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Company name	Komatsu Ltd.
Name of Representative	Hiroyuki Ogawa, President and CEO
Contact	(Code: First Section of TSE 6301) General Manager of Corporate Communications Department, Sustainability Promotion Division Chizuko Yamashita (Telephone: +81-3-5561-2616)

Announcement Concerning the Revision of Projected Business Results and Cash Dividend

Komatsu Ltd. (“Company”) (President and CEO: Hiroyuki Ogawa) and its consolidated subsidiaries (together “Komatsu”) have revised the projections for consolidated business results as well as cash dividend for the fiscal year ending March 31, 2022 (April 1, 2021 - March 31, 2022), which Komatsu announced on April 30, 2021.

1. Projection for Consolidated Business Results for the Fiscal Year Ending March 31, 2022 (U.S. GAAP)

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

Reasons for the Revision

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)

2. Revision of Projected Cash Dividend

Yen

	The entire FY ending March 31, 2022			The entire FY ended March 31, 2021
	Results	Current Projection	Earlier Projection	
First quarter period				
Second quarter period	40.00		31.00	18.00
Third quarter period				
Year-end	-	40.00	31.00	37.00
Total	-	80.00	62.00	55.00

Reasons for the Revision

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%.

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.

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