



Komatsu Ltd.

Sustainability Promotion Division
Corporate Communications Dept.

Tel: +81-(0)3-5561-2616

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URL: <https://home.komatsu/en>

**Consolidated Business Results for Six Months of the Fiscal Year Ending
March 31, 2022 (U.S. GAAP)**

1. Results for Six Months Ended September 30, 2021

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

Millions of yen except per share amounts

	Six Months ended September 30, 2021	Six Months ended September 30, 2020	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	1,291,400	957,717	333,683	34.8%
Operating income	136,284	60,342	75,942	125.9%
Income before income taxes and equity in earnings of affiliated companies	136,509	58,530	77,979	133.2%
Net income attributable to Komatsu Ltd.	93,141	37,294	55,847	149.7%
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥98.56	¥39.48	¥59.08	
Diluted	¥98.53	¥39.46	¥59.07	

Note: Comprehensive income for six months ended September 30, 2021 and 2020

2021: 112,684 millions of yen, up 126.0% from 2020

2020: 49,866 millions of yen, up 84.5% from 2019

(2) Consolidated Financial Position

Millions of yen except per share amounts

	As of September 30, 2021	As of March 31, 2021
Total assets	3,853,507	3,784,841
Total equity	2,113,861	2,012,025
Komatsu Ltd. shareholders' equity	1,997,728	1,912,297
Komatsu Ltd. shareholders' equity ratio	51.8%	50.5%
Komatsu Ltd. shareholders' equity per share (Yen)	¥2,113.41	¥2,023.34

2. Dividends

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

Yen

	The entire FY ending March 31, 2022		The entire FY ended March 31, 2021
	Results	2022 Projections	
First quarter period			
Second quarter period	40.00		18.00
Third quarter period			
Year-end		40.00	37.00
Total		80.00	55.00

Note: Changes in the latest projected cash dividend as of October 28, 2021: Applicable

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	2,683,000	22.5%
Operating income	282,000	68.5%
Income before income taxes and equity in earnings of affiliated companies	277,000	70.2%
Net income attributable to Komatsu Ltd.	187,000	76.0%
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	¥197.85	

Notes: 1) Changes in the latest projected consolidated business results as of October 28, 2021: Applicable

2) Percentages shown above represent the rates of change compared with the corresponding period a year ago.

4. Others

(1) Changes in important subsidiaries during the six-month period under review: None

(2) Use of simplified accounting procedures and adoption of specific accounting procedures for the preparation of consolidated quarterly financial statements: None

(3) Changes in significant accounting rules, procedures and presentation and changes in significant accounting policies and estimates

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

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

(4) Number of common shares outstanding

1) The numbers of common shares issued (including treasury stock) were as follows:

As of September 30, 2021: 973,145,800 shares

As of March 31, 2021: 972,887,610 shares

2) The numbers of shares of treasury were as follows:

As of September 30, 2021: 27,881,871 shares

As of March 31, 2021: 27,766,444 shares

3) The weighted average numbers of common shares outstanding were as follows:

Six months ended September 30, 2021: 944,147,853 shares

Six months ended September 30, 2020: 944,084,657 shares

[Reference]

Results for Three Months ended September 30, 2021

Millions of yen except per share amounts

	Three Months ended September 30, 2021	Three Months ended September 30, 2020	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	643,134	498,986	144,148	28.9%
Operating income	74,534	33,423	41,111	123.0%
Income before income taxes and equity in earnings of affiliated companies	75,055	30,033	45,022	149.9%
Net income attributable to Komatsu Ltd.	52,249	21,043	31,206	148.3%
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥55.29	¥22.27	¥33.02	
Diluted	¥55.27	¥22.26	¥33.01	

Appendix

Management Performance and Financial Conditions

- (1) Outline of Operations and Business Results P.5
- (2) Financial Conditions P.10
- (3) Projection for the Fiscal Year Ending March 31, 2022 P.10
- (4) Others P.12

Consolidated Financial Statements

- (1) Consolidated Balance Sheets P.13
- (2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income P.15
- (3) Consolidated Statements of Cash Flows P.19
- (4) Note to the Going Concern Assumption P.20
- (5) Business Segment Information P.20
- (6) Note in Case of Notable Changes in the Amount of Shareholders' Equity P.22

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, “DANTOTSU Value - *FORWARD* Together for Sustainable Growth”, to be completed in the fiscal year ending March 31, 2022. Under the mid-term management plan, 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. 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 first six-month period (April 1- September 30, 2021) of the fiscal year ending March 31, 2022, the final year of the mid-term management plan, consolidated net sales totaled JPY 1,291.4 billion, up 34.8% from the corresponding period a year ago. In the construction, mining and utility equipment business, demand for both construction and mining equipment was strong around the world, except for China, as the adverse effects of the coronavirus (COVID-19) pandemic shrank from the corresponding period a year ago. Komatsu steadily captured expanding demand for new equipment and advanced sales of parts and service revenues, as it capitalized particularly on cross-sourcing to mitigate the negative impact of semiconductor and container shortages. As a result, sales expanded sharply from the corresponding period a year ago. In the industrial machinery and others business, with respect to the businesses of presses, sheet-metal machines, and machine tools, Komatsu improved sales from the corresponding period a year ago by completing installation work of machinery at overseas customers’ plants, as the governments of related countries eased their regulations on economic activities. In addition, demand for the Excimer laser-related business for the semiconductor manufacturing industry remained brisk. As a result, sales advanced from the corresponding period a year ago.

With respect to profits for the first six-month period under review, operating income surged by 125.9% from the corresponding period a year ago, to JPY 136.2 billion. This was mainly due to expanded sales volume and improved selling prices in many regions in the construction, mining and utility equipment business, as well as the Japanese yen's depreciation. The operating income ratio improved by 4.3 percentage points to 10.6%. Income before income taxes and equity in earnings of affiliated companies expanded by 133.2% to JPY 136.5 billion. Net income attributable to Komatsu Ltd. climbed to JPY 93.1 billion, up 149.7%.

In the Komatsu Report 2021, an integrated report published in September, Komatsu has announced its long-term vision of achieving carbon neutrality, virtually zero carbon emissions, by 2050, as an extension from the management target spelled out in the mid-term management plan. In an effort to achieve this target, Komatsu has formed the Komatsu Greenhouse Gas (GHG) Alliance with leading mining companies to reduce GHG emissions in mines.

[Consolidated Financial Highlights]

Millions of yen

	Six Months ended September 30, 2021 1USD=JPY110.1 1EUR=JPY131.1 1RMB=JPY17.0	Six Months ended September 30, 2020 1USD=JPY107.1 1EUR=JPY121.4 1RMB=JPY15.2	Changes Increase (Decrease)
	[A]	[B]	[(A-B)/B]
Net sales	1,291,400	957,717	34.8%
Construction, Mining and Utility Equipment	1,185,363	876,550	35.2%
Retail Finance	36,979	32,752	12.9%
Industrial Machinery and Others	81,695	64,938	25.8%
Elimination	(12,637)	(16,523)	-
Segment profit	134,820	60,757	121.9%
Construction, Mining and Utility Equipment	118,620	52,217	127.2%
Retail Finance	7,845	4,682	67.6%
Industrial Machinery and Others	8,598	4,102	109.6%
Corporate & elimination	(243)	(244)	-
Operating income	136,284	60,342	125.9%
Income before income taxes and equity in earnings of affiliated companies	136,509	58,530	133.2%
Net income attributable to Komatsu Ltd.	93,141	37,294	149.7%

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 first six-month period under review, sales of the construction, mining and utility equipment business advanced by 35.2% from the corresponding period a year ago, to JPY 1,185.3 billion. Segment profit surged by 127.2% to JPY 118.6 billion.

With respect to the mid-term management plan, specifically, concerning the growth strategy of value creation by means of innovation, Komatsu worked to make steady progress in automation, autonomy, electrification, and remote control of its equipment. At the MINExpo INTERNATIONAL 2021, the world's largest trade fair of mining equipment, Komatsu demonstrated remote control of the super-large PC7000-11 hydraulic excavator working with the Innovative Autonomous Haulage Vehicle, unmanned hauling vehicle in semiautomatic operation. Komatsu also unveiled the concept of a power-agnostic, super-large dump truck for the future of carbon neutrality. In Japan, to improve customers' workplace safety, Komatsu began installing the collision detection warning system on electric FE25/30-2 forklifts and WA270/320-8 wheel loaders. The system assists the operators in ensuring rear safety by emitting lights and sounds.

Concerning the growth strategies based on business reforms, Komatsu has launched the 2-model line strategy in Southeast Asia, and has worked to promote sales of the PC200-10M0 CE series hydraulic excavator which features optimal specs for exclusive use in urban civil engineering work. For underground hard rock mining, Komatsu has advanced efforts to develop the MC51, a new model of the DynaCut and a new rock excavation technology, which represents the first product of materializing its slogan of No Blasting, No Batch, and No Diesel for underground hard rock mining. At the same time, Komatsu has also promoted the development of a new rock excavation technology and has begun a trial cooperation with a customer.

In terms of structural reforms for growth, the new plant of Komatsu Forest AB, which incorporates new manufacturing engineering technologies, has started production as Komatsu Group's first carbon-neutral plant.

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

Millions of yen

	Six Months ended September 30, 2021	Six Months ended September 30, 2020	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Japan	136,123	132,208	3,915	3.0%
Americas	North America	204,120	57,918	28.4%
	Latin America	125,316	66,395	53.0%
Americas	453,749	329,436	124,313	37.7%
Europe & CIS	Europe	79,594	36,796	46.2%
	CIS	92,616	47,962	93.1%
Europe & CIS	209,006	127,556	81,450	63.9%
China	50,179	71,887	(21,708)	(30.2%)
Asia* & Oceania	Asia*	52,396	59,076	112.7%
	Oceania	132,282	102,183	30,099
Asia* & Oceania	243,754	154,579	89,175	57.7%
Middle East & Africa	Middle East	11,807	8,838	74.9%
	Africa	68,177	36,841	31,336
Middle East & Africa	88,822	48,648	40,174	82.6%
Total	1,181,633	864,314	317,319	36.7%

Note: *Excluding Japan and China

Komatsu's operations by region are described below.

Japan

For the first six-month period under review, demand remained steady in not only public works, but also private-sector construction, as the coronavirus (COVID-19) pandemic had a small impact. As a result, sales increased from the corresponding period a year ago.

Americas

In North America, while demand for construction equipment was sluggish in the energy-related sector, it remained strong in the housing sector, infrastructure development, and the rental industry. Sales of parts and service revenues of mining equipment also increased. As a result, sales advanced from the corresponding period a year ago. In Latin America, demand for both construction and mining equipment was strong. Sales of mining equipment advanced mainly to copper mines, and demand for construction equipment increased firmly, centering on Brazil and Chile, partly supported by the economic stimulus measures of the governments. As a result, sales expanded from the corresponding period a year ago.

Europe and CIS

In Europe, sales increased sharply from the corresponding period a year ago, reflecting recovering demand in infrastructure development, not only in the major markets of Germany, the United Kingdom, and France, but also in Italy, supported mainly by the economic stimulus measures of the governments. In CIS, demand for construction equipment was strong in the infrastructure development and energy-related sectors, and that for mining equipment was also steady centering on gold mines. As a result, sales surged from the corresponding period a year ago.

China

Demand had no positive effects of the post-Chinese New Year sales season, as did in the corresponding period a year ago, because the sales season was pushed back due to the coronavirus (COVID-19) pandemic. Demand also declined due to slack infrastructure development investment and reduced worksite operating hours as affected by environmental regulations. Sales decreased sharply from the corresponding period a year ago, as partly affected by an increased share of sales made by Chinese manufacturers.

Asia and Oceania

In Asia, despite in some countries where coronavirus (COVID-19) infections expanded again, demand for mining equipment in coal mines was brisk in Indonesia, and that for construction equipment was also strong, mainly in Indonesia and the Philippines. As a result, sales climbed sharply from the corresponding period a year ago. In Oceania, sales advanced, supported by a steady demand for mining equipment in iron ore and coal mines, as well as construction equipment.

Middle East and Africa

In the Middle East, demand remained steady in Turkey, and that for construction equipment increased in Saudi Arabia. As a result, sales advanced sharply from the corresponding period a year ago. In Africa, demand for mining equipment increased in Southern Africa, and that for construction equipment was also strong in other regions. As a result, sales expanded sharply from the corresponding period a year ago.

Retail Finance

For the first six-month period under review, revenues increased by 12.9% from the corresponding period a year ago, to JPY 36.9 billion, as new contracts increased in tandem with sales growth of construction and mining equipment. Segment profit expanded sharply by 67.6% to JPY 7.8 billion, reflecting improved valuation of equipment after lease use and no more adverse effects of an extension of payments under the coronavirus (COVID-19) pandemic, which impacted profits for the corresponding period a year ago.

Industrial Machinery and Others

For the first six-month period under review, with respect to the businesses of presses, sheet-metal machines, and machine tools, Komatsu improved sales from the corresponding period a year ago by completing installation work of machinery at overseas customers' plants, as the governments of related countries eased their regulations on economic activities. In addition, demand for the Excimer laser-related business for the semiconductor manufacturing industry remained brisk. As a result, sales advanced sharply by 25.8% from the corresponding period a year ago, to JPY81.6 billion. Segment profit climbed by 109.6% to JPY8.5 billion.

Gigaphoton Inc. began efforts to double its production capacity in order to respond to growing demand for the Excimer laser-related business in the future.

(2) Financial Conditions

As of September 30, 2021, total assets increased by JPY 68.6 billion from the previous fiscal year-end, to JPY 3,853.5 billion, mainly affected by an increase in inventories. Interest-bearing debt decreased by JPY45.4 billion from the previous fiscal year-end, to JPY864.5 billion. Komatsu Ltd. shareholders' equity increased by JPY85.4 billion from the previous fiscal year-end, to JPY 1,997.7 billion. As a result, Komatsu Ltd. shareholders' equity ratio increased by 1.3 percentage points from the previous fiscal year-end, to 51.8%.

For the first six-month period under review, net cash provided by operating activities totaled JPY 157.4 billion, an increase of JPY 4.8 billion from the corresponding period a year ago. This increase is due to net income for the period, while inventories increased. Net cash used in investing activities amounted to JPY 69.3 billion, a decrease of JPY 10.7 billion, mainly due to the purchase of fixed assets. Net cash used in financing activities amounted to JPY 59.0 billion, (as compared to JPY 87.0 billion used for the corresponding period a year ago), 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 September 30, 2021, cash and cash equivalents totaled JPY 272.8 billion, an increase of JPY 31.0 billion from the previous fiscal year-end.

(3) Projection for the Fiscal Year Ending March 31, 2022

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

In the construction, mining and utility equipment business, demand for both construction and mining equipment was strong around the world, except for China, in the first six-month period (April 1 - September 30, 2021), as the effects of coronavirus (COVID-19) infections shrank. In the second six-month period (October 1, 2021 - March 31, 2022), Komatsu projects that demand will also remain brisk, centering on North America, Europe, and Asia. Accordingly, sales should increase for the year ending March 31, 2022.

Concerning profits for the year, Komatsu assumes that they will also improve. This will reflect an increase in sales volume, as well as improvements in selling prices and production costs, more than offsetting the adverse effects of increased prices of materials and logistics costs.

Concerning foreign exchange rates, which are preconditions for the projection of full year results, Komatsu has revised the projected exchange rates (to USD 1=JPY 107, EUR1=JPY 126, and RMB 1=JPY 16.5 as the average exchange rate in the second six-month period). As a result, Komatsu is revising projected consolidated sales and profits for the year, announced on April 30, 2021.

Komatsu estimates the average exchange rates for the full year as follows: USD 1=JPY 108.5, EUR 1=JPY 128.6 and RMB 1=JPY 16.8 (Initial assumption: USD 1=JPY 105.0, EUR 1=JPY 124.0 and RMB 1=JPY 16.0)

Projection for Consolidated Business Results for FY2021 (April 1, 2021 - March 31, 2022)

Millions of yen except per share amounts

	Current projection	Earlier projection	Changes		Results for FY ended March 31, 2021
	[A]	[B]	[A-B]	[(A-B)/B]	
Net sales	2,683,000	2,469,000	214,000	8.7%	2,189,512
Operating income	282,000	225,000	57,000	25.3%	167,328
Income before income taxes and equity in earnings of affiliated companies	277,000	217,000	60,000	27.6%	162,775
Net income attributable to Komatsu Ltd.	187,000	146,000	41,000	28.1%	106,237
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	197.85	154.48	-	-	112.43

Basic Policy for Redistribution of Profits and Dividends for the Fiscal Year under Review

Komatsu is building a sound financial position and is 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 the interim cash dividend under this basic policy, after reviewing business results for the first six-month period under review and considering future business prospects, Komatsu is planning to increase JPY 9 per share from the projection of April 30 this year, to JPY 40 per share. Similarly, with respect to the year-end cash dividend, Komatsu is also planning to increase that dividend by JPY 9 from the projection, to JPY 40 per share. As a result, Komatsu plans to pay annual cash dividends of JPY 80 per share, increase of JPY 25 per share from the previous fiscal year ended March 31, 2021. The consolidated payout ratio will become 40.4%.

(4) Others

- 1) Changes in important subsidiaries during the six-month period under review: None
- 2) Use of simplified accounting procedures and adoption of specific accounting procedures for the preparation of consolidated quarterly financial statements: None
- 3) Changes in significant accounting rules, procedures and presentation and changes in significant accounting policies and estimates
 - a) Changes resulting from revisions in accounting standards, etc.: None
 - b) Changes in other matters except for a) above: None

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.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

Assets

Millions of yen

	As of September 30, 2021		As of March 31, 2021	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	¥ 272,828		¥ 241,803	
Time deposits	1,174		1,324	
Trade notes and accounts receivable, net	796,834		820,698	
Inventories	849,235		793,852	
Other current assets	137,443		131,615	
Total current assets	2,057,514	53.4	1,989,292	52.6
Long-term trade receivables, net	459,302	11.9	446,860	11.8
Investments				
Investments in and advances to affiliated companies	38,329		39,286	
Investment securities	8,659		8,236	
Other	2,785		2,511	
Total investments	49,773	1.3	50,033	1.3
Property, plant and equipment				
- less accumulated depreciation and amortization	779,788	20.3	787,373	20.8
Operating lease right-of-use assets	58,405	1.5	57,930	1.5
Goodwill	170,911	4.4	170,687	4.5
Other intangible assets				
- less accumulated amortization	162,811	4.2	168,981	4.5
Deferred income taxes and other assets	115,003	3.0	113,685	3.0
Total	¥ 3,853,507	100.0	¥ 3,784,841	100.0

Liabilities and Equity

Millions of yen

	As of September 30, 2021		As of March 31, 2021	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	¥ 204,826		¥ 271,462	
Current maturities of long-term debt	245,578		98,004	
Trade notes, bills and accounts payable	268,948		258,316	
Income taxes payable	37,232		26,858	
Current operating lease liabilities	15,603		15,882	
Other current liabilities	321,305		322,347	
Total current liabilities	1,093,492	28.4	992,869	26.2
Long-term liabilities				
Long-term debt	414,157		540,517	
Liability for pension and retirement benefits	98,577		104,083	
Long-term operating lease liabilities	41,175		39,982	
Deferred income taxes and other liabilities	92,245		95,365	
Total long-term liabilities	646,154	16.7	779,947	20.6
Total liabilities	1,739,646	45.1	1,772,816	46.8
Komatsu Ltd. shareholders' equity				
Common stock	69,393		69,037	
Capital surplus	149,154		135,835	
Retained earnings:				
Appropriated for legal reserve	47,633		47,378	
Unappropriated	1,808,814		1,750,914	
Accumulated other comprehensive income (loss)	(27,915)		(42,012)	
Treasury stock	(49,351)		(48,855)	
Total Komatsu Ltd. shareholders' equity	1,997,728	51.8	1,912,297	50.5
Noncontrolling interests	116,133	3.1	99,728	2.7
Total equity	2,113,861	54.9	2,012,025	53.2
Total	¥ 3,853,507	100.0	¥ 3,784,841	100.0

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

Six months ended September 30, 2021 and 2020

Consolidated Statements of Income

Millions of yen except per share amounts

	Six Months ended September 30, 2021		Six Months ended September 30, 2020	
		Ratio (%)		Ratio (%)
Net sales	¥ 1,291,400	100.0	¥ 957,717	100.0
Cost of sales	932,561	72.2	699,812	73.1
Selling, general and administrative expenses	224,019	17.3	197,148	20.6
Other operating income (expenses), net	1,464	0.1	(415)	(0.0)
Operating income	136,284	10.6	60,342	6.3
Other income (expenses), net				
Interest and dividend income	2,135	0.2	2,414	0.3
Interest expense	(5,749)	(0.4)	(7,406)	(0.8)
Other, net	3,839	0.3	3,180	0.3
Total other income (expenses), net	225	0.0	(1,812)	(0.2)
Income before income taxes and equity in earnings of affiliated companies	136,509	10.6	58,530	6.1
Income taxes	38,697	3.0	17,098	1.8
Income before equity in earnings of affiliated companies	97,812	7.6	41,432	4.3
Equity in earnings of affiliated companies	1,485	0.1	1,189	0.1
Net income	99,297	7.7	42,621	4.5
Less: Net income attributable to noncontrolling interests	6,156	0.5	5,327	0.6
Net income attributable to Komatsu Ltd.	¥ 93,141	7.2	¥ 37,294	3.9
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 98.56		¥ 39.48	
Diluted	¥ 98.53		¥ 39.46	

Consolidated Statements of Comprehensive Income

Millions of yen

	Six Months ended September 30, 2021	Six Months ended September 30, 2020
Net income	¥ 99,297	¥ 42,621
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	10,658	6,506
Pension liability adjustments	1,787	487
Net unrealized holding gains (losses) on derivative instruments	942	252
Total other comprehensive income (loss), for the period, net of tax	13,387	7,245
Comprehensive income	112,684	49,866
Less: Comprehensive income attributable to noncontrolling interests	5,459	7,315
Comprehensive income attributable to Komatsu Ltd.	¥ 107,225	¥ 42,551

Three months ended September 30, 2021 and 2020

Consolidated Statements of Income

Millions of yen except per share amounts

	Three Months ended September 30, 2021		Three Months ended September 30, 2020	
		Ratio (%)		Ratio (%)
Net sales	¥ 643,134	100.0	¥ 498,986	100.0
Cost of sales	457,480	71.1	365,092	73.2
Selling, general and administrative expenses	111,746	17.4	99,775	20.0
Other operating income (expenses), net	626	0.1	(696)	(0.1)
Operating income	74,534	11.6	33,423	6.7
Other income (expenses), net				
Interest and dividend income	1,143	0.2	1,229	0.2
Interest expense	(2,782)	(0.4)	(3,565)	(0.7)
Other, net	2,160	0.3	(1,054)	(0.2)
Total other income (expenses), net	521	0.1	(3,390)	(0.7)
Income before income taxes and equity in earnings of affiliated companies	75,055	11.7	30,033	6.0
Income taxes	20,667	3.2	7,280	1.5
Income before equity in earnings of affiliated companies	54,388	8.5	22,753	4.6
Equity in earnings of affiliated companies	724	0.1	638	0.1
Net income	55,112	8.6	23,391	4.7
Less: Net income attributable to noncontrolling interests	2,863	0.4	2,348	0.5
Net income attributable to Komatsu Ltd.	¥ 52,249	8.1	¥ 21,043	4.2
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 55.29		¥ 22.27	
Diluted	¥ 55.27		¥ 22.26	

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months ended September 30, 2021	Three Months ended September 30, 2020
Net income	¥ 55,112	¥ 23,391
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	(1,572)	(8,148)
Pension liability adjustments	409	223
Net unrealized holding gains (losses) on derivative instruments	81	489
Total other comprehensive income (loss), for the period, net of tax	(1,082)	(7,436)
Comprehensive income	54,030	15,955
Less: Comprehensive income attributable to noncontrolling interests	2,279	2,180
Comprehensive income attributable to Komatsu Ltd.	¥ 51,751	¥ 13,775

(3) Consolidated Statements of Cash Flows

Millions of yen

	Six Months ended September 30, 2021	Six Months ended September 30, 2020
Operating activities		
Net income	¥ 99,297	¥ 42,621
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	67,761	64,713
Deferred income taxes	(6,541)	(2,689)
Impairment loss and net loss (gain) on valuation of investment securities	(171)	63
Net loss (gain) on sale of fixed assets	(1,151)	(99)
Loss on disposal of fixed assets	1,221	1,099
Pension and retirement benefits, net	(3,852)	(237)
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	16,450	72,882
Decrease (increase) in inventories	(53,182)	(32,499)
Increase (decrease) in trade payables	10,196	(25,801)
Increase (decrease) in income taxes payable	10,466	(1,406)
Other, net	16,938	33,889
Net cash provided by (used in) operating activities	157,432	152,536
Investing activities		
Capital expenditures	(82,283)	(85,278)
Proceeds from sale of fixed assets	13,237	6,010
Proceeds from sale of investment securities	2	21
Purchases of investment securities	(221)	(537)
Acquisition of subsidiaries and equity investees, net of cash acquired	-	(1,717)
Other, net	(37)	1,477
Net cash provided by (used in) investing activities	(69,302)	(80,024)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	211,873	407,541
Payment on debt (Original maturities greater than three months)	(259,517)	(418,930)
Short-term debt, net (Original maturities three months or less)	(328)	(33,828)
Dividends paid	(34,986)	(36,859)
Proceeds from issuance of subsidiary's shares	30,440	-
Other, net	(6,571)	(4,938)
Net cash provided by (used in) financing activities	(59,089)	(87,014)
Effect of exchange rate change on cash and cash equivalents	1,984	1,340
Net increase (decrease) in cash and cash equivalents	31,025	(13,162)
Cash and cash equivalents, beginning of year	241,803	247,616
Cash and cash equivalents, end of period	¥ 272,828	¥ 234,454

(4) Note to the Going Concern Assumption

None

(5) Business Segment Information**1) Information by Operating Segments****Six Months ended September 30, 2021 and 2020****(For Six Months ended September 30, 2021)**

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	1,181,633	28,906	80,861	1,291,400	-	1,291,400
Intersegment	3,730	8,073	834	12,637	(12,637)	-
Total	1,185,363	36,979	81,695	1,304,037	(12,637)	1,291,400
Segment profit	118,620	7,845	8,598	135,063	(243)	134,820

(For Six Months ended September 30, 2020)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	864,314	28,928	64,475	957,717	-	957,717
Intersegment	12,236	3,824	463	16,523	(16,523)	-
Total	876,550	32,752	64,938	974,240	(16,523)	957,717
Segment profit	52,217	4,682	4,102	61,001	(244)	60,757

Three Months ended September 30, 2021 and 2020

(For Three Months ended September 30, 2021)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	588,624	14,149	40,361	643,134	-	643,134
Intersegment	2,392	2,377	491	5,260	(5,260)	-
Total	591,016	16,526	40,852	648,394	(5,260)	643,134
Segment profit	64,970	4,630	4,395	73,995	(87)	73,908

(For Three Months ended September 30, 2020)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	444,309	14,980	39,697	498,986	-	498,986
Intersegment	6,430	1,851	219	8,500	(8,500)	-
Total	450,739	16,831	39,916	507,486	(8,500)	498,986
Segment profit	29,017	2,787	2,395	34,199	(80)	34,119

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.

2) Geographic Information

Net sales determined by customer location were as follows:

(For Six Months ended September 30, 2021 and 2020)

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2021	170,044	484,909	216,846	66,556	263,803	89,242	1,291,400
FY2020	168,712	358,280	132,225	79,004	170,720	48,776	957,717

Note: * Excluding Japan and China

(For Three Months ended September 30, 2021 and 2020)

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2021	89,851	242,029	108,182	25,454	130,709	46,909	643,134
FY2020	94,469	185,131	69,943	32,304	89,127	28,012	498,986

Note: * Excluding Japan and China

(6) Note in Case of Notable Changes in the Amount of Shareholders' Equity

None

(end)