



Komatsu Ltd.

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**Consolidated Business Results for Six Months of the Fiscal Year Ending
March 31, 2024 (U.S. GAAP)**

1. Results for Six Months Ended September 30, 2023

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

Millions of yen except per share amounts

	Six Months ended September 30, 2023	Six Months ended September 30, 2022	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	1,822,994	1,618,735	204,259	12.6%
Operating income	296,976	211,634	85,342	40.3%
Income before income taxes and equity in earnings of affiliated companies	288,020	227,759	60,261	26.5%
Net income attributable to Komatsu Ltd.	205,548	162,568	42,980	26.4%
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥217.36	¥171.96	¥45.40	
Diluted	¥217.34	¥171.94	¥45.40	

Note: Comprehensive income for six months ended September 30, 2023 and 2022

2023: 420,529 millions of yen, up 0.3% from 2022

2022: 419,188 millions of yen, up 272.0% from 2021

(2) Consolidated Financial Position

Millions of yen except per share amounts

	As of September 30, 2023	As of March 31, 2023
Total assets	5,404,085	4,875,847
Total equity	3,016,812	2,677,955
Komatsu Ltd. shareholders' equity	2,865,252	2,539,641
Komatsu Ltd. shareholders' equity ratio	53.0%	52.1%
Komatsu Ltd. shareholders' equity per share (Yen)	¥3,028.89	¥2,685.76

2. Dividends

(For the fiscal years ended March 31, 2023 and ending March 31, 2024)

Yen

	The entire FY ending March 31, 2024		The entire FY ended March 31, 2023
	Results	2024 Projections	
First quarter period			
Second quarter period	72.00		64.00
Third quarter period			
Year-end		72.00	75.00
Total		144.00	139.00

Note: Changes in the latest projected cash dividend as of October 27, 2023: Applicable

3. Projections for the Fiscal Year Ending March 31, 2024

(From April 1, 2023 to March 31, 2024)

Millions of yen except per share amounts

	2024	
		Changes Increase (Decrease)
Net sales	3,660,000	3.3%
Operating income	548,000	11.7%
Income before income taxes and equity in earnings of affiliated companies	509,000	6.8%
Net income attributable to Komatsu Ltd.	340,000	4.2%
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	¥359.48	

Notes: 1) Changes in the latest projected consolidated business results as of October 27, 2023: 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: Applicable

Addition: None

Exclusion: 1 company

Komatsu (Shandong) Construction Machinery Corp.

Note: See (4) Others on page 12 for more details.

(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.: Applicable

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

Note: See (4) Others on page 12 for more details.

(4) Number of common shares outstanding

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

As of September 30, 2023: 973,810,620 shares

As of March 31, 2023: 973,450,930 shares

2) The numbers of treasury stock were as follows:

As of September 30, 2023: 27,837,277 shares

As of March 31, 2023: 27,856,631 shares

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

Six months ended September 30, 2023: 944,860,068 shares

Six months ended September 30, 2022: 944,494,949 shares

Notes:

- This report is not subject to quarterly review by CPA or audit firm.

- Explanations concerning the appropriate use of the forecasts for results of operations and other special matters. 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.

[Reference]

Results for Three Months ended September 30, 2023

Millions of yen except per share amounts

	Three Months ended September 30, 2023	Three Months ended September 30, 2022	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	923,443	854,927	68,516	8.0%
Operating income	149,955	118,072	31,883	27.0%
Income before income taxes and equity in earnings of affiliated companies	139,852	115,284	24,568	21.3%
Net income attributable to Komatsu Ltd.	100,121	82,114	18,007	21.9%
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥105.87	¥86.85	¥19.02	
Diluted	¥105.86	¥86.84	¥19.02	

Appendix

Management Performance and Financial Conditions

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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”) embarked on the three-year, mid-term management plan, “DANTOTSU Value – *Together, to ‘The Next’ for sustainable growth*”. Under this management plan for the target fiscal year ending March 31, 2025, Komatsu upholds three pillars of growth strategies: 1) Accelerate growth by means of innovation; 2) Maximize earnings power; and 3) Enhance corporate resilience. Komatsu will continue to emphasize the previous plan’s sustainability management. In that plan, we work for sustainable growth through a positive cycle for improvement of earnings and ESG resolutions, thereby working to build an operational structure that is resilient to changes in demand.

For the first six-month period (April 1- September 30, 2023) of the fiscal year ending March 31, 2024, the second year of the mid-term management plan, consolidated net sales totaled JPY 1,823.0 billion, an increase of 12.6% from the corresponding period a year ago. In the construction, mining and utility equipment business, while demand for construction equipment decreased mainly in Latin America, Europe and Asia, it remained steady in North America. Demand for mining equipment remained strong. Sales increased from the corresponding period a year ago, partly supported by expanded parts sales and service revenues which reflect high machine utilization, centering on mining equipment, improved selling prices in most regions of the world, and the Japanese yen’s depreciation. In the industrial machinery and others business, sales increased from the corresponding period a year ago, supported by increased sales of large presses for the automobile manufacturing industry.

With respect to profits for the first six-month period under review, operating income increased by 40.3% from the corresponding period a year ago, to JPY 297.0 billion. This was supported by improved selling prices in most regions of the world, and the Japanese yen’s depreciation, which more than offset the adverse effects of increased fixed costs and material prices. The operating income ratio increased by 3.2 percentage points to 16.3%. Income before income taxes and equity in earnings of affiliated companies increased by 26.5% to JPY 288.0 billion. Net income attributable to Komatsu Ltd. increased by 26.4% to JPY 205.5 billion.

In September this year, Komatsu disclosed in the integrated report, “Komatsu Report 2023”, mainly the progress of key performance indicators (KPIs) which were set for achieving sustainable growth steadily by generating a positive cycle for improvement of earnings and ESG resolutions.

[Consolidated Financial Highlights]

Millions of yen

	Six Months ended September 30, 2023 1USD=JPY140.3 1EUR=JPY152.5 1AUD=JPY92.6	Six Months ended September 30, 2022 1USD=JPY131.6 1EUR=JPY138.1 1AUD=JPY92.9	Changes Increase (Decrease)
	[A]	[B]	[(A-B)/B]
Net sales	1,822,994	1,618,735	12.6%
Construction, Mining and Utility Equipment	1,707,584	1,506,209	13.4%
Retail Finance	47,510	41,495	14.5%
Industrial Machinery and Others	85,034	83,711	1.6%
Elimination	(17,134)	(12,680)	-
Segment profit	297,943	212,751	40.0%
Construction, Mining and Utility Equipment	280,789	187,521	49.7%
Retail Finance	12,989	14,852	(12.5%)
Industrial Machinery and Others	4,414	10,980	(59.8%)
Corporate & elimination	(249)	(602)	-
Operating income	296,976	211,634	40.3%
Income before income taxes and equity in earnings of affiliated companies	288,020	227,759	26.5%
Net income attributable to Komatsu Ltd.	205,548	162,568	26.4%

Note: Unless otherwise noted, all sales by segment in this report indicate the amounts before elimination of intersegment 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 increased by 13.4% from the corresponding period a year ago, to JPY 1,707.6 billion. Segment profit increased by 49.7% to JPY 280.8 billion.

Concerning the “Accelerate growth by means of innovation” strategy, one of the growth strategies in the mid-term management plan, Komatsu increased the total number of Autonomous Haulage System (AHS) mining trucks in operation to 673 units as of September 30, 2023. With respect to carbon neutralization of construction and mining equipment, as the first year of market introduction of electrified construction equipment, Komatsu launched in Europe the PC33E-6, a 3-ton class electric mini excavator with a lithium-ion battery, while making efforts to introduce the PC05E-1 electric micro excavator and PC200LCE-11 and PC210LCE-11 models of its 20-ton class electric excavator. In addition to electrified construction equipment, Komatsu is also working on research and development to achieve carbon neutrality in other fields. As part of hydrogen use efforts, Komatsu is working to proceed with the commercialization of a hydrogen co-firing generator capable of generating power by mixing up to 50% hydrogen with fuel. In September, Komatsu installed the first unit at the Oyama Plant. Regarding automation, autonomous operation and remote control, Komatsu advanced the development of container-handling forklift trucks equipped with guidance and semi-automatic control functions.

For the “Maximize earnings power” strategy, in order to expand marketing regions of the PC200-10M0 CE series hydraulic excavator which features optimal specs for exclusive use in urban civil engineering work, Komatsu promoted efforts to start their commercial production at its local plant in Brazil.

Under the “Enhance corporate resilience” strategy, Bangkok Komatsu Co. Ltd. has continued to strengthen its management system by promoting total quality control (TQM) as an important cross-sourcing production base, for which it received the Deming Prize for 2023.

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

Millions of yen

	Six Months ended September 30, 2023	Six Months ended September 30, 2022	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Japan	153,075	140,591	12,484	8.9%
Americas	North America	380,871	78,573	20.6%
	Latin America	257,173	59,977	23.3%
Americas	776,594	638,044	138,550	21.7%
Europe & CIS	Europe	134,748	23,596	17.5%
	CIS	70,718	(33,747)	(47.7%)
Europe & CIS	195,315	205,466	(10,151)	(4.9%)
China	32,273	39,216	(6,943)	(17.7%)
Asia* & Oceania	Asia*	214,369	9,570	4.5%
	Oceania	145,261	31,257	21.5%
Asia* & Oceania	400,457	359,630	40,827	11.4%
Middle East & Africa	Middle East	40,354	5,687	14.1%
	Africa	79,188	19,855	25.1%
Middle East & Africa	145,084	119,542	25,542	21.4%
Total	1,702,798	1,502,489	200,309	13.3%

Note: *Excluding Japan and China

Komatsu's operations by region are described below.

Japan

For the first six-month period under review, demand for new equipment remained flat from the corresponding period a year ago. Sales increased from the corresponding period a year ago, mainly supported by improved selling prices.

Americas

In North America, while demand for construction equipment showed signs of decrease in the housing sector as affected by increasing interest rates, it remained steady in the rental industry, infrastructure development and the energy-related sector. Supported also by strong demand for mining equipment and improved selling prices, sales increased from the corresponding period a year ago. In Latin America, while demand for construction equipment slowed down mainly due to economic uncertainty, that for mining equipment remained strong. Reflecting increased in parts sales and service revenues of mining equipment, as well as improved selling prices, sales increased from the corresponding period a year ago.

Europe and CIS

In Europe, demand for construction equipment decreased, especially in the United Kingdom, one of the major markets and Italy, as affected by increasing interest rates. Nevertheless, sales increased from the corresponding period a year ago, reflecting the Japanese yen's depreciation and improved selling prices. In CIS, sales decreased sharply from the corresponding period a year ago, as affected by the restrictions in the supply chain, as well as the financial and economic conditions resulting from the situation in Ukraine.

China

Demand remained slack, as affected by stagnant economic activities resulting especially from sluggish real estate market conditions. Sales decreased from the corresponding period a year ago.

Asia and Oceania

In Asia, demand for construction equipment decreased mainly in Indonesia, Thailand and Vietnam, as affected by delays in public works budget execution and economic uncertainty. Meanwhile, demand for mining equipment in Indonesia remained steady. Due in part to the Japanese yen's depreciation, sales increased from the corresponding period a year ago. In Oceania, demand for mining and construction equipment remained steady from the corresponding period a year ago. Supported also by increased parts sales and service revenues, sales increased from the corresponding period a year ago.

Middle East and Africa

In the Middle East, demand for construction equipment remained steady, mainly supported by projects in Saudi Arabia, the United Arab Emirates, and other oil-producing countries, as well as post-earthquake reconstruction needs in Turkey. As a result, sales increased from the corresponding period a year ago. In Africa, sales increased from the corresponding period a year ago, supported by not only steady demand for mining and construction equipment, but also increased parts sales and service revenues.

Retail Finance

For the first six-month period under review, revenues increased by 14.5% from the corresponding period a year ago, to JPY 47.5 billion, reflecting increased interest rates and the Japanese yen's depreciation. Segment profit decreased by 12.5% to JPY 13.0 billion, mainly affected by the absence of a gain on reversal of allowance for doubtful accounts, which was recorded in North America for the corresponding period a year ago.

Industrial Machinery and Others

For the first six-month period under review, with respect to presses, sheet-metal machines, and machine tools for the automobile manufacturing industry, sales increased by 1.6% from the corresponding period a year ago, to JPY 85.0 billion, supported by increased sales of large presses. Segment profit amounted to JPY 4.4 billion, a decrease of 59.8%, as mainly affected by decreased demand of semiconductors worldwide in the excimer laser-related business.

Gigaphoton has completed the construction of a new production building, which started in July 2022. The new building expands Gigaphoton's capacity to 2.5 times, compared to 2020, to meet future increases in demand in the excimer laser-related business.

(2) Financial Conditions

As of September 30, 2023, total assets increased by JPY 528.2 billion from the previous fiscal year-end, to JPY 5,404.1 billion, as mainly affected by the Japanese yen's depreciation against the U.S. dollar from the previous fiscal year-end and an increase in inventories. Interest-bearing debt increased by JPY 98.8 billion from the previous fiscal year-end, to JPY 1,152.5 billion. Komatsu Ltd. shareholders' equity increased by JPY 325.6 billion from the previous fiscal year-end, to JPY 2,865.3 billion. As a result, Komatsu Ltd. shareholders' equity ratio increased by 0.9 percentage points from the previous fiscal year-end, to 53.0%.

For the first six-month period under review, net cash provided by operating activities totaled JPY 187.3 billion, an increase of JPY 161.8 billion from the corresponding period a year ago, due to net income for the period, while inventories increased. Net cash used in investing activities amounted to JPY 81.4 billion, a decrease of JPY 3.9 billion, mainly due to the purchase of fixed assets. Net cash provided by financing activities amounted to JPY 79.6 billion (as compared to JPY 45.6 billion provided for the corresponding period a year ago), mainly due to the redemption of commercial papers. After adding the effects of foreign exchange fluctuations to the total amount of each cash flow, as of September 30, 2023, cash and cash equivalents totaled JPY 317.3 billion, an increase of JPY 27.3 billion from the previous fiscal year-end.

(3) Projection for the Fiscal Year Ending March 31, 2024

(From April 1, 2023 to March 31, 2024)

For the first six-month period under review, both sales and profits increased due to not only increased sales centering on North and Latin Americas, but also improved selling prices and the Japanese yen's depreciation in the construction, mining and utility equipment business. In the second six-month period, Komatsu projects that demand for mining equipment will remain steady, while demand for construction equipment is expected to slow down mainly due to concerns over an economic recession caused by uncertainty in the economic outlook around the world.

In response to the Japanese yen's more-than-anticipated depreciation, Komatsu has revised the projected exchange rates, which are preconditions for the projection of full-year results (to USD 1=JPY 135, EUR 1=JPY 148, and AUD 1=JPY 88 as the average exchange rate in the second six-month period). As Komatsu projects business results to outperform its initial projection announced on April 28, 2023, it is revising projected consolidated sales and profits for the year.

With respect to average exchange rates for the full year, Komatsu estimates them as follows: USD 1=JPY 137.7, EUR 1=JPY 150.3, and AUD 1=JPY 90.3 (Initial assumption: USD 1=JPY 125.0, EUR 1=JPY 133.0 and AUD 1=JPY 83.0).

Projection for Consolidated Business Results for FY2023 (April 1, 2023 - March 31, 2024)

Millions of yen except per share amounts

	Current projection	Earlier projection	Changes		Results for FY ended March 31, 2023
	[A]	[B]	[A-B]	[(A-B)/B]	
Net sales	3,660,000	3,382,000	278,000	8.2%	3,543,475
Operating income	548,000	491,000	57,000	11.6%	490,685
Income before income taxes and equity in earnings of affiliated companies	509,000	442,000	67,000	15.2%	476,434
Net income attributable to Komatsu Ltd.	340,000	299,000	41,000	13.7%	326,398
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	359.48	316.20	-	-	345.22

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 3 per share from the projection of April 28 this year, to JPY 72 per share. Similarly, with respect to the year-end cash dividend, Komatsu is also planning to increase that dividend by JPY 2 from the projection, to JPY 72 per share. As a result, Komatsu plans to pay annual cash dividends of JPY 144 per share, increase of JPY 5 per share from the previous fiscal year ended March 31, 2023. The consolidated payout ratio will become 40.1%.

(4) Others

1) Changes in important subsidiaries during the six-month period under review:

Komatsu (Shandong) Construction Machinery Corp. was absorbed and merged by Komatsu Machinery Manufacturing (Shandong) Co. Ltd. as of April 1, 2023.

As a result, Komatsu (Shandong) Construction Machinery Corp. was excluded from the scope of consolidation.

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.:

From the fiscal year ending March 31, 2024, Komatsu has adopted the Accounting Standards Update (“ASU”) 2016-13 “Financial Instruments —Credit Losses: Measurement of Credit Losses on Financial Instruments”.

This update requires an entity to recognize credit losses for many financial assets based on current expected credit loss model instead of incurred loss model. The new model requires an entity to immediately recognize estimated credit losses expected to occur over the remaining life of the financial assets which are within the scope of this update. This update has been adopted under the modified retrospective approach through a cumulative effect adjustment to retained earnings at the beginning of the initial application period.

Consequently, Komatsu reduced JPY 1,634 million as an adjustment of cumulative effect from retained earnings as of April 1, 2023.

From the fiscal year ending March 31, 2024, Komatsu has adopted ASU 2022-04 “Disclosure of Supplier Finance Program Obligations”. This update requires an entity that uses a supplier finance program in connection with the purchase of goods and services to disclose the key terms of the program, information about obligations outstanding at the end of the reporting period and a rollforward of those obligations during the reporting period. The adoption of this update had no impact on Komatsu’s financial position and results of operations.

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, 2023		As of March 31, 2023	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	¥ 317,287		¥ 289,975	
Trade notes and accounts receivable, net	1,117,992		1,111,913	
Inventories	1,491,518		1,227,208	
Other current assets	248,316		207,479	
Total current assets	3,175,113	58.8	2,836,575	58.2
Long-term trade receivables, net	659,650	12.2	569,691	11.7
Investments				
Investments in and advances to affiliated companies	55,702		52,325	
Investment securities	11,172		10,556	
Other	3,736		3,418	
Total investments	70,610	1.3	66,299	1.4
Property, plant and equipment				
- less accumulated depreciation and amortization	881,080	16.2	836,442	17.1
Operating lease right-of-use assets	68,121	1.3	61,052	1.3
Goodwill	226,379	4.2	207,060	4.2
Other intangible assets				
- less accumulated amortization	172,027	3.2	167,292	3.4
Deferred income taxes and other assets	151,105	2.8	131,436	2.7
Total	¥ 5,404,085	100.0	¥ 4,875,847	100.0

Liabilities and Equity

Millions of yen

	As of September 30, 2023		As of March 31, 2023	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	¥ 412,698		¥ 310,738	
Current maturities of long-term debt	84,829		176,835	
Trade notes, bills and accounts payable	348,673		362,360	
Income taxes payable	67,040		64,495	
Current operating lease liabilities	19,368		17,878	
Other current liabilities	508,674		439,355	
Total current liabilities	1,441,282	26.7	1,371,661	28.1
Long-term liabilities				
Long-term debt	655,019		566,189	
Liability for pension and retirement benefits	94,169		90,348	
Long-term operating lease liabilities	50,574		44,913	
Deferred income taxes and other liabilities	146,229		124,781	
Total long-term liabilities	945,991	17.5	826,231	17.0
Total liabilities	2,387,273	44.2	2,197,892	45.1
Komatsu Ltd. shareholders' equity				
Common stock	70,336		69,660	
Capital surplus	136,516		135,886	
Retained earnings:				
Appropriated for legal reserve	48,670		48,508	
Unappropriated	2,247,591		2,114,789	
Accumulated other comprehensive income (loss)	411,271		219,951	
Treasury stock	(49,132)		(49,153)	
Total Komatsu Ltd. shareholders' equity	2,865,252	53.0	2,539,641	52.1
Noncontrolling interests	151,560	2.8	138,314	2.8
Total equity	3,016,812	55.8	2,677,955	54.9
Total	¥ 5,404,085	100.0	¥ 4,875,847	100.0

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

Six months ended September 30, 2023 and 2022

Consolidated Statements of Income

Millions of yen except per share amounts

	Six Months ended September 30, 2023		Six Months ended September 30, 2022	
		Ratio (%)		Ratio (%)
Net sales	¥ 1,822,994	100.0	¥ 1,618,735	100.0
Cost of sales	1,237,198	67.9	1,147,450	70.9
Selling, general and administrative expenses	287,853	15.8	258,534	16.0
Other operating income (expenses), net	(967)	(0.1)	(1,117)	(0.1)
Operating income	296,976	16.3	211,634	13.1
Other income (expenses), net				
Interest and dividend income	9,187	0.5	5,012	0.3
Interest expense	(25,003)	(1.4)	(10,892)	(0.7)
Other, net	6,860	0.4	22,005	1.4
Total	(8,956)	(0.5)	16,125	1.0
Income before income taxes and equity in earnings of affiliated companies	288,020	15.8	227,759	14.1
Income taxes	74,639	4.1	58,867	3.6
Income before equity in earnings of affiliated companies	213,381	11.7	168,892	10.4
Equity in earnings of affiliated companies	3,833	0.2	2,072	0.1
Net income	217,214	11.9	170,964	10.6
Less: Net income attributable to noncontrolling interests	11,666	0.6	8,396	0.5
Net income attributable to Komatsu Ltd.	¥ 205,548	11.3	¥ 162,568	10.0
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 217.36		¥ 171.96	
Diluted	¥ 217.34		¥ 171.94	

Consolidated Statements of Comprehensive Income

Millions of yen

	Six Months ended September 30, 2023	Six Months ended September 30, 2022
Net income	¥ 217,214	¥ 170,964
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	203,687	247,983
Pension liability adjustments	393	279
Net unrealized holding losses on derivative instruments	(765)	(38)
Total	203,315	248,224
Comprehensive income	420,529	419,188
Less: Comprehensive income attributable to noncontrolling interests	23,661	19,779
Comprehensive income attributable to Komatsu Ltd.	¥ 396,868	¥ 399,409

Three months ended September 30, 2023 and 2022

Consolidated Statements of Income

Millions of yen except per share amounts

	Three Months ended September 30, 2023		Three Months ended September 30, 2022	
		Ratio (%)		Ratio (%)
Net sales	¥ 923,443	100.0	¥ 854,927	100.0
Cost of sales	625,957	67.8	602,049	70.4
Selling, general and administrative expenses	146,351	15.8	134,495	15.7
Other operating income (expenses), net	(1,180)	(0.1)	(311)	(0.0)
Operating income	149,955	16.2	118,072	13.8
Other income (expenses), net				
Interest and dividend income	4,700	0.5	2,776	0.3
Interest expense	(13,043)	(1.4)	(6,220)	(0.7)
Other, net	(1,760)	(0.2)	656	0.1
Total	(10,103)	(1.1)	(2,788)	(0.3)
Income before income taxes and equity in earnings of affiliated companies	139,852	15.1	115,284	13.5
Income taxes	35,956	3.9	29,352	3.4
Income before equity in earnings of affiliated companies	103,896	11.3	85,932	10.1
Equity in earnings of affiliated companies	1,647	0.2	1,027	0.1
Net income	105,543	11.4	86,959	10.2
Less: Net income attributable to noncontrolling interests	5,422	0.6	4,845	0.6
Net income attributable to Komatsu Ltd.	¥ 100,121	10.8	¥ 82,114	9.6
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 105.87		¥ 86.85	
Diluted	¥ 105.86		¥ 86.84	

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months ended September 30, 2023	Three Months ended September 30, 2022
Net income	¥ 105,543	¥ 86,959
Other comprehensive income, for the period, net of tax		
Foreign currency translation adjustments	46,909	50,458
Pension liability adjustments	142	103
Net unrealized holding gains on derivative instruments	552	1,102
Total	47,603	51,663
Comprehensive income	153,146	138,622
Less: Comprehensive income attributable to noncontrolling interests	8,124	7,813
Comprehensive income attributable to Komatsu Ltd.	¥ 145,022	¥ 130,809

(3) Consolidated Statements of Cash Flows

Millions of yen

	Six Months ended September 30, 2023	Six Months ended September 30, 2022
Operating activities		
Net income	¥ 217,214	¥ 170,964
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	76,444	73,075
Deferred income taxes	(12,318)	(4,939)
Impairment loss and net loss (gain) on valuation of investment securities	28	(358)
Net gain on sale of fixed assets	(600)	(251)
Loss on disposal of fixed assets	1,169	1,094
Pension and retirement benefits, net	(276)	812
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	52,112	(378)
Increase in inventories	(141,238)	(168,312)
Decrease in trade payables	(34,006)	(3,432)
Increase (decrease) in income taxes payable	1,215	(15,609)
Other, net	27,569	(27,131)
Net cash provided by operating activities	187,313	25,535
Investing activities		
Capital expenditures	(88,717)	(86,257)
Proceeds from sale of fixed assets	7,510	8,958
Purchases of investment securities	(165)	(1,406)
Proceeds from sale of subsidiaries and businesses, net of cash disposed	-	12,295
Acquisition of subsidiaries and equity investees, net of cash acquired	-	(18,000)
Other, net	(34)	(911)
Net cash used in investing activities	(81,406)	(85,321)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	230,902	301,968
Payment on debt (Original maturities greater than three months)	(273,270)	(338,515)
Short-term debt, net (Original maturities three months or less)	43,815	145,087
Dividends paid	(70,950)	(52,963)
Proceeds from issuance of subsidiary's shares	-	2,012
Other, net	(10,106)	(11,975)
Net cash provided by (used in) financing activities	(79,609)	45,614
Effect of exchange rate change on cash and cash equivalents	1,014	19,636
Net increase in cash and cash equivalents	27,312	5,464
Cash and cash equivalents, beginning of year	289,975	315,360
Cash and cash equivalents, end of period	¥ 317,287	¥ 320,824

(4) Note to the Going Concern Assumption

None

(5) Business Segment Information

1) Information by Operating Segments

Six Months ended September 30, 2023 and 2022

(For Six Months ended September 30, 2023)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	1,702,798	36,870	83,326	1,822,994	-	1,822,994
Intersegment	4,786	10,640	1,708	17,134	(17,134)	-
Total	1,707,584	47,510	85,034	1,840,128	(17,134)	1,822,994
Segment profit	280,789	12,989	4,414	298,192	(249)	297,943

(For Six Months ended September 30, 2022)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	1,502,489	33,451	82,795	1,618,735	-	1,618,735
Intersegment	3,720	8,044	916	12,680	(12,680)	-
Total	1,506,209	41,495	83,711	1,631,415	(12,680)	1,618,735
Segment profit	187,521	14,852	10,980	213,353	(602)	212,751

Three Months ended September 30, 2023 and 2022

(For Three Months ended September 30, 2023)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	860,559	19,167	43,717	923,443	-	923,443
Intersegment	164	5,450	865	6,479	(6,479)	-
Total	860,723	24,617	44,582	929,922	(6,479)	923,443
Segment profit	142,359	6,641	2,490	151,490	(355)	151,135

(For Three Months ended September 30, 2022)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	788,861	17,200	48,866	854,927	-	854,927
Intersegment	2,024	4,356	305	6,685	(6,685)	-
Total	790,885	21,556	49,171	861,612	(6,685)	854,927
Segment profit	104,195	7,139	7,453	118,787	(404)	118,383

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, logistics, and solution business

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 are as follows:

(For Six Months ended September 30, 2023 and 2022)

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2023	196,684	814,292	207,632	39,212	419,401	145,773	1,822,994
FY2022	181,678	672,984	215,430	47,959	380,674	120,010	1,618,735

Note: * Excluding Japan and China

(For Three Months ended September 30, 2023 and 2022)

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2023	103,095	417,063	95,395	20,580	208,451	78,859	923,443
FY2022	99,027	353,955	106,196	24,838	210,167	60,744	854,927

Note: * Excluding Japan and China

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

None

(end)