1.27 |

- Second-quarter 2021 sales and revenues increased 29% to \$12.9 billion
- Second-quarter 2021 profit per share of \$2.56; adjusted profit per share of \$2.60
- Strong balance sheet; returned \$0.8 billion to shareholders through dividends and share repurchases

DEERFIELD, Ill. – Caterpillar Inc. (NYSE: CAT) today announced second-quarter 2021 sales and revenues of \$12.9 billion, a 29% increase compared with \$10.0 billion in the second quarter of 2020. The increase was primarily due to higher sales volume driven by higher end-user demand for equipment and services and the impact from changes in dealer inventories. Dealers decreased their inventories more during the second quarter of 2020 than during the second quarter of 2021.

Operating profit margin was 13.9% for the second quarter of 2021, compared with 7.8% for the second quarter of 2020. Second-quarter 2021 profit per share was \$2.56, compared with \$0.84 profit per share in the second quarter of 2020. Adjusted profit per share in the second quarter of 2021 was \$2.60, compared with second-quarter 2020 adjusted profit per share of \$1.27. Adjusted profit per share for both quarters excluded restructuring costs, while the second quarter of 2020 also excluded remeasurement losses of \$0.19 per share, resulting from the settlements of pension obligations. Please see a reconciliation of GAAP to non-GAAP financial measures in the appendix on page 13.

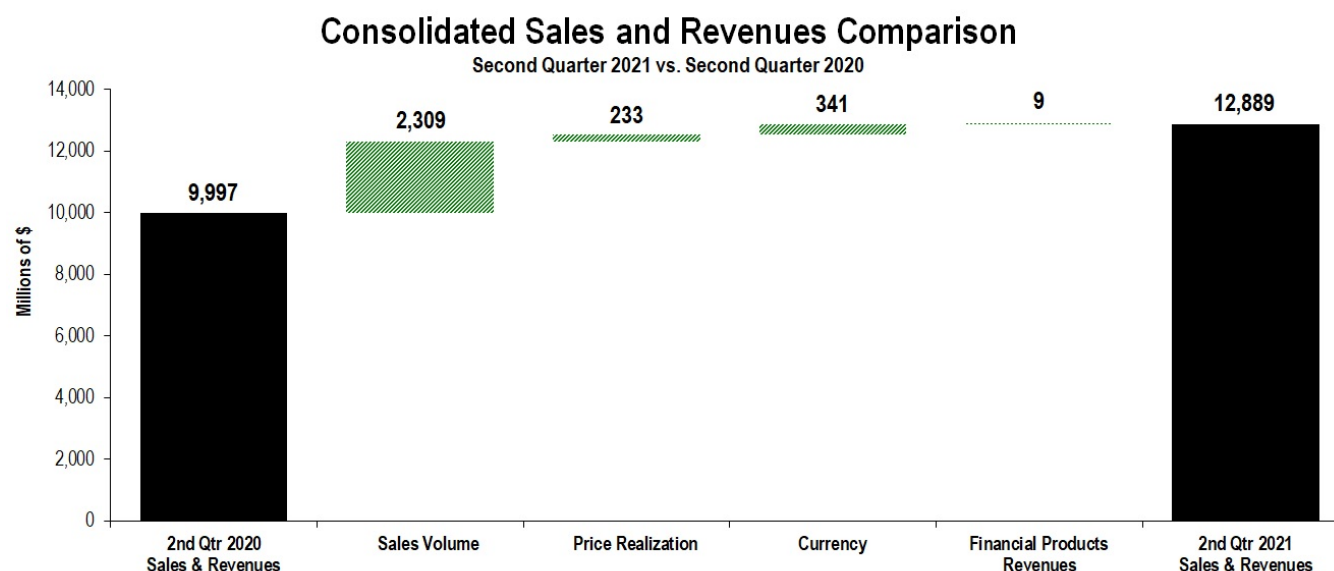
For the first half of 2021, enterprise operating cash flow was \$4.0 billion. In total, the company returned \$0.8 billion to shareholders in the quarter, after increasing the dividend and reinstating share repurchases. The company ended the period with \$10.8 billion of enterprise cash.

“Our dedicated global team remains focused on serving our customers, executing our strategy and investing for future profitable growth,” said Caterpillar Chairman and CEO Jim Umpleby. “We’re encouraged by higher sales and revenues across all regions and in our three primary segments, which reflect continued improvement in our end markets.”

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CONSOLIDATED RESULTS

Consolidated Sales and Revenues



The chart above graphically illustrates reasons for the change in consolidated sales and revenues between the second quarter of 2020 (at left) and the second quarter of 2021 (at right). Caterpillar management utilizes these charts internally to visually communicate with the company's Board of Directors and employees.

Total sales and revenues for the second quarter of 2021 were \$12.889 billion, an increase of \$2.892 billion, or 29%, compared with \$9.997 billion in the second quarter of 2020. The increase was primarily due to higher sales volume driven by higher end-user demand for equipment and services and the impact from changes in dealer inventories. Dealers decreased inventories by \$1.4 billion during the second quarter of 2020, compared with a decrease of \$400 million during the second quarter of 2021. Favorable currency impacts were related to the Australian dollar, euro and Chinese yuan. Favorable price realization also contributed to the sales improvement.

Sales were higher across all regions and in the three primary segments.

Sales and Revenues by Segment

| (Millions of dollars) | Second Quarter 2020 | Sales Volume | Price Realization | Currency | Inter-Segment / Other | Second Quarter 2021 | \$ Change | % Change |
|---|---------------------|-----------------|-------------------|---------------|-----------------------|---------------------|-----------------|------------|
| Construction Industries | \$ 4,048 | \$ 1,171 | \$ 238 | \$ 162 | \$ 37 | \$ 5,656 | \$ 1,608 | 40% |
| Resource Industries | 1,826 | 712 | (17) | 66 | (8) | 2,579 | 753 | 41% |
| Energy & Transportation | 4,149 | 456 | 12 | 111 | 247 | 4,975 | 826 | 20% |
| All Other Segment | 115 | 4 | — | 2 | 7 | 128 | 13 | 11% |
| Corporate Items and Eliminations | (828) | (34) | — | — | (283) | (1,145) | (317) | |
| Machinery, Energy & Transportation | 9,310 | 2,309 | 233 | 341 | — | 12,193 | 2,883 | 31% |
| Financial Products Segment | 763 | — | — | — | 11 | 774 | 11 | 1% |
| Corporate Items and Eliminations | (76) | — | — | — | (2) | (78) | (2) | |
| Financial Products Revenues | 687 | — | — | — | 9 | 696 | 9 | 1% |
| Consolidated Sales and Revenues | \$ 9,997 | \$ 2,309 | \$ 233 | \$ 341 | \$ 9 | \$ 12,889 | \$ 2,892 | 29% |

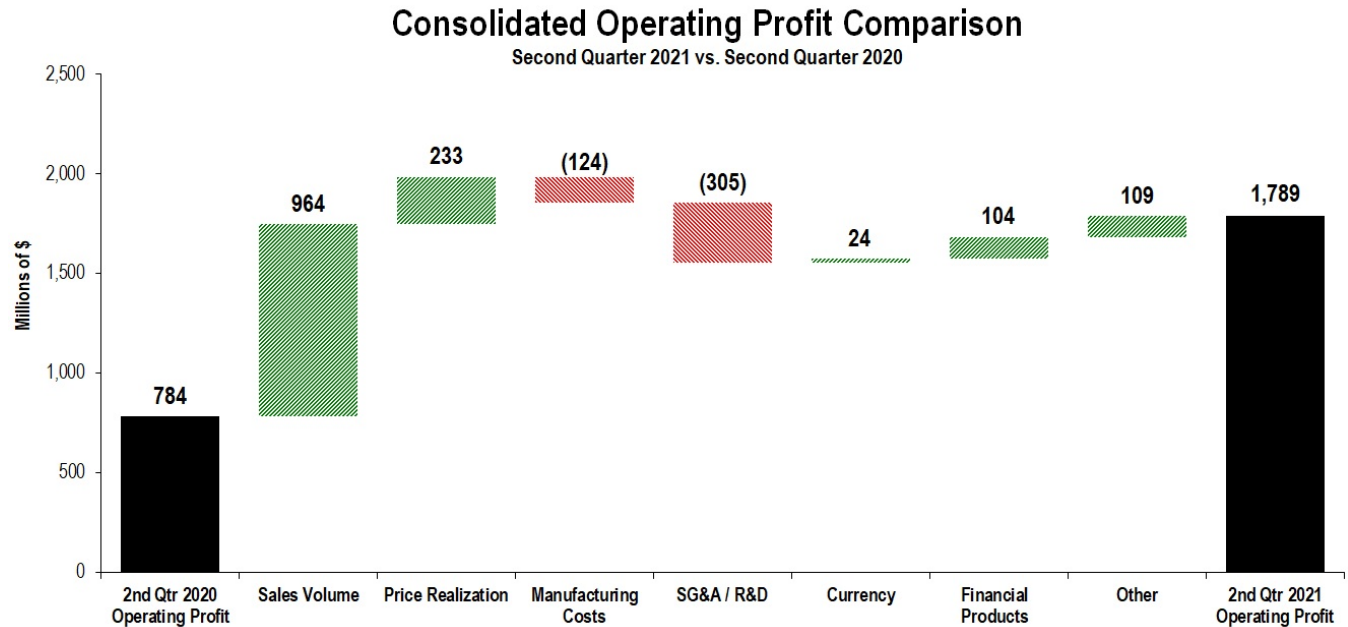
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Sales and Revenues by Geographic Region

| (Millions of dollars) | North America | | Latin America | | EAME | | Asia/Pacific | | External Sales and Revenues | | Inter-Segment | | Total Sales and Revenues | |
|---|-----------------|------------|-----------------|------------|-----------------|------------|-----------------|------------|-----------------------------|------------|---------------|-----------|--------------------------|------------|
| | \$ | % Chg | \$ | % Chg | \$ | % Chg | \$ | % Chg | \$ | % Chg | \$ | % Chg | \$ | % Chg |
| Second Quarter 2021 | | | | | | | | | | | | | | |
| Construction Industries | \$ 2,498 | 56% | \$ 430 | 103% | \$ 1,291 | 38% | \$ 1,384 | 8% | \$ 5,603 | 39% | \$ 53 | 231% | \$ 5,656 | 40% |
| Resource Industries | 799 | 58% | 487 | 80% | 525 | 39% | 660 | 19% | 2,471 | 45% | 108 | (7%) | 2,579 | 41% |
| Energy & Transportation | 1,992 | 10% | 250 | 27% | 1,196 | 29% | 682 | 14% | 4,120 | 16% | 855 | 41% | 4,975 | 20% |
| All Other Segment | 11 | 57% | 1 | —% | 4 | (20%) | 18 | 20% | 34 | 21% | 94 | 8% | 128 | 11% |
| Corporate Items and Eliminations | (31) | | (1) | | (1) | | (2) | | (35) | | (1,110) | | (1,145) | |
| Machinery, Energy & Transportation | 5,269 | 34% | 1,167 | 72% | 3,015 | 34% | 2,742 | 12% | 12,193 | 31% | — | —% | 12,193 | 31% |
| Financial Products Segment | 488 | (1%) | 65 | 8% | 96 | —% | 125 | 10% | 774 | 1% | — | —% | 774 | 1% |
| Corporate Items and Eliminations | (38) | | (11) | | (9) | | (20) | | (78) | | — | | (78) | |
| Financial Products Revenues | 450 | —% | 54 | 6% | 87 | —% | 105 | 6% | 696 | 1% | — | —% | 696 | 1% |
| Consolidated Sales and Revenues | \$ 5,719 | 30% | \$ 1,221 | 67% | \$ 3,102 | 33% | \$ 2,847 | 12% | \$ 12,889 | 29% | \$ — | —% | \$ 12,889 | 29% |
| Second Quarter 2020 | | | | | | | | | | | | | | |
| Construction Industries | \$ 1,604 | | \$ 212 | | \$ 933 | | \$ 1,283 | | \$ 4,032 | | \$ 16 | | \$ 4,048 | |
| Resource Industries | 507 | | 270 | | 379 | | 554 | | 1,710 | | 116 | | 1,826 | |
| Energy & Transportation | 1,816 | | 197 | | 929 | | 599 | | 3,541 | | 608 | | 4,149 | |
| All Other Segment | 7 | | 1 | | 5 | | 15 | | 28 | | 87 | | 115 | |
| Corporate Items and Eliminations | 2 | | (1) | | — | | (2) | | (1) | | (827) | | (828) | |
| Machinery, Energy & Transportation | 3,936 | | 679 | | 2,246 | | 2,449 | | 9,310 | | — | | 9,310 | |
| Financial Products Segment | 493 | | 60 | | 96 | | 114 | | 763 | | — | | 763 | |
| Corporate Items and Eliminations | (43) | | (9) | | (9) | | (15) | | (76) | | — | | (76) | |
| Financial Products Revenues | 450 | | 51 | | 87 | | 99 | | 687 | | — | | 687 | |
| Consolidated Sales and Revenues | \$ 4,386 | | \$ 730 | | \$ 2,333 | | \$ 2,548 | | \$ 9,997 | | \$ — | | \$ 9,997 | |

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Consolidated Operating Profit



The chart above graphically illustrates reasons for the change in consolidated operating profit between the second quarter of 2020 (at left) and the second quarter of 2021 (at right). Caterpillar management utilizes these charts internally to visually communicate with the company's Board of Directors and employees. The bar titled Other includes consolidating adjustments and Machinery, Energy & Transportation's other operating (income) expenses.

Operating profit for the second quarter of 2021 was \$1.789 billion, an increase of \$1.005 billion, or 128%, compared with \$784 million in the second quarter of 2020. The increase was primarily due to higher sales volume. Favorable price realization, lower restructuring expenses (included in other) and higher profit from Financial Products were mostly offset by higher selling, general and administrative (SG&A) and research and development (R&D) expenses and higher manufacturing costs.

The increase in SG&A/R&D expenses was mainly driven by higher short-term incentive compensation expense, which was reinstated in 2021.

Unfavorable manufacturing costs reflected higher period manufacturing and material costs, partially offset by favorable cost absorption. Period manufacturing costs increased primarily due to higher short-term incentive compensation expense and higher labor-related costs. Cost absorption was favorable as inventory increased during the second quarter of 2021, compared with a decrease during the second quarter of 2020.

Profit (Loss) by Segment

| (Millions of dollars) | Second Quarter 2021 | Second Quarter 2020 | \$ Change | % Change |
|---|------------------------|------------------------|-----------------|-------------|
| Construction Industries | \$ 1,024 | \$ 518 | \$ 506 | 98% |
| Resource Industries | 361 | 152 | 209 | 138% |
| Energy & Transportation | 731 | 624 | 107 | 17% |
| All Other Segment | (10) | (3) | (7) | (233%) |
| Corporate Items and Eliminations | (453) | (542) | 89 | |
| Machinery, Energy & Transportation | 1,653 | 749 | 904 | 121% |
| Financial Products Segment | 243 | 148 | 95 | 64% |
| Corporate Items and Eliminations | (29) | (38) | 9 | |
| Financial Products | 214 | 110 | 104 | 95% |
| Consolidating Adjustments | (78) | (75) | (3) | |
| Consolidated Operating Profit | \$ 1,789 | \$ 784 | \$ 1,005 | 128% |

Other Profit/Loss and Tax Items

- Other income (expense) in the second quarter of 2021 was income of \$201 million, compared with income of \$29 million in the second quarter of 2020. The change was primarily due to the absence of remeasurement losses resulting from the settlements of pension obligations that occurred in the second quarter of 2020, as well as favorable pension and other postemployment benefit (OPEB) costs.
- The provision for income taxes for the second quarter of 2021 reflected a lower estimated annual tax rate of 26%, compared with 31% for the second quarter of 2020, excluding the discrete items discussed below. The comparative tax rate for full-year 2020 was approximately 28%. The decrease in the estimated annual tax rate from full-year 2020 was mainly related to changes in the expected geographic mix of profits from a tax perspective for 2021.

In addition, a discrete tax benefit of \$17 million was recorded in the second quarter of 2021 for the settlement of stock-based compensation awards with associated tax deductions in excess of cumulative U.S. GAAP compensation expense. A \$21 million tax benefit was also recorded in the second quarter of 2020 related to the \$122 million of remeasurement losses resulting from the settlements of pension obligations.

CONSTRUCTION INDUSTRIES

(Millions of dollars)

Segment Sales

| | Second Quarter 2020 | Sales Volume | Price Realization | Currency | Inter- Segment | Second Quarter 2021 | \$ Change | % Change |
|-------------|------------------------|-----------------|----------------------|----------|-------------------|------------------------|--------------|-------------|
| Total Sales | \$ 4,048 | \$ 1,171 | \$ 238 | \$ 162 | \$ 37 | \$ 5,656 | \$ 1,608 | 40% |

Sales by Geographic Region

| | Second Quarter 2021 | Second Quarter 2020 | \$ Change | % Change |
|----------------|------------------------|------------------------|-----------------|-------------|
| North America | \$ 2,498 | \$ 1,604 | \$ 894 | 56% |
| Latin America | 430 | 212 | 218 | 103% |
| EAME | 1,291 | 933 | 358 | 38% |
| Asia/Pacific | 1,384 | 1,283 | 101 | 8% |
| External Sales | 5,603 | 4,032 | 1,571 | 39% |
| Inter-segment | 53 | 16 | 37 | 231% |
| Total Sales | <u>\$ 5,656</u> | <u>\$ 4,048</u> | <u>\$ 1,608</u> | 40% |

Segment Profit

| | Second Quarter 2021 | Second Quarter 2020 | Change | % Change |
|-----------------------|------------------------|------------------------|---------|-------------|
| Segment Profit | \$ 1,024 | \$ 518 | \$ 506 | 98% |
| Segment Profit Margin | 18.1 % | 12.8 % | 5.3 pts | |

Construction Industries' total sales were \$5.656 billion in the second quarter of 2021, an increase of \$1.608 billion, or 40%, compared with \$4.048 billion in the second quarter of 2020. The increase was due to higher sales volume, favorable price realization and favorable currency impacts from the euro, Australian dollar and Chinese yuan. The increase in sales volume was driven by higher end-user demand for equipment and aftermarket parts and the impact from changes in dealer inventories. Overall, dealers decreased inventories more during the second quarter of 2020 than during the second quarter of 2021.

- In North America, sales increased due to higher sales volume and favorable price realization. Higher sales volume was driven by higher end-user demand primarily in residential construction and the impact from changes in dealer inventories. Dealers decreased inventories more during the second quarter of 2020 than during the second quarter of 2021.
- Sales increased in Latin America mostly due to higher sales volume driven by higher end-user demand across the region for equipment and aftermarket parts and the impact of changes in dealer inventories. Dealers increased inventories during the second quarter of 2021, compared with a decrease during the second quarter of 2020.
- In EAME, sales increased due to higher sales volume and favorable currency impacts primarily from a stronger euro. Higher sales volume was driven by higher end-user demand and the impact from changes in dealer inventories. Dealers increased inventories during the second quarter of 2021, compared with a decrease during the second quarter of 2020.
- Sales increased in Asia/Pacific primarily due to favorable currency impacts from a stronger Australian dollar and Chinese yuan and favorable price realization, partially offset by lower sales volume. Lower sales volume was driven by lower end-user demand for equipment, primarily in China, partially offset by the impacts from changes in dealer inventories and higher end-user demand for aftermarket parts. Dealers decreased inventories more during the second quarter of 2020 than during the second quarter of 2021.

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Construction Industries' profit was \$1.024 billion in the second quarter of 2021, an increase of \$506 million, or 98%, compared with \$518 million in the second quarter of 2020. The increase was mainly due to higher sales volume and favorable price realization, partially offset by higher SG&A/R&D expenses and unfavorable manufacturing costs.

The increase in SG&A/R&D expenses was driven by higher short-term incentive compensation expense.

Increased manufacturing costs reflected higher period manufacturing and material costs partially offset by favorable impacts of cost absorption and variable labor and burden. The increase in period manufacturing costs was driven by higher short-term incentive compensation expense and higher labor costs. Cost absorption was favorable as inventory increased during the second quarter of 2021, compared with a decrease during the second quarter of 2020.

RESOURCE INDUSTRIES

(Millions of dollars)

Segment Sales

| | Second Quarter 2020 | Sales Volume | Price Realization | Currency | Inter- Segment | Second Quarter 2021 | \$ Change | % Change |
|-------------|------------------------|-----------------|----------------------|----------|-------------------|------------------------|--------------|-------------|
| Total Sales | \$ 1,826 | \$ 712 | \$ (17) | \$ 66 | \$ (8) | \$ 2,579 | \$ 753 | 41% |

Sales by Geographic Region

| | Second Quarter 2021 | Second Quarter 2020 | \$ Change | % Change |
|----------------|------------------------|------------------------|---------------|-------------|
| North America | \$ 799 | \$ 507 | \$ 292 | 58% |
| Latin America | 487 | 270 | 217 | 80% |
| EAME | 525 | 379 | 146 | 39% |
| Asia/Pacific | 660 | 554 | 106 | 19% |
| External Sales | 2,471 | 1,710 | 761 | 45% |
| Inter-segment | 108 | 116 | (8) | (7%) |
| Total Sales | <u>\$ 2,579</u> | <u>\$ 1,826</u> | <u>\$ 753</u> | 41% |

Segment Profit

| | Second Quarter 2021 | Second Quarter 2020 | Change | % Change |
|-----------------------|------------------------|------------------------|---------|-------------|
| Segment Profit | \$ 361 | \$ 152 | \$ 209 | 138% |
| Segment Profit Margin | 14.0 % | 8.3 % | 5.7 pts | |

Resource Industries' total sales were \$2.579 billion in the second quarter of 2021, an increase of \$753 million, or 41%, compared with \$1.826 billion in the second quarter of 2020. The increase was due to higher sales volume driven by higher end-user demand for equipment and aftermarket parts and the impacts of changes in dealer inventories. Dealers decreased inventories during the second quarter of 2020, compared to remaining about flat during the second quarter of 2021. End-user demand was higher in heavy construction and quarry and aggregates; it was also higher in mining, although to a lesser extent.

Resource Industries' profit was \$361 million in the second quarter of 2021, an increase of \$209 million, or 138%, compared with \$152 million in the second quarter of 2020. The increase was mainly due to higher sales volume, partially offset by higher SG&A/R&D expenses. The increase in SG&A/R&D expenses was driven by higher short-term incentive compensation expense.

ENERGY & TRANSPORTATION

(Millions of dollars)

Segment Sales

| | Second Quarter 2020 | Sales Volume | Price Realization | Currency | Inter- Segment | Second Quarter 2021 | \$ Change | % Change |
|-------------|------------------------|-----------------|----------------------|----------|-------------------|------------------------|--------------|-------------|
| Total Sales | \$ 4,149 | \$ 456 | \$ 12 | \$ 111 | \$ 247 | \$ 4,975 | \$ 826 | 20% |

Sales by Application

| | Second Quarter 2021 | Second Quarter 2020 | \$ Change | % Change |
|------------------|------------------------|------------------------|---------------|-------------|
| Oil and Gas | \$ 1,137 | \$ 1,027 | \$ 110 | 11% |
| Power Generation | 1,052 | 895 | 157 | 18% |
| Industrial | 899 | 678 | 221 | 33% |
| Transportation | 1,032 | 941 | 91 | 10% |
| External Sales | 4,120 | 3,541 | 579 | 16% |
| Inter-segment | 855 | 608 | 247 | 41% |
| Total Sales | <u>\$ 4,975</u> | <u>\$ 4,149</u> | <u>\$ 826</u> | 20% |

Segment Profit

| | Second Quarter 2021 | Second Quarter 2020 | Change | % Change |
|-----------------------|------------------------|------------------------|-----------|-------------|
| Segment Profit | \$ 731 | \$ 624 | \$ 107 | 17% |
| Segment Profit Margin | 14.7 % | 15.0 % | (0.3 pts) | |

Energy & Transportation's total sales were \$4.975 billion in the second quarter of 2021, an increase of \$826 million, or 20%, compared with \$4.149 billion in the second quarter of 2020. Sales increased across all applications.

- Oil and Gas – Sales increased mainly due to higher sales of reciprocating engine aftermarket parts in all regions. The increase was partially offset by lower sales in reciprocating engines used in well servicing applications and turbines and turbine-related services.
- Power Generation – Sales increased due to higher sales volume in large reciprocating engines, primarily driven by data centers, and reciprocating engine aftermarket parts.
- Industrial – Sales were up due to higher demand across all regions.
- Transportation – Sales increased in rail services and marine.

Energy & Transportation's profit was \$731 million in the second quarter of 2021, an increase of \$107 million, or 17%, compared with \$624 million in the second quarter of 2020. The increase was due to higher sales volume partially offset by higher SG&A/R&D expenses and period manufacturing costs. Both SG&A/R&D expenses and period manufacturing costs were driven by higher short-term incentive compensation expense and acquisition-related expenses.

FINANCIAL PRODUCTS SEGMENT

(Millions of dollars)

Revenues by Geographic Region

| | Second Quarter 2021 | Second Quarter 2020 | \$ Change | % Change |
|----------------|------------------------|------------------------|--------------|-------------|
| North America | \$ 488 | \$ 493 | \$ (5) | (1%) |
| Latin America | 65 | 60 | 5 | 8% |
| EAME | 96 | 96 | — | —% |
| Asia/Pacific | 125 | 114 | 11 | 10% |
| Total Revenues | <u>\$ 774</u> | <u>\$ 763</u> | <u>\$ 11</u> | 1% |

Segment Profit

| | Second Quarter 2021 | Second Quarter 2020 | Change | % Change |
|----------------|------------------------|------------------------|--------|-------------|
| Segment Profit | \$ 243 | \$ 148 | \$ 95 | 64% |

Financial Products' segment revenues were \$774 million in the second quarter of 2021, an increase of \$11 million, or 1%, from the second quarter of 2020.

Financial Products' segment profit was \$243 million in the second quarter of 2021, compared with \$148 million in the second quarter of 2020. The increase was mainly due to lower provision for credit losses at Cat Financial, higher net yield on average earning assets and a favorable impact from returned or repossessed equipment. These favorable impacts were partially offset by an increase in SG&A expenses primarily due to higher short-term incentive compensation expense.

At the end of the second quarter of 2021, past dues at Cat Financial were 2.58%, compared with 3.74% at the end of the second quarter of 2020. Past dues decreased across all portfolio segments as global markets generally improved. Write-offs, net of recoveries, were \$54 million for the second quarter of 2021, compared with \$30 million for the second quarter of 2020. As of June 30, 2021, Cat Financial's allowance for credit losses totaled \$402 million, or 1.46% of finance receivables, compared with \$441 million, or 1.64% of finance receivables at March 31, 2021. The allowance for credit losses at year-end 2020 was \$479 million, or 1.77% of finance receivables.

Corporate Items and Eliminations

Expense for corporate items and eliminations was \$482 million in the second quarter of 2021, a decrease of \$98 million from the second quarter of 2020, primarily due to favorable impacts of segment reporting methodology differences and lower restructuring costs, partially offset by higher expenses due to timing differences.

Notes

- i. Glossary of terms is included on the Caterpillar website at <https://investors.caterpillar.com/overview/default.aspx>.
- ii. End-user demand is demonstrated by the company's Rolling 3 Month Retail Sales Statistics filed in a Form 8-K on Friday, July 30, 2021.
- iii. Information on non-GAAP financial measures is included in the appendix on page 13.
- iv. Some amounts within this report are rounded to the millions or billions and may not add.
- v. Caterpillar will conduct a teleconference and live webcast, with a slide presentation, beginning at 7:30 a.m. Central Time on Friday, July 30, 2021, to discuss its 2021 second-quarter results. The accompanying slides will be available before the webcast on the Caterpillar website at <https://investors.caterpillar.com/events-presentations/default.aspx>.

About Caterpillar

With 2020 sales and revenues of \$41.7 billion, Caterpillar Inc. is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. Since 1925, we've been driving sustainable progress and helping customers build a better world through innovative products and services. Throughout the product life cycle, we offer services built on cutting-edge technology and decades of product expertise. These products and services, backed by our global dealer network, provide exceptional value to help our customers succeed. We do business on every continent, principally operating through three primary segments – Construction Industries, Resource Industries and Energy & Transportation – and providing financing and related services through our Financial Products segment. Visit us at caterpillar.com or join the conversation on our social media channels at caterpillar.com/social-media.

Caterpillar's latest financial results are also available online:

<https://investors.caterpillar.com/overview/default.aspx>

<https://investors.caterpillar.com/financials/quarterly-results/default.aspx> (live broadcast/replays of quarterly conference call)

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Forward-Looking Statements

Certain statements in this press release relate to future events and expectations and are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “believe,” “estimate,” “will be,” “will,” “would,” “expect,” “anticipate,” “plan,” “forecast,” “target,” “guide,” “project,” “intend,” “could,” “should” or other similar words or expressions often identify forward-looking statements. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding our outlook, projections, forecasts or trend descriptions. These statements do not guarantee future performance and speak only as of the date they are made, and we do not undertake to update our forward-looking statements.

Caterpillar’s actual results may differ materially from those described or implied in our forward-looking statements based on a number of factors, including, but not limited to: (i) global and regional economic conditions and economic conditions in the industries we serve; (ii) commodity price changes, material price increases, fluctuations in demand for our products or significant shortages of material; (iii) government monetary or fiscal policies; (iv) political and economic risks, commercial instability and events beyond our control in the countries in which we operate; (v) international trade policies and their impact on demand for our products and our competitive position, including the imposition of new tariffs or changes in existing tariff rates; (vi) our ability to develop, produce and market quality products that meet our customers’ needs; (vii) the impact of the highly competitive environment in which we operate on our sales and pricing; (viii) information technology security threats and computer crime; (ix) inventory management decisions and sourcing practices of our dealers and our OEM customers; (x) a failure to realize, or a delay in realizing, all of the anticipated benefits of our acquisitions, joint ventures or divestitures; (xi) union disputes or other employee relations issues; (xii) adverse effects of unexpected events; (xiii) disruptions or volatility in global financial markets limiting our sources of liquidity or the liquidity of our customers, dealers and suppliers; (xiv) failure to maintain our credit ratings and potential resulting increases to our cost of borrowing and adverse effects on our cost of funds, liquidity, competitive position and access to capital markets; (xv) our Financial Products segment’s risks associated with the financial services industry; (xvi) changes in interest rates or market liquidity conditions; (xvii) an increase in delinquencies, repossessions or net losses of Cat Financial’s customers; (xviii) currency fluctuations; (xix) our or Cat Financial’s compliance with financial and other restrictive covenants in debt agreements; (xx) increased pension plan funding obligations; (xxi) alleged or actual violations of trade or anti-corruption laws and regulations; (xxii) additional tax expense or exposure, including the impact of U.S. tax reform; (xxiii) significant legal proceedings, claims, lawsuits or government investigations; (xxiv) new regulations or changes in financial services regulations; (xxv) compliance with environmental laws and regulations; (xxvi) the duration and geographic spread of, business disruptions caused by, and the overall global economic impact of, the COVID-19 pandemic; and (xxvii) other factors described in more detail in Caterpillar’s Forms 10-Q, 10-K and other filings with the Securities and Exchange Commission.

APPENDIX

NON-GAAP FINANCIAL MEASURES

The following definitions are provided for the non-GAAP financial measures. These non-GAAP financial measures have no standardized meaning prescribed by U.S. GAAP and therefore are unlikely to be comparable to the calculation of similar measures for other companies. Management does not intend these items to be considered in isolation or as a substitute for the related GAAP measures.

The company believes it is important to separately quantify the profit impact of two significant items in order for the company's results to be meaningful to readers. These items consist of (i) restructuring costs, which were incurred to generate longer-term benefits and (ii) remeasurement losses resulting from the settlements of pension obligations in the second quarter of 2020. The company does not consider these items indicative of earnings from ongoing business activities and believes the non-GAAP measure provides investors with useful perspective on underlying business results and trends and aids with assessing the company's period-over-period results. The company intends to discuss adjusted profit per share for the fourth quarter and full-year 2021, excluding mark-to-market gains or losses for remeasurement of pension and other postemployment benefit plans along with any other discrete items.

Reconciliations of adjusted results to the most directly comparable GAAP measure are as follows:

| (Dollars in millions except per share data) | Operating Profit | Operating Profit Margin | Profit Before Taxes | Provision (Benefit) for Income Taxes | Effective Tax Rate | Profit | Profit per Share |
|---|------------------|-------------------------|---------------------|--------------------------------------|--------------------|-----------------|------------------|
| Three Months Ended June 30, 2021 - U.S. GAAP | \$ 1,789 | 13.9 % | \$ 1,870 | \$ 470 | 25.1 % | \$ 1,413 | \$ 2.56 |
| Restructuring costs | 25 | 0.2 % | 25 | 3 | 15.0 % | 22 | \$ 0.04 |
| Three Months Ended June 30, 2021 - Adjusted | <u>\$ 1,814</u> | 14.1 % | <u>\$ 1,895</u> | <u>\$ 473</u> | 25.0 % | <u>\$ 1,435</u> | <u>\$ 2.60</u> |
| Three Months Ended June 30, 2020 - U.S. GAAP | \$ 784 | 7.8 % | \$ 678 | \$ 227 | 33.5 % | \$ 458 | \$ 0.84 |
| Restructuring costs | 147 | 1.5 % | 147 | 15 | 10.2 % | 132 | \$ 0.24 |
| Remeasurement losses of pension obligations | — | —% | 122 | 21 | 17.2 % | 101 | \$ 0.19 |
| Three Months Ended June 30, 2020 - Adjusted | <u>\$ 931</u> | 9.3 % | <u>\$ 947</u> | <u>\$ 263</u> | 27.8 % | <u>\$ 691</u> | <u>\$ 1.27</u> |

Supplemental Consolidating Data

The company is providing supplemental consolidating data for the purpose of additional analysis. The data has been grouped as follows:

Consolidated – Caterpillar Inc. and its subsidiaries.

Machinery, Energy & Transportation (ME&T) – The company defines ME&T as it is presented in the supplemental data as Caterpillar Inc. and its subsidiaries, excluding Financial Products. ME&T's information relates to the design, manufacturing and marketing of its products.

Financial Products – The company defines Financial Products as it is presented in the supplemental data as its finance and insurance subsidiaries, primarily Caterpillar Financial Services Corporation (Cat Financial) and Caterpillar Insurance Holdings Inc. (Insurance Services). Financial Products' information relates to the financing to customers and dealers for the purchase and lease of Caterpillar and other equipment.

Consolidating Adjustments – Eliminations of transactions between ME&T and Financial Products.

The nature of the ME&T and Financial Products businesses is different, especially with regard to the financial position and cash flow items. Caterpillar management utilizes this presentation internally to highlight these differences. The company believes this presentation will assist readers in understanding its business.

Pages 15 to 25 reconcile ME&T and Financial Products to Caterpillar Inc. consolidated financial information.

Caterpillar Inc.
Condensed Consolidated Statement of Results of Operations
(Unaudited)
(Dollars in millions except per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|---------------|------------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Sales and revenues: | | | | |
| Sales of Machinery, Energy & Transportation | \$ 12,193 | \$ 9,310 | \$ 23,384 | \$ 19,224 |
| Revenues of Financial Products | 696 | 687 | 1,392 | 1,408 |
| Total sales and revenues | <u>12,889</u> | <u>9,997</u> | <u>24,776</u> | <u>20,632</u> |
| Operating costs: | | | | |
| Cost of goods sold | 8,881 | 7,113 | 16,893 | 14,379 |
| Selling, general and administrative expenses | 1,364 | 1,179 | 2,603 | 2,300 |
| Research and development expenses | 446 | 341 | 820 | 697 |
| Interest expense of Financial Products | 116 | 149 | 241 | 324 |
| Other operating (income) expenses | 293 | 431 | 616 | 744 |
| Total operating costs | <u>11,100</u> | <u>9,213</u> | <u>21,173</u> | <u>18,444</u> |
| Operating profit | 1,789 | 784 | 3,603 | 2,188 |
| Interest expense excluding Financial Products | 120 | 135 | 262 | 248 |
| Other income (expense) | 201 | 29 | 526 | 251 |
| Consolidated profit before taxes | 1,870 | 678 | 3,867 | 2,191 |
| Provision (benefit) for income taxes | 470 | 227 | 945 | 652 |
| Profit of consolidated companies | <u>1,400</u> | <u>451</u> | <u>2,922</u> | <u>1,539</u> |
| Equity in profit (loss) of unconsolidated affiliated companies | 14 | 8 | 23 | 13 |
| Profit of consolidated and affiliated companies | 1,414 | 459 | 2,945 | 1,552 |
| Less: Profit (loss) attributable to noncontrolling interests | 1 | 1 | 2 | 2 |
| Profit ¹ | <u>\$ 1,413</u> | <u>\$ 458</u> | <u>\$ 2,943</u> | <u>\$ 1,550</u> |
| <hr/> | | | | |
| Profit per common share | \$ 2.58 | \$ 0.84 | \$ 5.38 | \$ 2.85 |
| Profit per common share — diluted ² | \$ 2.56 | \$ 0.84 | \$ 5.33 | \$ 2.83 |
| Weighted-average common shares outstanding (millions) | | | | |
| – Basic | 547.9 | 541.5 | 547.1 | 544.5 |
| – Diluted ² | 552.1 | 544.5 | 551.8 | 548.2 |

¹ Profit attributable to common shareholders.

² Diluted by assumed exercise of stock-based compensation awards using the treasury stock method.

Caterpillar Inc.
Condensed Consolidated Statement of Financial Position
(Unaudited)
(Millions of dollars)

| | <u>June 30, 2021</u> | <u>December 31, 2020</u> |
|---|--------------------------|------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and short-term investments | \$ 10,831 | \$ 9,352 |
| Receivables – trade and other | 7,840 | 7,317 |
| Receivables – finance | 9,523 | 9,463 |
| Prepaid expenses and other current assets | 2,080 | 1,930 |
| Inventories | 12,672 | 11,402 |
| Total current assets | <u>42,946</u> | <u>39,464</u> |
| Property, plant and equipment – net | 12,014 | 12,401 |
| Long-term receivables – trade and other | 1,206 | 1,185 |
| Long-term receivables – finance | 12,590 | 12,222 |
| Noncurrent deferred and refundable income taxes | 1,455 | 1,523 |
| Intangible assets | 1,176 | 1,308 |
| Goodwill | 6,372 | 6,394 |
| Other assets | 3,938 | 3,827 |
| Total assets | <u>\$ 81,697</u> | <u>\$ 78,324</u> |
| Liabilities | | |
| Current liabilities: | | |
| Short-term borrowings: | | |
| – Machinery, Energy & Transportation | \$ 4 | \$ 10 |
| – Financial Products | 3,421 | 2,005 |
| Accounts payable | 6,921 | 6,128 |
| Accrued expenses | 3,556 | 3,642 |
| Accrued wages, salaries and employee benefits | 1,759 | 1,096 |
| Customer advances | 1,157 | 1,108 |
| Dividends payable | 608 | 562 |
| Other current liabilities | 2,126 | 2,017 |
| Long-term debt due within one year: | | |
| – Machinery, Energy & Transportation | 50 | 1,420 |
| – Financial Products | 7,906 | 7,729 |
| Total current liabilities | <u>27,508</u> | <u>25,717</u> |
| Long-term debt due after one year: | | |
| – Machinery, Energy & Transportation | 9,752 | 9,749 |
| – Financial Products | 16,452 | 16,250 |
| Liability for postemployment benefits | 6,581 | 6,872 |
| Other liabilities | 4,524 | 4,358 |
| Total liabilities | <u>64,817</u> | <u>62,946</u> |
| Shareholders' equity | | |
| Common stock | 6,293 | 6,230 |
| Treasury stock | (25,240) | (25,178) |
| Profit employed in the business | 36,934 | 35,167 |
| Accumulated other comprehensive income (loss) | (1,154) | (888) |
| Noncontrolling interests | 47 | 47 |
| Total shareholders' equity | <u>16,880</u> | <u>15,378</u> |
| Total liabilities and shareholders' equity | <u>\$ 81,697</u> | <u>\$ 78,324</u> |

(more)

Caterpillar Inc.
Condensed Consolidated Statement of Cash Flow
(Unaudited)
(Millions of dollars)

| | Six Months Ended June 30, | |
|---|--------------------------------------|-----------------|
| | 2021 | 2020 |
| Cash flow from operating activities: | | |
| Profit of consolidated and affiliated companies | \$ 2,945 | \$ 1,552 |
| Adjustments for non-cash items: | | |
| Depreciation and amortization | 1,173 | 1,222 |
| Net gain on remeasurement of pension obligations | — | (132) |
| Provision (benefit) for deferred income taxes | 68 | (32) |
| Other | (20) | 674 |
| Changes in assets and liabilities, net of acquisitions and divestitures: | | |
| Receivables – trade and other | (343) | 1,176 |
| Inventories | (1,179) | (145) |
| Accounts payable | 893 | (655) |
| Accrued expenses | 22 | (253) |
| Accrued wages, salaries and employee benefits | 618 | (648) |
| Customer advances | 49 | (2) |
| Other assets – net | (47) | (7) |
| Other liabilities – net | (133) | (229) |
| Net cash provided by (used for) operating activities | <u>4,046</u> | <u>2,521</u> |
| Cash flow from investing activities: | | |
| Capital expenditures – excluding equipment leased to others | (419) | (472) |
| Expenditures for equipment leased to others | (681) | (526) |
| Proceeds from disposals of leased assets and property, plant and equipment | 636 | 382 |
| Additions to finance receivables | (6,203) | (6,712) |
| Collections of finance receivables | 5,580 | 6,801 |
| Proceeds from sale of finance receivables | 27 | 31 |
| Investments and acquisitions (net of cash acquired) | (398) | (49) |
| Proceeds from sale of businesses and investments (net of cash sold) | 28 | 13 |
| Proceeds from sale of securities | 276 | 151 |
| Investments in securities | (500) | (369) |
| Other – net | (63) | 7 |
| Net cash provided by (used for) investing activities | <u>(1,717)</u> | <u>(743)</u> |
| Cash flow from financing activities: | | |
| Dividends paid | (1,126) | (1,125) |
| Common stock issued, including treasury shares reissued | 123 | (10) |
| Common shares repurchased | (251) | (1,130) |
| Proceeds from debt issued (original maturities greater than three months) | 4,906 | 6,159 |
| Payments on debt (original maturities greater than three months) | (5,966) | (4,629) |
| Short-term borrowings – net (original maturities three months or less) | 1,460 | (477) |
| Other – net | (2) | (1) |
| Net cash provided by (used for) financing activities | <u>(856)</u> | <u>(1,213)</u> |
| Effect of exchange rate changes on cash | <u>3</u> | <u>(66)</u> |
| Increase (decrease) in cash and short-term investments and restricted cash | 1,476 | 499 |
| Cash and short-term investments and restricted cash at beginning of period | 9,366 | 8,292 |
| Cash and short-term investments and restricted cash at end of period | <u>\$ 10,842</u> | <u>\$ 8,791</u> |

All short-term investments, which consist primarily of highly liquid investments with original maturities of three months or less, are considered to be cash equivalents.

Caterpillar Inc.
Supplemental Data for Results of Operations
For the Three Months Ended June 30, 2021
(Unaudited)
(Millions of dollars)

| | Supplemental Consolidating Data | | | |
|--|--|---|-------------------------------|--------------------------------------|
| | Consolidated | Machinery, Energy & Transportation | Financial Products | Consolidating Adjustments |
| Sales and revenues: | | | | |
| Sales of Machinery, Energy & Transportation | \$ 12,193 | \$ 12,193 | \$ — | \$ — |
| Revenues of Financial Products | 696 | — | 796 | (100) ¹ |
| Total sales and revenues | <u>12,889</u> | <u>12,193</u> | <u>796</u> | <u>(100)</u> |
| Operating costs: | | | | |
| Cost of goods sold | 8,881 | 8,884 | — | (3) ² |
| Selling, general and administrative expenses | 1,364 | 1,210 | 159 | (5) ² |
| Research and development expenses | 446 | 446 | — | — |
| Interest expense of Financial Products | 116 | — | 116 | — |
| Other operating (income) expenses | 293 | — | 307 | (14) ² |
| Total operating costs | <u>11,100</u> | <u>10,540</u> | <u>582</u> | <u>(22)</u> |
| Operating profit | 1,789 | 1,653 | 214 | (78) |
| Interest expense excluding Financial Products | 120 | 120 | — | — |
| Other income (expense) | 201 | 445 | 28 | (272) ³ |
| Consolidated profit before taxes | 1,870 | 1,978 | 242 | (350) |
| Provision (benefit) for income taxes | 470 | 415 | 55 | — |
| Profit of consolidated companies | <u>1,400</u> | <u>1,563</u> | <u>187</u> | <u>(350)</u> |
| Equity in profit (loss) of unconsolidated affiliated companies | 14 | 17 | — | (3) ⁴ |
| Profit of consolidated and affiliated companies | 1,414 | 1,580 | 187 | (353) |
| Less: Profit (loss) attributable to noncontrolling interests | 1 | 1 | 3 | (3) ⁵ |
| Profit ⁶ | <u>\$ 1,413</u> | <u>\$ 1,579</u> | <u>\$ 184</u> | <u>\$ (350)</u> |

1 Elimination of Financial Products' revenues earned from ME&T.

2 Elimination of net expenses recorded by ME&T paid to Financial Products.

3 Elimination of discount recorded by ME&T on receivables sold to Financial Products and of interest earned between ME&T and Financial Products as well as dividends paid by Financial Products to ME&T.

4 Elimination of equity profit (loss) earned from Financial Products' subsidiaries partially owned by ME&T subsidiaries.

5 Elimination of noncontrolling interest profit (loss) recorded by Financial Products for subsidiaries partially owned by ME&T subsidiaries.

6 Profit attributable to common shareholders.

(more)

Caterpillar Inc.
Supplemental Data for Results of Operations
For the Three Months Ended June 30, 2020
(Unaudited)
(Millions of dollars)

| | Supplemental Consolidating Data | | | |
|--|--|---|-------------------------------|--------------------------------------|
| | Consolidated | Machinery, Energy & Transportation | Financial Products | Consolidating Adjustments |
| Sales and revenues: | | | | |
| Sales of Machinery, Energy & Transportation | \$ 9,310 | \$ 9,310 | \$ — | \$ — |
| Revenues of Financial Products | 687 | — | 780 | (93) ¹ |
| Total sales and revenues | <u>9,997</u> | <u>9,310</u> | <u>780</u> | <u>(93)</u> |
| Operating costs: | | | | |
| Cost of goods sold | 7,113 | 7,114 | — | (1) ² |
| Selling, general and administrative expenses | 1,179 | 984 | 201 | (6) ² |
| Research and development expenses | 341 | 341 | — | — |
| Interest expense of Financial Products | 149 | — | 149 | — |
| Other operating (income) expenses | 431 | 122 | 320 | (11) ² |
| Total operating costs | <u>9,213</u> | <u>8,561</u> | <u>670</u> | <u>(18)</u> |
| Operating profit | 784 | 749 | 110 | (75) |
| Interest expense excluding Financial Products | 135 | 135 | — | — |
| Other income (expense) | 29 | (57) | 31 | 55 ³ |
| Consolidated profit before taxes | 678 | 557 | 141 | (20) |
| Provision (benefit) for income taxes | 227 | 190 | 37 | — |
| Profit of consolidated companies | <u>451</u> | <u>367</u> | <u>104</u> | <u>(20)</u> |
| Equity in profit (loss) of unconsolidated affiliated companies | 8 | 13 | — | (5) ⁴ |
| Profit of consolidated and affiliated companies | 459 | 380 | 104 | (25) |
| Less: Profit (loss) attributable to noncontrolling interests | 1 | 1 | 5 | (5) ⁵ |
| Profit ⁶ | <u>\$ 458</u> | <u>\$ 379</u> | <u>\$ 99</u> | <u>\$ (20)</u> |

1 Elimination of Financial Products' revenues earned from ME&T.

2 Elimination of net expenses recorded by ME&T paid to Financial Products.

3 Elimination of discount recorded by ME&T on receivables sold to Financial Products and of interest earned between ME&T and Financial Products as well as dividends paid by Financial Products to ME&T.

4 Elimination of equity profit (loss) earned from Financial Products' subsidiaries partially owned by ME&T subsidiaries.

5 Elimination of noncontrolling interest profit (loss) recorded by Financial Products for subsidiaries partially owned by ME&T subsidiaries.

6 Profit attributable to common shareholders.

Caterpillar Inc.
Supplemental Data for Results of Operations
For the Six Months Ended June 30, 2021
(Unaudited)
(Millions of dollars)

| | Supplemental Consolidating Data | | | |
|--|---------------------------------|--|-----------------------|------------------------------|
| | Consolidated | Machinery, Energy & Transportation | Financial Products | Consolidating Adjustments |
| Sales and revenues: | | | | |
| Sales of Machinery, Energy & Transportation | \$ 23,384 | \$ 23,384 | \$ — | \$ — |
| Revenues of Financial Products | 1,392 | — | 1,584 | (192) ¹ |
| Total sales and revenues | <u>24,776</u> | <u>23,384</u> | <u>1,584</u> | <u>(192)</u> |
| Operating costs: | | | | |
| Cost of goods sold | 16,893 | 16,897 | — | (4) ² |
| Selling, general and administrative expenses | 2,603 | 2,324 | 283 | (4) ² |
| Research and development expenses | 820 | 820 | — | — |
| Interest expense of Financial Products | 241 | — | 241 | — |
| Other operating (income) expenses | 616 | 26 | 621 | (31) ² |
| Total operating costs | <u>21,173</u> | <u>20,067</u> | <u>1,145</u> | <u>(39)</u> |
| Operating profit | 3,603 | 3,317 | 439 | (153) |
| Interest expense excluding Financial Products | 262 | 262 | — | — |
| Other income (expense) | 526 | 676 | 47 | (197) ³ |
| Consolidated profit before taxes | 3,867 | 3,731 | 486 | (350) |
| Provision (benefit) for income taxes | 945 | 827 | 118 | — |
| Profit of consolidated companies | <u>2,922</u> | <u>2,904</u> | <u>368</u> | <u>(350)</u> |
| Equity in profit (loss) of unconsolidated affiliated companies | 23 | 29 | — | (6) ⁴ |
| Profit of consolidated and affiliated companies | 2,945 | 2,933 | 368 | (356) |
| Less: Profit (loss) attributable to noncontrolling interests | 2 | 2 | 6 | (6) ⁵ |
| Profit ⁶ | <u>\$ 2,943</u> | <u>\$ 2,931</u> | <u>\$ 362</u> | <u>\$ (350)</u> |

1 Elimination of Financial Products' revenues earned from ME&T.

2 Elimination of net expenses recorded by ME&T paid to Financial Products.

3 Elimination of discount recorded by ME&T on receivables sold to Financial Products and of interest earned between ME&T and Financial Products as well as dividends paid by Financial Products to ME&T.

4 Elimination of equity profit (loss) earned from Financial Products' subsidiaries partially owned by ME&T subsidiaries.

5 Elimination of noncontrolling interest profit (loss) recorded by Financial Products for subsidiaries partially owned by ME&T subsidiaries.

6 Profit attributable to common shareholders.

Caterpillar Inc.
Supplemental Data for Results of Operations
For the Six Months Ended June 30, 2020
(Unaudited)
(Millions of dollars)

| | Supplemental Consolidating Data | | | |
|--|---------------------------------|--|-----------------------|------------------------------|
| | Consolidated | Machinery, Energy & Transportation | Financial Products | Consolidating Adjustments |
| Sales and revenues: | | | | |
| Sales of Machinery, Energy & Transportation | \$ 19,224 | \$ 19,224 | \$ — | \$ — |
| Revenues of Financial Products | 1,408 | — | 1,610 | (202) ¹ |
| Total sales and revenues | <u>20,632</u> | <u>19,224</u> | <u>1,610</u> | <u>(202)</u> |
| Operating costs: | | | | |
| Cost of goods sold | 14,379 | 14,381 | — | (2) ² |
| Selling, general and administrative expenses | 2,300 | 1,924 | 383 | (7) ² |
| Research and development expenses | 697 | 697 | — | — |
| Interest expense of Financial Products | 324 | — | 325 | (1) ³ |
| Other operating (income) expenses | 744 | 132 | 640 | (28) ² |
| Total operating costs | <u>18,444</u> | <u>17,134</u> | <u>1,348</u> | <u>(38)</u> |
| Operating profit | 2,188 | 2,090 | 262 | (164) |
| Interest expense excluding Financial Products | 248 | 247 | — | 1 ³ |
| Other income (expense) | 251 | 122 | (16) | 145 ⁴ |
| Consolidated profit before taxes | 2,191 | 1,965 | 246 | (20) |
| Provision (benefit) for income taxes | 652 | 587 | 65 | — |
| Profit of consolidated companies | <u>1,539</u> | <u>1,378</u> | <u>181</u> | <u>(20)</u> |
| Equity in profit (loss) of unconsolidated affiliated companies | 13 | 22 | — | (9) ⁵ |
| Profit of consolidated and affiliated companies | 1,552 | 1,400 | 181 | (29) |
| Less: Profit (loss) attributable to noncontrolling interests | 2 | 2 | 9 | (9) ⁶ |
| Profit ⁷ | <u>\$ 1,550</u> | <u>\$ 1,398</u> | <u>\$ 172</u> | <u>\$ (20)</u> |

1 Elimination of Financial Products' revenues earned from ME&T.

2 Elimination of net expenses recorded by ME&T paid to Financial Products.

3 Elimination of interest expense recorded between Financial Products and ME&T.

4 Elimination of discount recorded by ME&T on receivables sold to Financial Products and of interest earned between ME&T and Financial Products as well as dividends paid by Financial Products to ME&T.

5 Elimination of equity profit (loss) earned from Financial Products' subsidiaries partially owned by ME&T subsidiaries.

6 Elimination of noncontrolling interest profit (loss) recorded by Financial Products for subsidiaries partially owned by ME&T subsidiaries.

7 Profit attributable to common shareholders.

Caterpillar Inc.
Supplemental Data for Financial Position
At June 30, 2021
(Unaudited)
(Millions of dollars)

| | Supplemental Consolidating Data | | | |
|---|--|---|-------------------------------|--------------------------------------|
| | Consolidated | Machinery, Energy & Transportation | Financial Products | Consolidating Adjustments |
| Assets | | | | |
| Current assets: | | | | |
| Cash and short-term investments | \$ 10,831 | \$ 10,028 | \$ 803 | \$ — |
| Receivables – trade and other | 7,840 | 3,169 | 455 | 4,216 ^{1,2} |
| Receivables – finance | 9,523 | — | 13,863 | (4,340) ² |
| Prepaid expenses and other current assets | 2,080 | 1,756 | 479 | (155) ³ |
| Inventories | 12,672 | 12,672 | — | — |
| Total current assets | 42,946 | 27,625 | 15,600 | (279) |
| Property, plant and equipment – net | 12,014 | 8,035 | 3,979 | — |
| Long-term receivables – trade and other | 1,206 | 375 | 176 | 655 ^{1,2} |
| Long-term receivables – finance | 12,590 | — | 13,273 | (683) ² |
| Noncurrent deferred and refundable income taxes | 1,455 | 1,980 | 103 | (628) ⁴ |
| Intangible assets | 1,176 | 1,176 | — | — |
| Goodwill | 6,372 | 6,372 | — | — |
| Other assets | 3,938 | 3,250 | 1,899 | (1,211) ⁵ |
| Total assets | \$ 81,697 | \$ 48,813 | \$ 35,030 | \$ (2,146) |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Short-term borrowings | \$ 3,425 | \$ 4 | \$ 3,421 | \$ — |
| Short-term borrowings with consolidated companies | — | — | — | — |
| Accounts payable | 6,921 | 6,830 | 215 | (124) ⁶ |
| Accrued expenses | 3,556 | 3,191 | 365 | — |
| Accrued wages, salaries and employee benefits | 1,759 | 1,719 | 40 | — |
| Customer advances | 1,157 | 1,157 | — | — |
| Dividends payable | 608 | 608 | — | — |
| Other current liabilities | 2,126 | 1,658 | 646 | (178) ^{4,7} |
| Long-term debt due within one year | 7,956 | 50 | 7,906 | — |
| Total current liabilities | 27,508 | 15,217 | 12,593 | (302) |
| Long-term debt due after one year | 26,204 | 9,780 | 16,452 | (28) ⁸ |
| Liability for postemployment benefits | 6,581 | 6,580 | 1 | — |
| Other liabilities | 4,524 | 3,851 | 1,374 | (701) ⁴ |
| Total liabilities | 64,817 | 35,428 | 30,420 | (1,031) |
| Shareholders' equity | | | | |
| Common stock | 6,293 | 6,293 | 919 | (919) ⁹ |
| Treasury stock | (25,240) | (25,240) | — | — |
| Profit employed in the business | 36,934 | 32,846 | 4,077 | 11 ⁹ |
| Accumulated other comprehensive income (loss) | (1,154) | (563) | (591) | — |
| Noncontrolling interests | 47 | 49 | 205 | (207) ⁹ |
| Total shareholders' equity | 16,880 | 13,385 | 4,610 | (1,115) |
| Total liabilities and shareholders' equity | \$ 81,697 | \$ 48,813 | \$ 35,030 | \$ (2,146) |

¹ Elimination of receivables between ME&T and Financial Products.

² Reclassification of ME&T's trade receivables purchased by Financial Products and Financial Products' wholesale inventory receivables.

³ Elimination of ME&T's insurance premiums that are prepaid to Financial Products.

⁴ Reclassification reflecting required netting of deferred tax assets/liabilities by taxing jurisdiction.

⁵ Elimination of other intercompany assets between ME&T and Financial Products.

⁶ Elimination of payables between ME&T and Financial Products.

⁷ Elimination of prepaid insurance in Financial Products' other liabilities.

⁸ Elimination of debt between ME&T and Financial Products.

⁹ Eliminations associated with ME&T's investments in Financial Products' subsidiaries.

(more)

Caterpillar Inc.
Supplemental Data for Financial Position
At December 31, 2020
(Unaudited)
(Millions of dollars)

| | Supplemental Consolidating Data | | | |
|---|---------------------------------|--|-----------------------|------------------------------|
| | Consolidated | Machinery, Energy & Transportation | Financial Products | Consolidating Adjustments |
| Assets | | | | |
| Current assets: | | | | |
| Cash and short-term investments | \$ 9,352 | \$ 8,822 | \$ 530 | \$ — |
| Receivables – trade and other | 7,317 | 3,846 | 397 | 3,074 ^{1,2} |
| Receivables – finance | 9,463 | — | 13,681 | (4,218) ² |
| Prepaid expenses and other current assets | 1,930 | 1,376 | 624 | (70) ³ |
| Inventories | 11,402 | 11,402 | — | — |
| Total current assets | 39,464 | 25,446 | 15,232 | (1,214) |
| Property, plant and equipment – net | 12,401 | 8,309 | 4,092 | — |
| Long-term receivables – trade and other | 1,185 | 363 | 164 | 658 ^{1,2} |
| Long-term receivables – finance | 12,222 | — | 12,895 | (673) ² |
| Noncurrent deferred and refundable income taxes | 1,523 | 2,058 | 110 | (645) ⁴ |
| Intangible assets | 1,308 | 1,308 | — | — |
| Goodwill | 6,394 | 6,394 | — | — |
| Other assets | 3,827 | 3,158 | 1,871 | (1,202) ⁵ |
| Total assets | \$ 78,324 | \$ 47,036 | \$ 34,364 | \$ (3,076) |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Short-term borrowings | \$ 2,015 | \$ 10 | \$ 2,005 | \$ — |
| Short-term borrowings with consolidated companies | — | — | 1,000 | (1,000) ⁶ |
| Accounts payable | 6,128 | 6,060 | 212 | (144) ⁷ |
| Accrued expenses | 3,642 | 3,099 | 543 | — |
| Accrued wages, salaries and employee benefits | 1,096 | 1,081 | 15 | — |
| Customer advances | 1,108 | 1,108 | — | — |
| Dividends payable | 562 | 562 | — | — |
| Other current liabilities | 2,017 | 1,530 | 580 | (93) ^{4,8} |
| Long-term debt due within one year | 9,149 | 1,420 | 7,729 | — |
| Total current liabilities | 25,717 | 14,870 | 12,084 | (1,237) |
| Long-term debt due after one year | 25,999 | 9,764 | 16,250 | (15) ⁶ |
| Liability for postemployment benefits | 6,872 | 6,872 | — | — |
| Other liabilities | 4,358 | 3,691 | 1,385 | (718) ⁴ |
| Total liabilities | 62,946 | 35,197 | 29,719 | (1,970) |
| Shareholders' equity | | | | |
| Common stock | 6,230 | 6,230 | 919 | (919) ⁹ |
| Treasury stock | (25,178) | (25,178) | — | — |
| Profit employed in the business | 35,167 | 31,091 | 4,065 | 11 ⁹ |
| Accumulated other comprehensive income (loss) | (888) | (352) | (536) | — |
| Noncontrolling interests | 47 | 48 | 197 | (198) ⁹ |
| Total shareholders' equity | 15,378 | 11,839 | 4,645 | (1,106) |
| Total liabilities and shareholders' equity | \$ 78,324 | \$ 47,036 | \$ 34,364 | \$ (3,076) |

1 Elimination of receivables between ME&T and Financial Products.

2 Reclassification of ME&T's trade receivables purchased by Financial Products and Financial Products' wholesale inventory receivables.

3 Elimination of ME&T's insurance premiums that are prepaid to Financial Products.

4 Reclassification reflecting required netting of deferred tax assets/liabilities by taxing jurisdiction.

5 Elimination of other intercompany assets between ME&T and Financial Products.

6 Elimination of debt between ME&T and Financial Products.

7 Elimination of payables between ME&T and Financial Products.

8 Elimination of prepaid insurance in Financial Products' other liabilities.

9 Eliminations associated with ME&T's investments in Financial Products' subsidiaries.

(more)

Caterpillar Inc.
Supplemental Data for Cash Flow
For the Six Months Ended June 30, 2021
(Unaudited)
(Millions of dollars)

| | Supplemental Consolidating Data | | | |
|---|--|---|-------------------------------|--------------------------------------|
| | Consolidated | Machinery, Energy & Transportation | Financial Products | Consolidating Adjustments |
| Cash flow from operating activities: | | | | |
| Profit of consolidated and affiliated companies | \$ 2,945 | \$ 2,933 | \$ 368 | \$ (356) ^{1, 5} |
| Adjustments for non-cash items: | | | | |
| Depreciation and amortization | 1,173 | 772 | 401 | — |
| Provision (benefit) for deferred income taxes | 68 | 111 | (43) | — |
| Other | (20) | 74 | (169) | 75 ² |
| Changes in assets and liabilities, net of acquisitions and divestitures: | | | | |
| Receivables – trade and other | (343) | (206) | 11 | (148) ^{2, 3} |
| Inventories | (1,179) | (1,180) | — | 1 ² |
| Accounts payable | 893 | 871 | 2 | 20 ² |
| Accrued expenses | 22 | 93 | (71) | — |
| Accrued wages, salaries and employee benefits | 618 | 593 | 25 | — |
| Customer advances | 49 | 49 | — | — |
| Other assets – net | (47) | (154) | 15 | 92 ² |
| Other liabilities – net | (133) | (157) | 97 | (73) ² |
| Net cash provided by (used for) operating activities | <u>4,046</u> | <u>3,799</u> | <u>636</u> | <u>(389)</u> |
| Cash flow from investing activities: | | | | |
| Capital expenditures – excluding equipment leased to others | (419) | (417) | (7) | 5 ² |
| Expenditures for equipment leased to others | (681) | (13) | (670) | 2 ² |
| Proceeds from disposals of leased assets and property, plant and equipment | 636 | 49 | 595 | (8) ² |
| Additions to finance receivables | (6,203) | — | (6,680) | 477 ³ |
| Collections of finance receivables | 5,580 | — | 6,095 | (515) ³ |
| Net intercompany purchased receivables | — | — | (78) | 78 ³ |
| Proceeds from sale of finance receivables | 27 | — | 27 | — |
| Net intercompany borrowings | — | 1,000 | 2 | (1,002) ⁴ |
| Investments and acquisitions (net of cash acquired) | (398) | (398) | — | — |
| Proceeds from sale of businesses and investments (net of cash sold) | 28 | 28 | — | — |
| Proceeds from sale of securities | 276 | 35 | 241 | — |
| Investments in securities | (500) | (225) | (275) | — |
| Other – net | (63) | 26 | (89) | — |
| Net cash provided by (used for) investing activities | <u>(1,717)</u> | <u>85</u> | <u>(839)</u> | <u>(963)</u> |
| Cash flow from financing activities: | | | | |
| Dividends paid | (1,126) | (1,126) | (350) | 350 ⁵ |
| Common stock issued, including treasury shares reissued | 123 | 123 | — | — |
| Common shares repurchased | (251) | (251) | — | — |
| Net intercompany borrowings | — | (2) | (1,000) | 1,002 ⁴ |
| Proceeds from debt issued > 90 days | 4,906 | 494 | 4,412 | — |
| Payments on debt > 90 days | (5,966) | (1,902) | (4,064) | — |
| Short-term borrowings – net < 90 days | 1,460 | (6) | 1,466 | — |
| Other – net | (2) | (2) | — | — |
| Net cash provided by (used for) financing activities | <u>(856)</u> | <u>(2,672)</u> | <u>464</u> | <u>1,352</u> |
| Effect of exchange rate changes on cash | 3 | (5) | 8 | — |
| Increase (decrease) in cash and short-term investments and restricted cash | <u>1,476</u> | <u>1,207</u> | <u>269</u> | <u>—</u> |
| Cash and short-term investments and restricted cash at beginning of period | 9,366 | 8,822 | 544 | — |
| Cash and short-term investments and restricted cash at end of period | <u>\$ 10,842</u> | <u>\$ 10,029</u> | <u>\$ 813</u> | <u>\$ —</u> |

¹ Elimination of equity profit earned from Financial Products' subsidiaries partially owned by ME&T subsidiaries.

² Elimination of non-cash adjustments and changes in assets and liabilities related to consolidated reporting.

³ Reclassification of Financial Products' cash flow activity from investing to operating for receivables that arose from the sale of inventory.

⁴ Elimination of net proceeds and payments to/from ME&T and Financial Products.

⁵ Elimination of dividend activity between Financial Products and ME&T.

(more)

Caterpillar Inc.
Supplemental Data for Cash Flow
For the Six Months Ended June 30, 2020
(Unaudited)
(Millions of dollars)

| | Supplemental Consolidating Data | | | |
|---|--|---|-------------------------------|--------------------------------------|
| | Consolidated | Machinery, Energy & Transportation | Financial Products | Consolidating Adjustments |
| Cash flow from operating activities: | | | | |
| Profit of consolidated and affiliated companies | \$ 1,552 | \$ 1,400 | \$ 181 | \$ (29) ^{1,5} |
| Adjustments for non-cash items: | | | | |
| Depreciation and amortization | 1,222 | 805 | 417 | — |
| Net gain on remeasurement of pension obligations | (132) | (132) | — | — |
| Provision (benefit) for deferred income taxes | (32) | 40 | (72) | — |
| Other | 674 | 338 | 145 | 191 ² |
| Changes in assets and liabilities, net of acquisitions and divestitures: | | | | |
| Receivables – trade and other | 1,176 | 539 | (77) | 714 ^{2,3} |
| Inventories | (145) | (137) | — | (8) ² |
| Accounts payable | (655) | (664) | (5) | 14 ² |
| Accrued expenses | (253) | (237) | (16) | — |
| Accrued wages, salaries and employee benefits | (648) | (614) | (34) | — |
| Customer advances | (2) | (2) | — | — |
| Other assets – net | (7) | 30 | 30 | (67) ² |
| Other liabilities – net | (229) | (391) | 84 | 78 ² |
| Net cash provided by (used for) operating activities | <u>2,521</u> | <u>975</u> | <u>653</u> | <u>893</u> |
| Cash flow from investing activities: | | | | |
| Capital expenditures – excluding equipment leased to others | (472) | (465) | (7) | — |
| Expenditures for equipment leased to others | (526) | 1 | (540) | 13 ² |
| Proceeds from disposals of leased assets and property, plant and equipment | 382 | 104 | 283 | (5) ² |
| Additions to finance receivables | (6,712) | — | (7,352) | 640 ³ |
| Collections of finance receivables | 6,801 | — | 7,442 | (641) ³ |
| Net intercompany purchased receivables | — | — | 920 | (920) ³ |
| Proceeds from sale of finance receivables | 31 | — | 31 | — |
| Net intercompany borrowings | — | 500 | 2 | (502) ⁴ |
| Investments and acquisitions (net of cash acquired) | (49) | (49) | — | — |
| Proceeds from sale of businesses and investments (net of cash sold) | 13 | 13 | — | — |
| Proceeds from sale of securities | 151 | 12 | 139 | — |
| Investments in securities | (369) | (10) | (359) | — |
| Other – net | 7 | (15) | 22 | — |
| Net cash provided by (used for) investing activities | <u>(743)</u> | <u>91</u> | <u>581</u> | <u>(1,415)</u> |
| Cash flow from financing activities: | | | | |
| Dividends paid | (1,125) | (1,125) | (20) | 20 ⁵ |
| Common stock issued, including treasury shares reissued | (10) | (10) | — | — |
| Common shares repurchased | (1,130) | (1,130) | — | — |
| Net intercompany borrowings | — | (2) | (500) | 502 ⁴ |
| Proceeds from debt issued > 90 days | 6,159 | 1,991 | 4,168 | — |
| Payments on debt > 90 days | (4,629) | (12) | (4,617) | — |
| Short-term borrowings – net < 90 days | (477) | 8 | (485) | — |
| Other – net | (1) | (1) | — | — |
| Net cash provided by (used for) financing activities | <u>(1,213)</u> | <u>(281)</u> | <u>(1,454)</u> | <u>522</u> |
| Effect of exchange rate changes on cash | (66) | (54) | (12) | — |
| Increase (decrease) in cash and short-term investments and restricted cash | <u>499</u> | <u>731</u> | <u>(232)</u> | <u>—</u> |
| Cash and short-term investments and restricted cash at beginning of period | 8,292 | 7,302 | 990 | — |
| Cash and short-term investments and restricted cash at end of period | <u>\$ 8,791</u> | <u>\$ 8,033</u> | <u>\$ 758</u> | <u>\$ —</u> |

¹ Elimination of equity profit earned from Financial Products' subsidiaries partially owned by ME&T subsidiaries.

² Elimination of non-cash adjustments and changes in assets and liabilities related to consolidated reporting.

³ Reclassification of Financial Products' cash flow activity from investing to operating for receivables that arose from the sale of inventory.

⁴ Elimination of net proceeds and payments to/from ME&T and Financial Products.

⁵ Elimination of dividend activity between Financial Products and ME&T.