Komatsu Ltd.
Sustainability Promotion Division
Corporate Communications Dept.
Tel: +81-(0)3-5561-2616
Date: April 30, 2021
URL: https://home.komatsu/en/

Consolidated Business Results for the Fiscal Year Ended March 31, 2021 (U.S. GAAP)

1. Results for the Fiscal Year Ended March 31, 2021

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights
(For the fiscal years ended March 31, 2021 and 2020)

Millions of yen except per share amounts

	2021	2020	Changes	
	[A]	[B]	[A-B]	[(A-B)/B] (%)
Net sales	2,189,512	2,444,870	(255,358)	(10.4%)
Operating income	167,328	250,707	(83,379)	(33.3%)
Income before income taxes and equity in earnings of affiliated companies	162,775	223,114	(60,339)	(27.0%)
Net income attributable to Komatsu Ltd.	106,237	153,844	(47,607)	(30.9%)
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	**¥112.43**	¥162.93	¥(50.50)	
Diluted	**¥112.39**	¥162.80	¥(50.41)	
Return on equity	5.8%	8.6%	(2.8%)	
Return on total assets	4.4%	6.1%	(1.7%)	
Return on sales	7.6%	10.3%	(2.7%)	

Notes: 1) Comprehensive income:
2021: 216,095 millions of yen, up 226.1% from 2020
2020: 66,258 millions of yen, down 75.1% from 2019
2) Equity in earnings of affiliated companies:
2021: 2,760 millions of yen
2020: 3,443 millions of yen
3) Return on equity is calculated by using net income attributable to Komatsu Ltd. and total Komatsu Ltd. shareholders' equity.
4) Return on total assets is calculated by using income before income taxes and equity in earnings of affiliated companies.
5) Return on sales is calculated by using operating income.

(2) Consolidated Financial Position
(As of March 31, 2021 and 2020)

Millions of yen except per share amounts

	2021	2020
Total assets	**3,784,841**	3,653,686
Total equity	**2,012,025**	1,856,225
Komatsu Ltd. shareholders' equity	**1,912,297**	1,771,606
Komatsu Ltd. shareholders' equity ratio	**50.5%**	48.5%
Komatsu Ltd. shareholders' equity per share (Yen)	**¥2,023.34**	¥1,875.47

(3) Consolidated Cash Flows
(For the fiscal years ended March 31, 2021 and 2020)

Millions of yen

	2021	2020
Net cash provided by (used in) operating activities	**354,129**	295,181
Net cash provided by (used in) investing activities	**(163,057)**	(190,930)
Net cash provided by (used in) financing activities	**(199,667)**	(3,457)
Cash and cash equivalents, end of year	**241,803**	247,616

2. Dividends

(For the fiscal years ending March 31, 2022 and ended March 31, 2021 and 2020)

	2021	2020	**2022 Projections**
Cash dividends per share (Yen)			
Interim	**18.00**	55.00	**31.00**
Year-end	**37.00**	39.00	**31.00**
Total	**55.00**	94.00	**62.00**
Annual dividends (Millions of yen)	**52,005**	88,827	**-**
Payout ratio (Consolidated basis) (%)	**48.9%**	57.7%	**40.1%**
Dividends as percentage of equity (Consolidated basis) (%)	**2.8%**	4.9%	**-**

Note: Breakdown of the year-end cash dividend per share for the fiscal year ended March 31, 2021: Common stock dividend per share of JPY 27 and the 100th anniversary commemorative dividend per share of JPY 10

3. Projections for the Fiscal Year Ending March 31, 2022

(From April 1, 2021 to March 31, 2022)

Millions of yen except per share amounts

	2022	
		Changes Increase (Decrease)
Net sales	**2,469,000**	12.8%
Operating income	**225,000**	34.5%
Income before income taxes and equity in earnings of affiliated companies	**217,000**	33.3%
Net income attributable to Komatsu Ltd.	**146,000**	37.4%
Net income attributable to Komatsu Ltd. Per share - Basic (Yen)	**¥154.48**	

Notes: 1) Percentages shown above represent the rates of change compared with the corresponding periods a year ago.

2) Refer to "Management Performance and Financial Conditions" for preconditions of the projections above and other related issues.

4. Others

(1) Changes in important subsidiaries during the year under review: None

(2) Changes in accounting standards, procedures and presentations

1) Changes resulting from revisions in accounting standards, etc.: None

2) Change in other matters except for 1) above: None

Note: Refer to "Changes resulting from revisions in accounting standards, etc." on page 21 for more details.

(3) Number of common shares outstanding

1) The numbers of common shares issued (including treasury stock) as of March 31 were as follows:
2021: 972,887,610 shares
2020: 972,581,230 shares

2) The numbers of treasury stock as of March 31 were as follows:
2021: 27,766,444 shares
2020: 27,959,273 shares

3) The weighted average numbers of common shares outstanding were as follows:
2021: 944,146,222 shares
2020: 943,771,382 shares

Note: Refer to "Net Income per Share" on page 24 for the number of common shares, which was used as the basis for calculating the amount of net income attributable to Komatsu Ltd. per share.

[Reference]

Financial Highlights of Komatsu Ltd. ("Company")

The following financial information is prepared based on the non-consolidated financial results of the Company in accordance with generally accepted accounting principles and practices in Japan.

Results for the Fiscal Year Ended March 31, 2021

(1) Non-Consolidated Financial Highlights

(For the fiscal years ended March 31, 2021 and 2020)

Millions of yen except per share amounts

	2021	**2020**	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B] (%)
Net sales	**653,587**	719,292	(65,705)	(9.1%)
Ordinary profit	**25,055**	62,008	(36,953)	(59.6%)
Net income	**21,875**	58,316	(36,441)	(62.5%)
Net income per share (Yen)				
Basic	**¥23.14**	¥61.73	¥(38.59)	
Diluted	**¥23.13**	¥61.70	¥(38.57)	

(2) Non-Consolidated Financial Position

(As of March 31, 2021 and 2020)

Millions of yen except per share amounts

	2021	2020
Total assets	**1,332,733**	1,356,652
Net assets	**797,596**	829,003
Equity ratio (%)	**59.8%**	61.0%
Net assets per share (Yen)	**¥842.84**	¥876.06

Note: Shareholders' equity: 2021: 796,964 million yen 2020: 827,966 million yen

Notes:

- Sales and profits gains reports are not subject to audit by CPA or audit firm.
- Explanations concerning the appropriate use of the forecasts for results of operations and other special matters.

1. The aforementioned forecasts, plans and projections for results of operations in this report are determined by top management of the Company to be reasonable, based on the currently available information. Please be advised that actual results may differ significantly from the forecasts, plans or projections in this report, due to a variety of changing factors. Such factors may include economic conditions and changes in demand for products in major markets, fluctuations on the foreign exchange market, and changes in regulations, accounting standards and practices in Japan and abroad.
2. Concerning the background and preconditions of the forecasts for results of operations, refer to "Projections for the Fiscal Year Ending March 31, 2022" on page 10 of the attachment.
3. Amounts, shown in the outline of Financial Highlights of the Company, are rounded to the nearest million yen.
4. The Company plans to upload the contents (voice) of Financial Results Briefing together with related materials and supplementary information to the Company's website (https://home.komatsu/en/ir/).

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Management Performance and Financial Conditions

(1) Outline of Operations and Business Results

Komatsu Ltd. (“Company”) and its consolidated subsidiaries (together “Komatsu”) have engaged in the three-year mid-term management plan (FY2019 - 2021), “DANTOTSU Value - *FORWARD* Together for Sustainable Growth” for its 100th anniversary in 2021 and beyond. Under the mid-term management plan, launched in April 2019, Komatsu upholds three pillars of growth strategies of 1) value creation by means of innovation, 2) growth strategies based on business reforms, and 3) structural reforms for growth. While economic activities remain sluggish due to the coronavirus (COVID-19) pandemic, Komatsu will continue to make efforts for sustainable growth through a positive cycle of improving earnings and solving ESG issues into the future.

For the fiscal year under review (April 1, 2020 - March 31, 2021), the second year of the mid-term management plan, consolidated net sales totaled JPY 2,189.5 billion, down 10.4% from the previous fiscal year. Under unclear and uncertain conditions as affected by the coronavirus (COVID-19) pandemic, in the construction, mining and utility equipment business, demand showed steady recovery, centering on construction equipment, in the second six-month period. However, sales decreased from the previous fiscal year, as full-year demand was critically affected by the coronavirus (COVID-19) pandemic in the first six-month period. In the industrial machinery and others business, sales fell from the previous fiscal year, as affected by sluggish capital investment of the automobile manufacturing industry for presses, sheet-metal machines, and machine tools.

With respect to profits for the fiscal year under review, operating income dropped by 33.3% from the previous fiscal year, to JPY 167.3 billion. This was mainly due to reduced sales volume, and changes in the compositions of sales, in the construction, mining and utility equipment business, as well as the Japanese yen's appreciation, even while Komatsu worked to reduce fixed costs. The operating income ratio decreased by 2.7 percentage points to 7.6%. Income before income taxes and equity in earnings of affiliated companies fell by 27.0% to JPY 162.7 billion. Net income attributable to Komatsu Ltd. totaled JPY 106.2 billion, down 30.9%.

[Consolidated Financial Highlights]

Millions of yen

	2021 USD1=JPY106.0 EUR1=JPY123.4 RMB1=JPY15.6	2020 USD1=JPY108.7 EUR1=JPY120.8 RMB1=JPY15.6	Changes Increase (Decrease)
	[A]	[B]	[(A-B)/B]
Net sales	**2,189,512**	2,444,870	(10.4%)
Construction, Mining and Utility Equipment	**1,975,958**	2,211,263	(10.6%)
Retail Finance	**66,394**	70,910	(6.4%)
Industrial Machinery and Others	**171,255**	177,586	(3.6%)
Elimination	**(24,095)**	(14,889)	-
Segment profit	**172,339**	255,030	(32.4%)
Construction, Mining and Utility Equipment	**143,788**	227,311	(36.7%)
Retail Finance	**10,574**	12,673	(16.6%)
Industrial Machinery and Others	**16,342**	13,703	19.3%
Corporate & elimination	**1,635**	1,343	-
Operating income	**167,328**	250,707	(33.3%)
Income before income taxes and equity in earnings of affiliated companies	**162,775**	223,114	(27.0%)
Net income attributable to Komatsu Ltd.	**106,237**	153,844	(30.9%)

Note: Unless otherwise noted, all sales by segment in this report indicate the amounts before elimination of inter-segment transactions.

Business results by operation are described below.

Construction, Mining and Utility Equipment

For the fiscal year under review, sales of the construction, mining and utility equipment business decreased by 10.6% from the previous fiscal year, to JPY 1,975.9 billion. Segment profit fell by 36.7% to JPY 143.7 billion.

Komatsu promoted efforts of focus defined in the three pillars of growth strategies in the mid-term management plan. With respect to automation, autonomy, electrification, and remote control of construction, mining, and utility equipment, i.e., an effort of focus in value creation by means of innovation, Komatsu continued to strengthen the Autonomous Haulage System (AHS) for mining, increasing the total number of AHS trucks in operation to 352 units as of March 31, 2021. Komatsu also advanced remote control verification tests of the large ICT-intensive mining bulldozer D375Ai-8 over commercial 5G network, while continuing efforts to develop an optimization platform designed to improve the safety and optimize operations at customers' mines. Concerning electrification of construction equipment, Komatsu embarked on PoC (Proof of Concept) verification tests of small and medium-sized hydraulic excavators powered by the lithium-ion battery system.

With respect to the "SMARTCONSTRUCTION Digital Transformation", a solutions business for construction workplaces, Komatsu is appealing its role as a solution provider to help customers optimize their construction work. To accelerate the pace of achieving digital transformation of construction workplaces, Komatsu continued to promoted the installation of its retrofit kits, which offer ICT functions to conventional construction equipment.

Concerning an effort of focus of the growth strategies based on business reforms, Komatsu strengthened the recycle-oriented business, establishing a new Reman plant in Southern Africa for the Reman business which

remanufactures and reuses components. In the forest machinery business, Komatsu also strengthened the market introduction of machines designed to promote silviculture (growing and cultivating forest crops).

As part of the structural reforms for growth, Komatsu continued its efforts to reassess Komatsu Mining Corp.'s unprofitable business and optimize their production capacity by restructuring production of underground coal mining equipment, selling its conveyor business in the United States and Australia, and transferring its production of roof supports in the United Kingdom.

[Sales to Outside Customers of Construction, Mining and Utility Equipment by Region]

Millions of yen

		2021	2020	Changes Increase (Decrease)	
		[A]	[B]	[A-B]	[(A-B)/B]
Japan		**294,890**	310,856	(15,966)	(5.1%)
	North America	**444,366**	573,587	(129,221)	(22.5%)
	Latin America	**288,097**	309,255	(21,158)	(6.8%)
Americas		**732,463**	882,842	(150,379)	(17.0%)
	Europe	**183,537**	219,728	(36,191)	(16.5%)
	CIS	**112,379**	127,410	(15,031)	(11.8%)
Europe & CIS		**295,916**	347,138	(51,222)	(14.8%)
China		**146,225**	127,064	19,161	15.1%
	Asia*	**138,790**	205,761	(66,971)	(32.5%)
	Oceania	**230,122**	203,397	26,725	13.1%
Asia* & Oceania		**368,912**	409,158	(40,246)	(9.8%)
	Middle East	**32,338**	30,655	1,683	5.5%
	Africa	**90,463**	98,263	(7,800)	(7.9%)
Middle East & Africa		**122,801**	128,918	(6,117)	(4.7%)
Total		**1,961,207**	2,205,976	(244,769)	(11.1%)

Note: *Excluding Japan and China

Komatsu's operations by region are described below.

Japan

For the fiscal year under review, demand remained steady, centering on public works, on which the coronavirus (COVID-19) pandemic had a small impact. Nevertheless, sales declined from the previous fiscal year, as adversely affected by slack private-sector construction as well as limited sales and service activities in the first six-month period.

Americas

In North America, sales dropped from the previous fiscal year. While demand for construction equipment was on a recovery track in the housing sector and the rental industry, it was adversely affected by sluggish economic conditions under the coronavirus (COVID-19) pandemic and that for construction and mining equipment remained slack in the energy-related sector. In Latin America, demand for construction equipment remained steady in Brazil, and sales of mining equipment increased to Chilean copper mines. However, sales declined from the previous fiscal year, as mainly affected by the coronavirus (COVID-19) pandemic, especially in the first six-month period.

Europe and CIS

In Europe, sales decreased from the previous fiscal year, as demand remained sluggish in the first six-month period, although demand was on a recovery track from the adverse effects of the coronavirus (COVID-19) pandemic in the major markets of Germany, the United Kingdom, and France, as well as in Italy. In CIS, sales declined, affected by sluggish demand for mining equipment in coal mines and depreciation of the Russian ruble, while demand was steady in gold mines and that for construction equipment was on a recovery track in infrastructure development and energy-related sectors.

China

While the share of sales made by domestic manufacturers increased, demand remained steady, supported by the government's economic stimulus measures, such as infrastructure investment, after containing the coronavirus (COVID-19) pandemic. Furthermore, demand advanced in the fiscal year under review, driven by the post-Chinese New Year sales season in February, and because the previous year's sales season in February was pushed back by the coronavirus (COVID-19) pandemic. As a result, sales increased from the previous fiscal year.

Asia and Oceania

In Asia, demand showed steady recovery, centering on construction equipment, in Indonesia, Thailand, and Malaysia, and some signs of recovery for mining equipment emerged in coal mines in Indonesia in the fourth quarter against the backdrop of recovering coal prices. However, sales dropped sharply from the previous fiscal year, as particularly affected by the coronavirus (COVID-19) pandemic in the first six-month period. In Oceania, sales increased, supported by steady demand for mining equipment in iron ore mines, as well as for construction equipment.

Middle East and Africa

In the Middle East, sales improved from the previous fiscal year, supported by steady demand, especially in Turkey, while demand remained slack in Saudi Arabia, largely affected by sluggish crude oil prices and the coronavirus (COVID-19) pandemic. In Africa, demand for construction equipment remained slack in Southern Africa, mainly affected by the coronavirus (COVID-19) pandemic. While some signs of recovery of demand surfaced in other regions, sales declined, as affected by reduced sales of mining equipment as well.

Retail Finance

While assets increased, reflecting an increase in new contracts centering on North America as well as the affects of foreign exchange rates in the fourth quarter, revenues decreased by 6.4% from the previous fiscal year, to JPY 66.3 billion, as affected by a drop in new contracts in the nine-month period. Segment profit fell by 16.6% to JPY 10.5 billion, mainly reflecting the adverse effects of an extension of payments and revaluation of vehicles after lease use.

Industrial Machinery and Others

For the fiscal year under review, sales fell by 3.6% from the previous fiscal year, to JPY 171.2 billion. This was mainly affected by slack capital investment of the automobile manufacturing industry for presses, sheet-metal machines, and machine tools, as well as their delayed installation at customers' overseas workplaces, especially under the coronavirus (COVID-19) pandemic. Meanwhile, segment profit increased by 19.3% to JPY 16.3 billion, as sales remained steady for Excimer laser-related business in the semiconductor market.

[Projections for the Fiscal Year Ending March 31, 2022]

(From April 1, 2021 to March 31, 2022)

In the construction, mining and utility equipment business, Komatsu projects that both sales and profits will increase, as it believes that demand will continue to recover from the fiscal year under review, returning to the level prior to the coronavirus (COVID-19) pandemic. By region, Komatsu anticipates demand will expand, especially in Asia, North America and Latin America. In China, Komatsu expects that demand will decline from the fiscal year under review, when the post-Chinese New Year sales season occurred twice. Nevertheless, Komatsu projects that global demand will increase from the fiscal year under review. Furthermore, Komatsu projects that demand for mining equipment will remain steady in iron ore, copper, and gold mines, while it will enter a recovery track in coal mines. With respect to profits, Komatsu expects that they will advance, reflecting an increase in volume of sales, differences in composition of sales, and improved selling prices.

In the retail finance business, Komatsu anticipates both sales and segment profit will improve, mainly due to an increase in new contracts. In the industrial machinery and others business, Komatsu projects that both sales and profits will increase, as sales of machine tools and the Excimer laser-related business should grow, respectively, in the automobile manufacturing industry and on the semiconductor market.

As preconditions for its projection, Komatsu is assuming the foreign exchange rates will be as follows: USD1=JPY 105.0, EUR1=JPY 124.0, and RMB1=JPY 16.0.

Notes: Markets as Positioned by Komatsu

Traditional Markets: Japan, North America and Europe

Strategic Markets: China, Latin America, Asia, Oceania, Africa, Middle East and CIS

[Projections]

Millions of yen

	2022 Projection USD1=JPY105.0 EUR1=JPY124.0 RMB1=JPY16.0	2021 Results USD1=JPY106.0 EUR1=JPY123.4 RMB1=JPY15.6	Changes Increase (Decrease)
	[A]	[B]	[(A-B)/B]
Net sales	**2,469,000**	2,189,512	12.8%
Construction, Mining and Utility Equipment	**2,243,000**	1,975,958	13.5%
Retail Finance	**68,000**	66,394	2.4%
Industrial Machinery and Others	**175,000**	171,255	2.2%
Elimination	**(17,000)**	(24,095)	-
Segment profit	**225,000**	172,339	30.6%
Construction, Mining and Utility Equipment	**198,000**	143,788	37.7%
Retail Finance	**12,000**	10,574	13.5%
Industrial Machinery and Others	**17,000**	16,342	4.0%
Corporate & elimination	**(2,000)**	1,635	-
Operating income	**225,000**	167,328	34.5%
Income before income taxes and equity in earnings of affiliated companies	**217,000**	162,775	33.3%
Net income attributable to Komatsu Ltd.	**146,000**	106,237	37.4%

Note: Unless otherwise noted, all sales by segment in this report indicate the amounts before elimination of inter-segment transactions.

(2) Financial Conditions

As of March 31, 2021, while inventories decreased from the previous fiscal year-end, total assets increased by JPY 131.1 billion to JPY 3,784.8 billion, due largely to the Japanese yen's depreciation against the U.S. dollar and some other currencies as well as increased receivables. Interest-bearing debt decreased by JPY 102.3 billion from the previous fiscal year-end, to JPY 909.9 billion. Komatsu Ltd. shareholders' equity increased by JPY 140.6 billion from the previous fiscal year-end, to JPY 1,912.2 billion. As a result, Komatsu Ltd. shareholders' ratio increased by 2.0 percentage points from the previous fiscal year-end, to 50.5%.

For the fiscal year under review, net cash provided by operating activities totaled JPY 354.1 billion, an increase of JPY 58.9 billion from the previous fiscal year, largely reflecting decreased inventories. Net cash used in investing activities amounted to JPY 163.0 billion, a decrease of JPY 27.8 billion from the previous fiscal year, due mainly to the purchase of fixed assets. Net cash used in financing activities amounted to JPY 199.6 billion (as compared to JPY 3.4 billion used for the previous fiscal year), mainly due to the repayment of debt and payment of cash dividends. After adding the effects of foreign exchange fluctuations to the total amount of each cash flow, as of March 31, 2021, cash and cash equivalents totaled JPY 241.8 billion, a decrease of JPY 5.8 billion from the previous fiscal year-end.

[Trends of Financial Conditions Indicators]
(Fiscal years ended March 31, 2021, 2020 and 2019)

	2021	2020	2019
Komatsu Ltd. shareholders' equity ratio (%)	**50.5**	48.5	49.9
Komatsu Ltd. shareholders' equity ratio at aggregate market value (%)	**85.4**	46.0	66.7
Years of debt redemption	**2.6**	3.4	4.6

Notes: 1) Komatsu Ltd. shareholders' equity ratio: Komatsu Ltd. shareholders' equity/Total assets
2) Komatsu Ltd. shareholders' equity ratio at aggregate market value: Aggregate market value of outstanding shares of common stock/Total assets
3) Years of debt redemption: Interest-bearing debt/Net cash provided by operating activities

(3) Basic Policy for Redistribution of Profits and Dividends for the Fiscal Year under Review and Next Fiscal Year

Komatsu is building a sound financial position and enhancing its competitiveness in order to increase its sustainable corporate value. Concerning cash dividends, Komatsu has the policy of continuing stable payment of dividends after comprehensively considering consolidated business results and reviewing future investment plans, cash flows and the like. Specifically, Komatsu has the policy of maintaining a consolidated payout ratio of 40% or higher.

As described earlier in this report, while demand declined in the construction, mining, and utility equipment business, as adversely affected by the coronavirus (COVID-19) pandemic, it has recovered sooner than expected, since the third quarter, centering on construction equipment. As a result, both sales and profits for the year outperformed the projection of consolidated business results for the fiscal year ended March 31, 2021, which Komatsu announced on October 28, 2020.

Concerning cash dividends for the fiscal year under review, after considering consolidated business results for the fiscal year under review and future business prospects under its dividend policy, the Company is planning

to increase the year-end common stock dividend per share by JPY 2 from the earlier projection of JPY 25 per share. At the same time, the Company plans to pay the 100th anniversary (May 13, 2021) commemorative cash dividend of JPY 10 per share. As a result, year-end cash dividends for the fiscal year under review should amount to JPY 37 per share, i.e., JPY 12 more than the latest projection of cash dividends. Annual cash dividends should total JPY 55 per share, including the interim cash dividend which has already been paid, and which is showing a decrease of JPY 39 per share from the previous fiscal year, ended March 31, 2020. Accordingly, the consolidated payout ratio will translate into 48.9%. This dividend amount will be proposed to the 152nd ordinary general meeting of shareholders (scheduled for June 18, 2021).

Regarding annual cash dividends for the fiscal year, ending March 31, 2022, the Company plans to pay JPY 62 per share, an increase of JPY 7 per share from the fiscal year under review.

Cautionary Statement

The announcement set forth herein contains forward-looking statements which reflect management's current views with respect to certain future events, including expected financial position, operating results, and business strategies. These statements can be identified by the use of terms such as “will,” “believes,” “should,” “projects” and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company’s principal products, owing to changes in the economic conditions in the Company’s principal markets; changes in exchange rates or the impact of increased competition; unanticipated cost or delays encountered in achieving the Company’s objectives with respect to globalized product sourcing and new Information Technology tools; uncertainties as to the results of the Company’s research and development efforts and its ability to access and protect certain intellectual property rights; and, the impact of regulatory changes and accounting principles and practices.

Basic Stance on Selection of Accounting Standards

The Company has been preparing its consolidated financial statements in accordance with the U.S. GAAP since before the Japanese government enacted its “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements”, pursuant to the provisions of Article 193 of the Securities and Exchange Act of Japan.

The Company is gathering information on trends in Japan and Overseas in relation to the International Financial Reporting Standards (IFRS).

Consolidated Financial Statements

(1) Consolidated Balance Sheets

Assets

Millions of yen

	As of March 31, 2021		As of March 31, 2020	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	¥ **241,803**		¥ 247,616	
Time deposits	**1,324**		2,057	
Trade notes and accounts receivable, net	**820,698**		744,395	
Inventories	**793,852**		805,309	
Other current assets	**131,615**		147,413	
Total current assets	**1,989,292**	**52.6**	1,946,790	53.3
Long-term trade receivables, net	**446,860**	**11.8**	420,918	11.5
Investments				
Investments in and advances to affiliated companies	**39,286**		38,210	
Investment securities	**8,236**		7,328	
Other	**2,511**		2,436	
Total investments	**50,033**	**1.3**	47,974	1.3
Property, plant and equipment - less accumulated depreciation and amortization	**787,373**	**20.8**	757,679	20.8
Operating lease right-of-use assets	**57,930**	**1.5**	53,454	1.5
Goodwill	**170,687**	**4.5**	157,521	4.3
Other intangible assets - less accumulated amortization	**168,981**	**4.5**	162,062	4.4
Deferred income taxes and other assets	**113,685**	**3.0**	107,288	2.9
Total	¥ **3,784,841**	**100.0**	¥ 3,653,686	100.0

Liabilities and Equity

Millions of yen

	As of March 31, 2021		As of March 31, 2020	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	¥ **271,462**		¥ 483,658	
Current maturities of long-term debt	**98,004**		118,880	
Trade notes, bills and accounts payable	**258,316**		220,160	
Income taxes payable	**26,858**		23,169	
Current operating lease liabilities	**15,882**		14,933	
Other current liabilities	**322,347**		297,825	
Total current liabilities	**992,869**	**26.2**	1,158,625	31.7
Long-term liabilities				
Long-term debt	**540,517**		409,840	
Liability for pension and retirement benefits	**104,083**		96,392	
Long-term operating lease liabilities	**39,982**		38,624	
Deferred income taxes and other liabilities	**95,365**		93,980	
Total long-term liabilities	**779,947**	**20.6**	638,836	17.5
Total liabilities	**1,772,816**	**46.8**	1,797,461	49.2
Komatsu Ltd. shareholders' equity				
Common stock	**69,037**		68,689	
Capital surplus	**135,835**		136,459	
Retained earnings:				
Appropriated for legal reserve	**47,378**		46,813	
Unappropriated	**1,750,914**		1,699,477	
Accumulated other comprehensive income (loss)	**(42,012)**		(130,666)	
Treasury stock	**(48,855)**		(49,166)	
Total Komatsu Ltd. shareholders' equity	**1,912,297**	**50.5**	1,771,606	48.5
Noncontrolling interests	**99,728**	**2.7**	84,619	2.3
Total equity	**2,012,025**	**53.2**	1,856,225	50.8
Total	¥ **3,784,841**	**100.0**	¥ 3,653,686	100.0

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(For the fiscal years ended March 31, 2021 and 2020)

Consolidated Statements of Income

Millions of yen

	2021		2020	
		Ratio (%)		Ratio (%)
Net sales	¥ **2,189,512**	**100.0**	¥ 2,444,870	100.0
Cost of sales	**1,608,457**	**73.5**	1,749,048	71.5
Selling, general and administrative expenses	**408,716**	**18.7**	440,792	18.0
Impairment loss on long-lived assets	**2,403**	**0.1**	3,194	0.1
Impairment loss on goodwill	**-**	**-**	3,699	0.2
Other operating income (expenses), net	**(2,608)**	**(0.1)**	2,570	0.1
Operating income	**167,328**	**7.6**	250,707	10.3
Other income (expenses), net				
Interest and dividend income	**5,293**	**0.2**	7,378	0.3
Interest expense	**(13,766)**	**(0.6)**	(24,592)	(1.0)
Other, net	**3,920**	**0.2**	(10,379)	(0.4)
Total other income (expenses), net	**(4,553)**	**(0.2)**	(27,593)	(1.1)
Income before income taxes and equity in earnings of affiliated companies	**162,775**	**7.4**	223,114	9.1
Income taxes	**46,919**	**2.1**	62,873	2.6
Income before equity in earnings of affiliated companies	**115,856**	**5.3**	160,241	6.6
Equity in earnings of affiliated companies	**2,760**	**0.1**	3,443	0.1
Net income	**118,616**	**5.4**	163,684	6.7
Less: Net income attributable to noncontrolling interests	**12,379**	**0.6**	9,840	0.4
Net income attributable to Komatsu Ltd.	¥ **106,237**	**4.9**	¥ 153,844	6.3

Consolidated Statements of Comprehensive Income

Millions of yen

	2021	2020
Net income	**¥ 118,616**	¥ 163,684
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	**105,466**	(94,938)
Pension liability adjustments	**(7,297)**	(1,096)
Net unrealized holding gains (losses) on derivative instruments	**(690)**	(1,392)
Total other comprehensive income (loss), for the period, net of tax	**97,479**	(97,426)
Comprehensive income	**216,095**	66,258
Less: Comprehensive income attributable to noncontrolling interests	**21,543**	3,259
Comprehensive income attributable to Komatsu Ltd.	**¥ 194,552**	¥ 62,999

(3) Consolidated Statements of Equity

(For the fiscal year ended March 31, 2021)

Millions of yen

	Common stock	Capital surplus	Retained earnings		Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd. shareholders' equity	Noncontrolling interests	Total equity
			Appropriated for legal reserve	Unappropriated					
Balance at March 31, 2020	¥ 68,689	¥ 136,459	¥ 46,813	¥ 1,699,477	¥ (130,666)	¥ (49,166)	¥ 1,771,606	¥ 84,619	¥ 1,856,225
Cash dividends				(53,878)			(53,878)	(6,108)	(59,986)
Transfer to retained earnings appropriated for legal reserve			565	(565)			-		-
Other changes		(639)		(357)	339		(657)	(326)	(983)
Net income				106,237			106,237	12,379	118,616
Other comprehensive income (loss), for the period, net of tax					88,315		88,315	9,164	97,479
Issuance and exercise of stock acquisition rights		(405)					(405)		(405)
Purchase of treasury stock						(57)	(57)		(57)
Sales of treasury stock		74				368	442		442
Restricted stock compensation*	348	346					694		694
Balance at March 31, 2021	¥ 69,037	¥ 135,835	¥ 47,378	¥ 1,750,914	¥ (42,012)	¥ (48,855)	¥ 1,912,297	¥ 99,728	¥ 2,012,025

Note: * Refer to "Net Income per Share" on page 24 for more details.

(For the fiscal year ended March 31, 2020)

Millions of yen

	Common stock	Capital surplus	Retained earnings		Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd. shareholders' equity	Noncontrolling interests	Total equity
			Appropriated for legal reserve	Unappropriated					
Balance at March 31, 2019	¥ 68,311	¥ 136,798	¥ 46,028	¥ 1,654,105	¥ (39,792)	¥ (49,868)	¥ 1,815,582	¥ 87,286	¥ 1,902,868
Cash dividends				(107,687)			(107,687)	(6,065)	(113,752)
Transfer to retained earnings appropriated for legal reserve			785	(785)			-		-
Other changes		10			(29)		(19)	139	120
Net income				153,844			153,844	9,840	163,684
Other comprehensive income (loss), for the period, net of tax					(90,845)		(90,845)	(6,581)	(97,426)
Issuance and exercise of stock acquisition rights		(759)					(759)		(759)
Purchase of treasury stock						(33)	(33)		(33)
Sales of treasury stock		35				735	770		770
Restricted stock compensation*	378	375					753		753
Balance at March 31, 2020	¥ 68,689	¥ 136,459	¥ 46,813	¥ 1,699,477	¥ (130,666)	¥ (49,166)	¥ 1,771,606	¥ 84,619	¥ 1,856,225

Note: * Refer to "Net Income per Share" on page 24 for more details.

(4) Consolidated Statements of Cash Flows

(For the fiscal years ended March 31, 2021 and 2020)

Millions of yen

	2021	2020
Operating activities		
Net income	**¥ 118,616**	¥ 163,684
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	**133,126**	131,596
Deferred income taxes	**(5,288)**	(3,591)
Impairment loss and net loss (gain) on valuation of investment securities	**(47)**	(97)
Net loss (gain) on sale of fixed assets	**(875)**	(4,714)
Loss on disposal of fixed assets	**2,921**	3,980
Impairment loss on long-lived assets	**2,403**	3,194
Impairment loss on goodwill	**-**	3,699
Pension and retirement benefits, net	**(148)**	(1,672)
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	**(39,209)**	44,568
Decrease (increase) in inventories	**56,156**	(9,915)
Increase (decrease) in trade payables	**30,483**	(38,340)
Increase (decrease) in income taxes payable	**2,967**	(19,445)
Other, net	**53,024**	22,234
Net cash provided by (used in) operating activities	**354,129**	295,181
Investing activities		
Capital expenditures	**(181,548)**	(184,707)
Proceeds from sale of fixed assets	**18,332**	14,968
Proceeds from sale of investment securities	**22**	844
Purchases of investment securities	**(772)**	(630)
Acquisition of subsidiaries and equity investees, net of cash acquired	**(1,770)**	(21,646)
Other, net	**2,679**	241
Net cash provided by (used in) investing activities	**(163,057)**	(190,930)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	**702,701**	587,157
Payment on debt (Original maturities greater than three months)	**(725,363)**	(436,952)
Short-term debt, net (Original maturities three months or less)	**(114,126)**	(37,449)
Dividends paid	**(53,878)**	(107,687)
Other, net	**(9,001)**	(8,526)
Net cash provided by (used in) financing activities	**(199,667)**	(3,457)
Effect of exchange rate change on cash and cash equivalents	**2,782**	(1,657)
Net increase (decrease) in cash and cash equivalents	**(5,813)**	99,137
Cash and cash equivalents, beginning of year	**247,616**	148,479
Cash and cash equivalents, end of year	**¥ 241,803**	¥ 247,616

(5) Note to the Going Concern Assumption

None

(6) Basis of Consolidated Financial Statements

1) Changes in important subsidiaries during the Year under Review: None

2) The number of consolidated subsidiaries and affiliated companies accounted for by the equity method

Number of consolidated subsidiaries: 212 companies

Number of affiliated companies accounted for by the equity method: 42 companies

3) Changes resulting from revisions in accounting standards, etc.: None

4) Changes in other matters except for 3) above: None

(7) Notes to Consolidated Financial Statements

1) Business Segment Information

< Information by Operating Segment>

(For the fiscal year ended March 31, 2021)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	**1,961,207**	**58,377**	**169,928**	**2,189,512**	**-**	**2,189,512**
Intersegment	**14,751**	**8,017**	**1,327**	**24,095**	**(24,095)**	**-**
Total	**1,975,958**	**66,394**	**171,255**	**2,213,607**	**(24,095)**	**2,189,512**
Segment profit	**143,788**	**10,574**	**16,342**	**170,704**	**1,635**	**172,339**
Assets	**2,689,427**	**887,125**	**201,810**	**3,778,362**	**6,479**	**3,784,841**
Depreciation and Amortization	**93,883**	**30,393**	**6,156**	**130,432**	**-**	**130,432**
Capital investment	**117,059**	**41,722**	**4,393**	**163,174**	**-**	**163,174**

(For the fiscal year ended March 31, 2020)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	2,205,976	62,952	175,942	2,444,870	-	2,444,870
Intersegment	5,287	7,958	1,644	14,889	(14,889)	-
Total	2,211,263	70,910	177,586	2,459,759	(14,889)	2,444,870
Segment profit	227,311	12,673	13,703	253,687	1,343	255,030
Assets	2,521,646	841,063	216,728	3,579,437	74,249	3,653,686
Depreciation and Amortization	91,049	32,266	6,210	129,525	-	129,525
Capital investment	116,282	45,636	4,634	166,552	-	166,552

Notes: 1) Business categories and principal products & services included in each operating segment are as follows:

a) Construction, Mining and Utility Equipment

Excavating equipment, loading equipment, grading & roadbed preparation equipment, hauling equipment, forestry equipment, tunneling machines, underground mining equipment, recycling equipment, industrial vehicles, other equipment, engines & components, casting products, and logistics

b) Retail Finance

Financing

c) Industrial Machinery and Others

Metal forging & stamping presses, sheet-metal machines, machine tools, defense systems, temperature-control equipment, and optical machinery

2) Transfers between segments are made at estimated arm's-length prices.

< Geographic Information>

Net sales determined by customer location were as follows:

(For the fiscal years ended March 31, 2021 and 2020)

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
2021	**384,302**	**798,390**	**308,044**	**169,598**	**406,035**	**123,143**	**2,189,512**
2020	396,584	950,850	359,579	155,814	452,731	129,312	2,444,870

Note: * Excluding Japan and China

2) Net Income per Share

The Company has the restricted stock compensation system (hereinafter, the "System") for directors (other than outside directors) and employees of the Company and directors and employees of major subsidiaries. Among the new shares issued under the System, those transfer restrictions which have not been cancelled are distinguished as participating securities from common shares. Each common share and restricted stock has the same rights to net income attributable to Komatsu Ltd.

A reconciliation of the numerators and denominators of the basic and diluted net income attributable to Komatsu Ltd. per share computations is as follows:

(For the fiscal years ended March 31, 2021 and 2020)

Millions of yen

	2021	2020
Net income attributable to Komatsu Ltd.	**106,237**	153,844
Net income attributable to participating securities (restricted stocks)	**85**	75
Net income attributable to common shareholders	**106,152**	153,769

Number of shares

	2021	2020
Weighted average common shares outstanding, less treasury stock	**944,905,204**	944,230,565
Dilutive effect of: Stock options	**374,987**	741,949
Weighted average number of participating securities (restricted stocks)	**758,982**	459,183
Weighted average diluted common shares outstanding	**944,521,209**	944,513,331

Yen

	2021	2020
Net income attributable to Komatsu Ltd. per share:		
Basic	**112.43**	162.93
Diluted	**112.39**	162.80

3) Significant Subsequent Events

The Company's Board of Directors resolved the following matters at the Board meeting held on April 30, 2021.

a) The Company and NTT DOCOMO, INC. (hereafter "DOCOMO"), Sony Semiconductor Solutions Corporation (hereafter "Sony"), and Nomura Research Institute, Ltd. (hereafter "NRI") will engage in the joint business (hereafter the "Joint Business") of developing, providing, and servicing digital solutions (worksite visualization devices, platforms, and applications) for the construction industry at LANDLOG Ltd. (hereafter "LANDLOG"), a wholly-owned subsidiary of the Company.

b) For the Joint Business, (ⅰ) LANDLOG shall take over part of the rights and duties related to the Smart Construction business owned by the Company through a company split (absorption-type company split) effective July 1, 2021 (scheduled), and (ⅱ) LANDLOG shall execute the third-party allotment of shares to DOCOMO, Sony, and NRI.

Along with the Joint Business, LANDLOG plans to change its name to EARTHBRAIN Ltd. Due to the Joint Business, the Company's equity ratio in LANDLOG shall decrease from 100% to 54.5%. The Company anticipates no substantial impact on its consolidated financial conditions or business performance.

4) Others

Other notes are omitted in this release of Consolidated Business Results for the Fiscal Year Ended March 31, 2021(U.S. GAAP), because the need for their disclosure is considered insignificant.

(end)