April 30, 2021

Company name Komatsu Ltd.
Name of Representative Hiroyuki Ogawa, President and CEO (Code: First Section of TSE 6301)
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Notice: Difference between Projected Consolidated Business Results for FY2020 and Actual Results, Difference between Non-consolidated Business Results for FY2020 and Those for the Previous Year, and Dividends from Retained Earnings

Komatsu Ltd. (President and CEO: Hiroyuki Ogawa) (hereafter "the Company") informs that there is the difference between projected consolidated business results of October 28, 2020 for the fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021) and actual results which were disclosed today.

The Company does not disclose projections of non-consolidated business results. However, please be informed of the difference between non-consolidated business results for the fiscal year ended March 31, 2021 and those for the previous fiscal year.

Please be also informed that the Board of Directors, in its meeting on April 30, 2021, resolved to propose at the 152th ordinary general shareholders' meeting that the Company will change the latest projection of retained earnings with the record date of March 31, 2021 and pay dividends.

Specifics

1. Difference between projected consolidated business results for the fiscal year ended March 31, 2021 and actual results (April 1, 2020 to March 31, 2021)

(Rounded to the nearest million yen)

	Net sales	Operating income	Income before income taxes and equity in earnings of affiliated companies	Net income attributable to Komatsu Ltd	Net income attributable to Komatsu Ltd. per share
	Million JPY	Million JPY	Million JPY	Million JPY	JPY
Projection (A) (As of October 28, 2020)	2,119,000	134,000	127,000	80,000	84.67
FY2020 results (B) (Ended March 31, 2021)	2,189,512	167,328	162,775	106,237	112.43
Difference (B-A)	70,512	33,328	35,775	26,237	—
Rate of change (%)	3.3	24.9	28.2	32.8	—
FY2019 results (Ended March 31, 2020)	2,444,870	250,707	223,114	153,844	162.93

[Reasons for the difference]
While consolidated sales and profits declined from the previous fiscal year for the fiscal year under review, as adversely affected by the coronavirus (COVID-19) pandemic, demand recovered, centering on construction equipment, sooner than expected, starting in the third quarter. As a result, both sales and profits for the year outperformed the earlier projection.

2. Difference between non-consolidated results for the fiscal year ended March 31, 2021 and those for the previous fiscal year (April 1, 2020 to March 31, 2021)

(Rounded to the nearest million yen)

	Sales	Ordinary profit	Net income	Net income per share
	Million JPY	Million JPY	Million JPY	JPY
FY2019 results (A) (Ended March 31, 2020)	719,292	62,008	58,316	61.73
FY2020 results (B) (Ended March 31, 2021)	653,587	25,055	21,875	23.14
Difference (B-A)	(65,705)	(36,953)	(36,441)	—
Rate of change (%)	(9.1)	(59.6)	(62.5)	—

[Reasons for the difference]
Concerning non-consolidated business results, demand for construction and mining equipment remained sluggish, as adversely affected by the coronavirus (COVID-19) pandemic, which reduced the Company's sales. The Company also recorded extraordinary loss resulting from the revision of its retirement benefit program. As a result, both sales and profits declined for the fiscal year under review.

3. Details of dividend

(Rounded to the nearest million yen)

	Amounts decided	Latest dividend projection (As of October 28, 2020)	Actual dividends for FY2019 (Ended March 31, 2020)
Record date	March 31, 2021	Same as on the left	March 31, 2020
Dividend per share	JPY37 (common stock dividend JPY27) (the 100th anniversary commemorative dividend JPY 10)	JPY25	JPY39
Total amount of dividends	JPY34,986 million	—	JPY36,858 million
Effective date	June 21, 2021	—	June 19, 2020
Source of dividends	Retained earnings	—	Retained earnings

[Reason for the change of projected cash dividend]
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.

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 pay JPY 27 per share for year-end dividends by adding a common stock dividend of JPY 2 per share to the earlier projection of JPY 25 per share. Furthermore, the Company is going to celebrate its 100th anniversary on May 13, this year. To express appreciation to shareholders for their support over the years, the Company plans to pay the 100th anniversary 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. 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).

[Reference]

	Dividend per share		
Record date	End of the second quarter	Fiscal year-end	Total
FY2020 results	JPY18	JPY37 (common stock dividend JPY27) (the 100th anniversary commemorative dividend JPY 10)	JPY55 (common stock dividend JPY45) (the 100th anniversary commemorative dividend JPY 10)
FY2019 results (Ended March 31, 2020)	JPY55	JPY39	JPY94

End