

KOMATSU



Meeting with individual shareholders

Hiroyuki Ogawa

President and CEO, Komatsu Ltd.

August 20, 2024

- 1. Corporate profile**
- 2. Mid-term management plan**
—Growth strategies and solving ESG issues—
- 3. Business results and shareholder return**

- 1. Corporate profile**
- 2. Mid-term management plan**
—Growth strategies and solving ESG issues—
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Komatsu's history —Founding principles—

- Established Komatsu Ltd. on May 13, 1921. (Komatsu Iron Works Ltd. Was established in 1917 as a predecessor of Komatsu)
- Founder's belief : " industry is a foundation to enrich the nation."
- Human resources development is the basis of his belief.

【Founding principles】

◆ Global expansion

◆ Quality first

◆ Technological
innovation

◆ Human resource
development

These principles continue to
live on in the DNA of Komatsu.



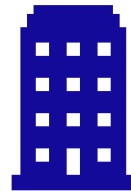
Meitaro Takeuchi
Founder

(Born in Sukumo city,
Kochi Prefecture)

Our purpose

Creating value through manufacturing and technology innovation to empower a sustainable future where people, businesses, and our planet thrive together.

Founding



May 13, 1921

Number of consolidated employees *



65,738

Consolidated group companies *



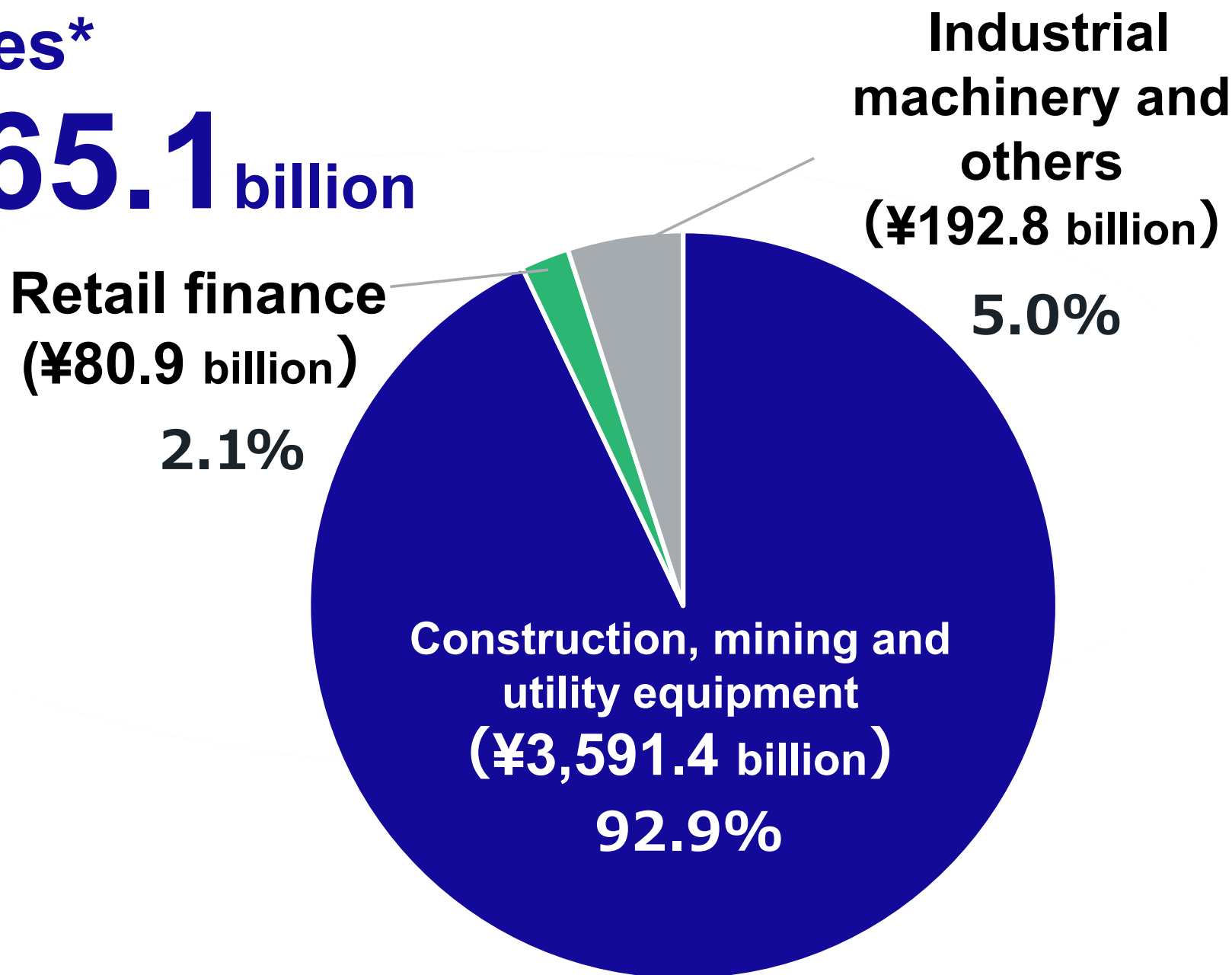
208

Global network *



235 bases

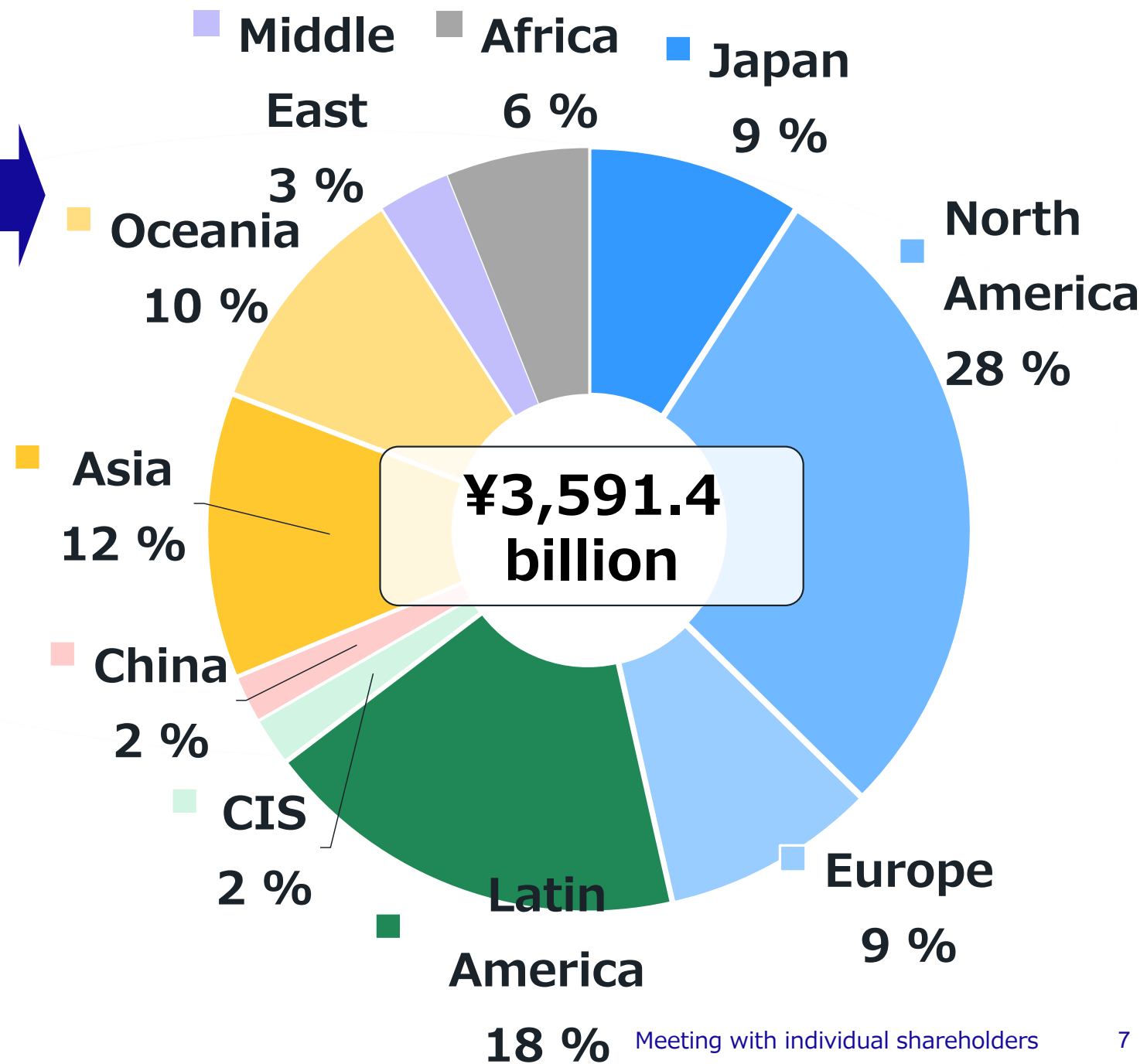
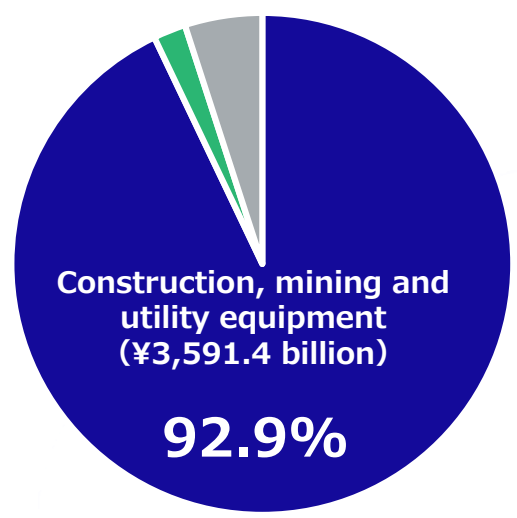
Net sales*
¥3,865.1 billion



*To outside customers

Construction, mining and utility equipment sales by region (FY2023)

Net sales by segment



*To outside customers

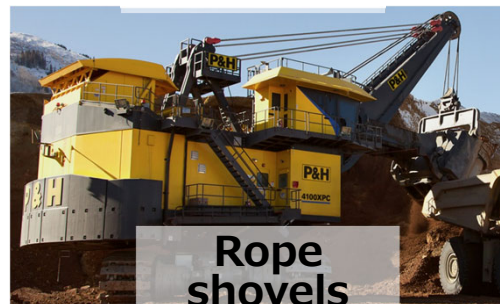
Main products

Construction, mining and utility equipment

Construction equipment



Mining equipment



Industrial machinery and others



Light sources used in semiconductor lithography (excimer lasers)



Wire saws for cutting silicon wafer



Large-size AC servo press system

Main products (Mining equipment)

- Mining methods include “surface mining,” and “underground mining”. The mining equipment used depends on the method employed.
- We focus on expanding the product lineup, particularly in the hard rock field of underground mining.

Main products for surface mining



Dump trucks



Hydraulic excavators



Rope shovels



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Main products for underground mining



**LHDs
(load, haul, dump machines)**



Jumbo drills



Continuous miners

Global development and production

【Objectives of local assembly/production】

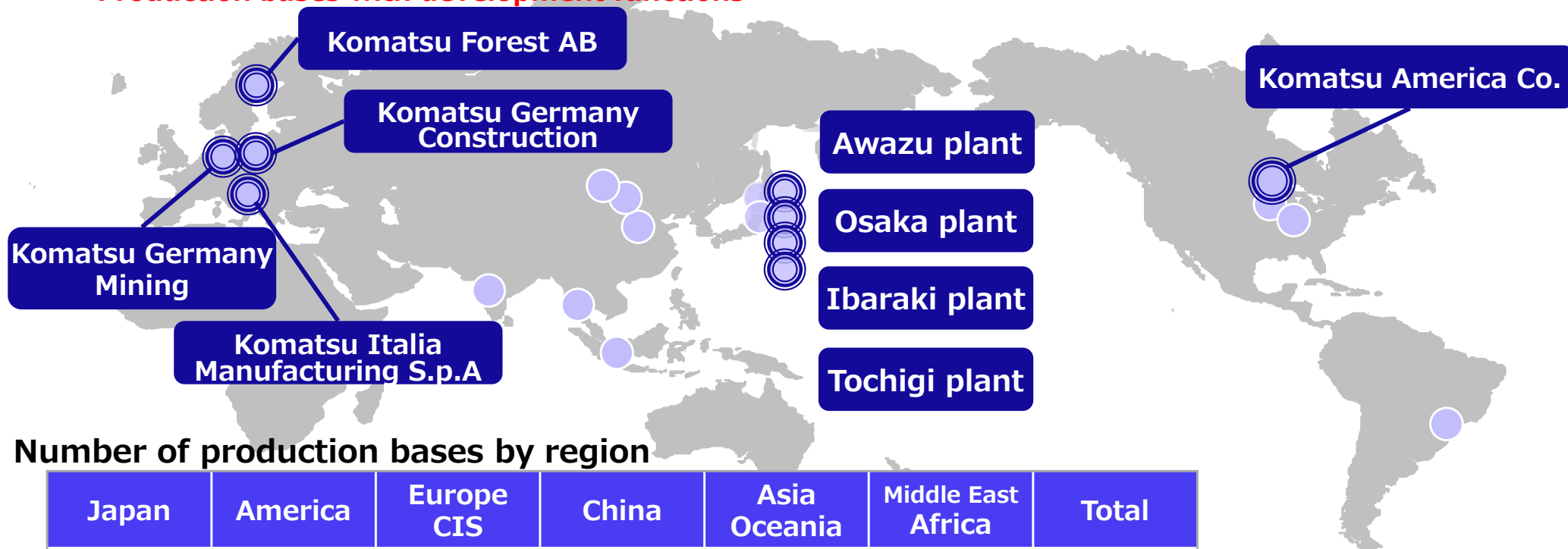
- Win customers' trust.
- Incorporate local specs.
- Provide early solutions for quality-related problems.
- Shorten lead-time and reduce costs.

【Mother plants system】

- Mother plants are production bases with development functions.
- Responsible for the safety, quality, delivery times and costs of child plants producing the same models.
- Realizing the same quality globally.

Main production bases of construction, mining and utility equipment

⊙···「Mother plant」*
*Production bases with development functions



Number of production bases by region

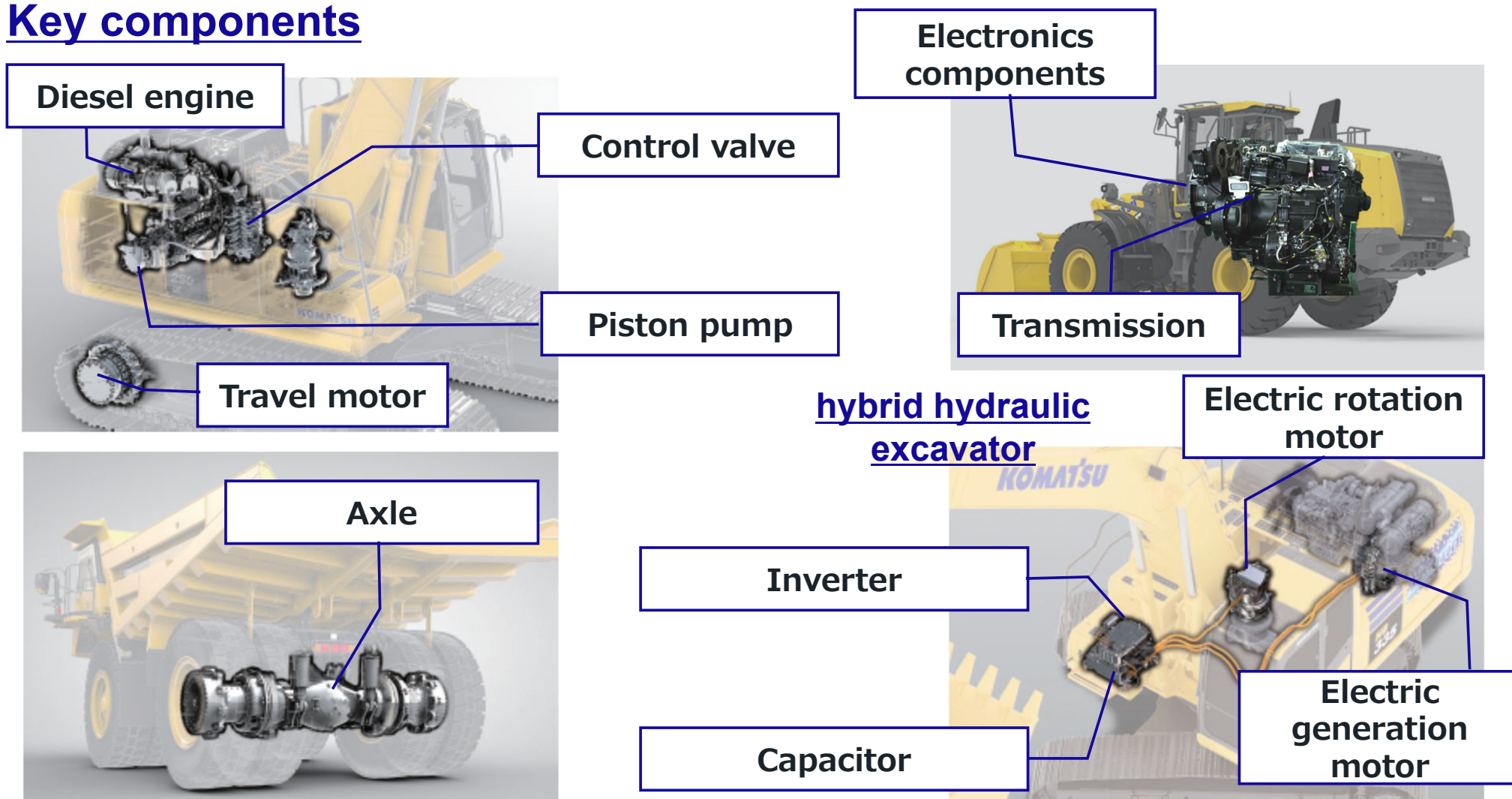
Japan	America	Europe CIS	China	Asia Oceania	Middle East Africa	Total
12 (4)	19 (1)	14 (4)	4	8	1	58 (9)

Komatsu strengths - 1) In-house development and production of key components

【Benefits of in-house development and production】

- Ongoing technological innovation.
- Stable, global supply of components with standardized quality.
- Leading to the component remanufacturing business.
- Predictive maintenance capacities achieved by attaching sensors to components.

Key components

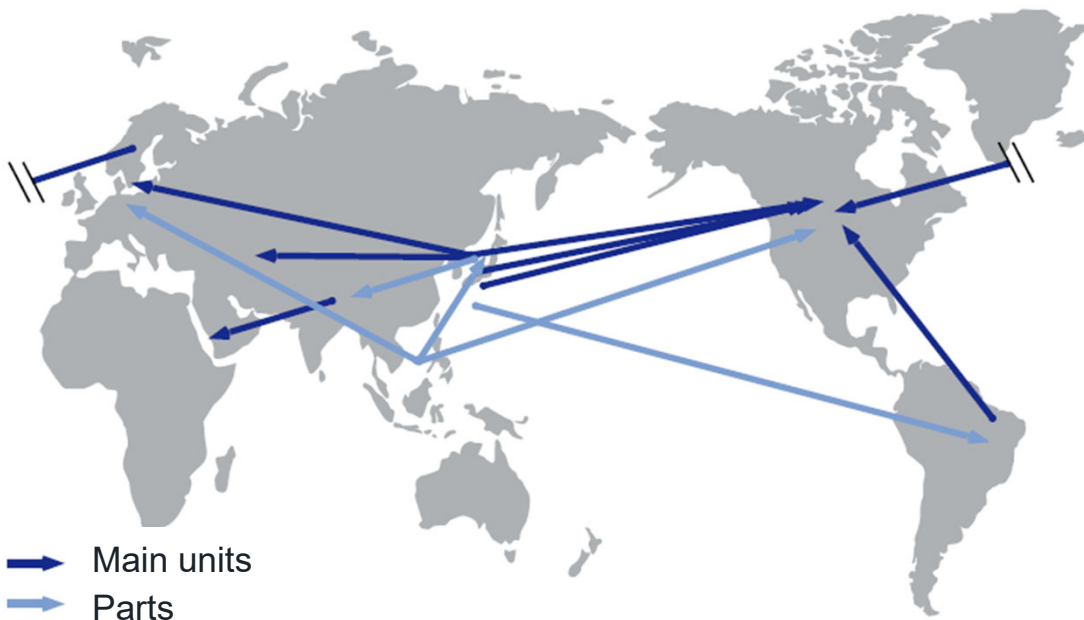


Komatsu's strengths : Resilient production and procurement system

- Effectively use the production capacity of each plant, including fluctuations in demand and forex, to produce and export products at optimal plant.
- Build a production and procurement system that is resilient to changes in the environment, including pandemics, natural disasters and geopolitical risks.

Global cross-sourcing operation

Establish a system to ensure consistent product quality across every production site in the world.



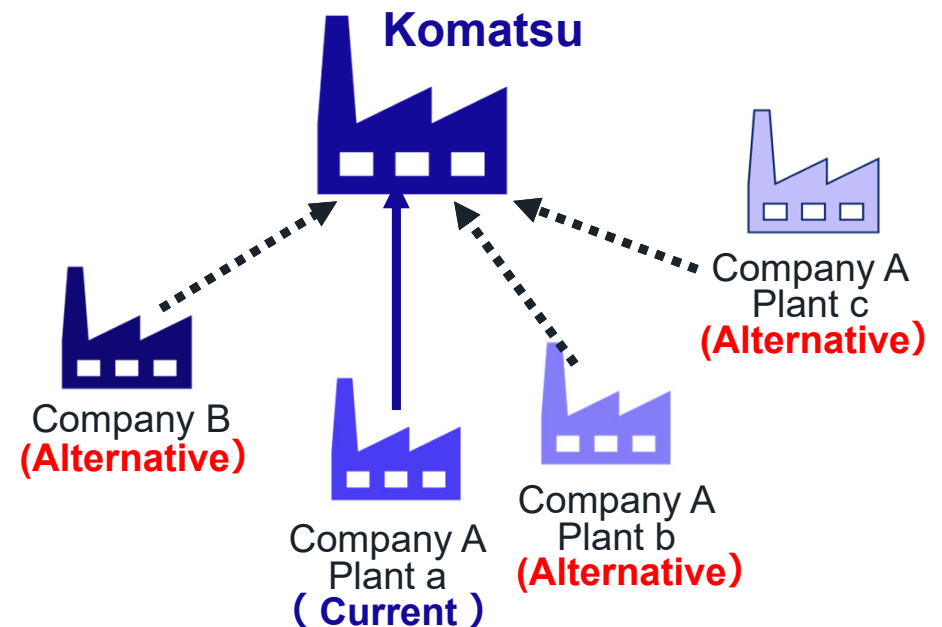
<Requirements>

- (1) Standardization of base machine
- (2) Standardization of production system
- (3) Standardization of production/design BOM*
- (4) Standardization of manufacturing process and quality standards

*BOM: Bill of Material

Multi-company procurement system

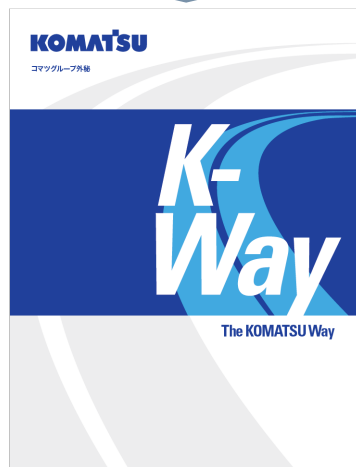
Purchase parts from several manufacturers and expand local procurement.



Komatsu strengths – 3) The Komatsu Way

- The values, attitudes and behavioral patterns that all Komatsu employees worldwide should share are clearly stated. (published from 2006)
- We aim to promote this through daily improvement activities, cross-departmental project activities, and problem-solving activities with customers.

Komatsu strengths	Basic mindset and perspectives
Beliefs supporting the strengths	Behavior to demonstrate them into action



Leadership / top Management

– Mindset and guidelines of Leadership/Top Management –

“Monozukuri” for all employees

– To improve the competitiveness of manufacturing –

Brand management

– to continue being chosen as a partner –

Seven principles of “Monozukuri”

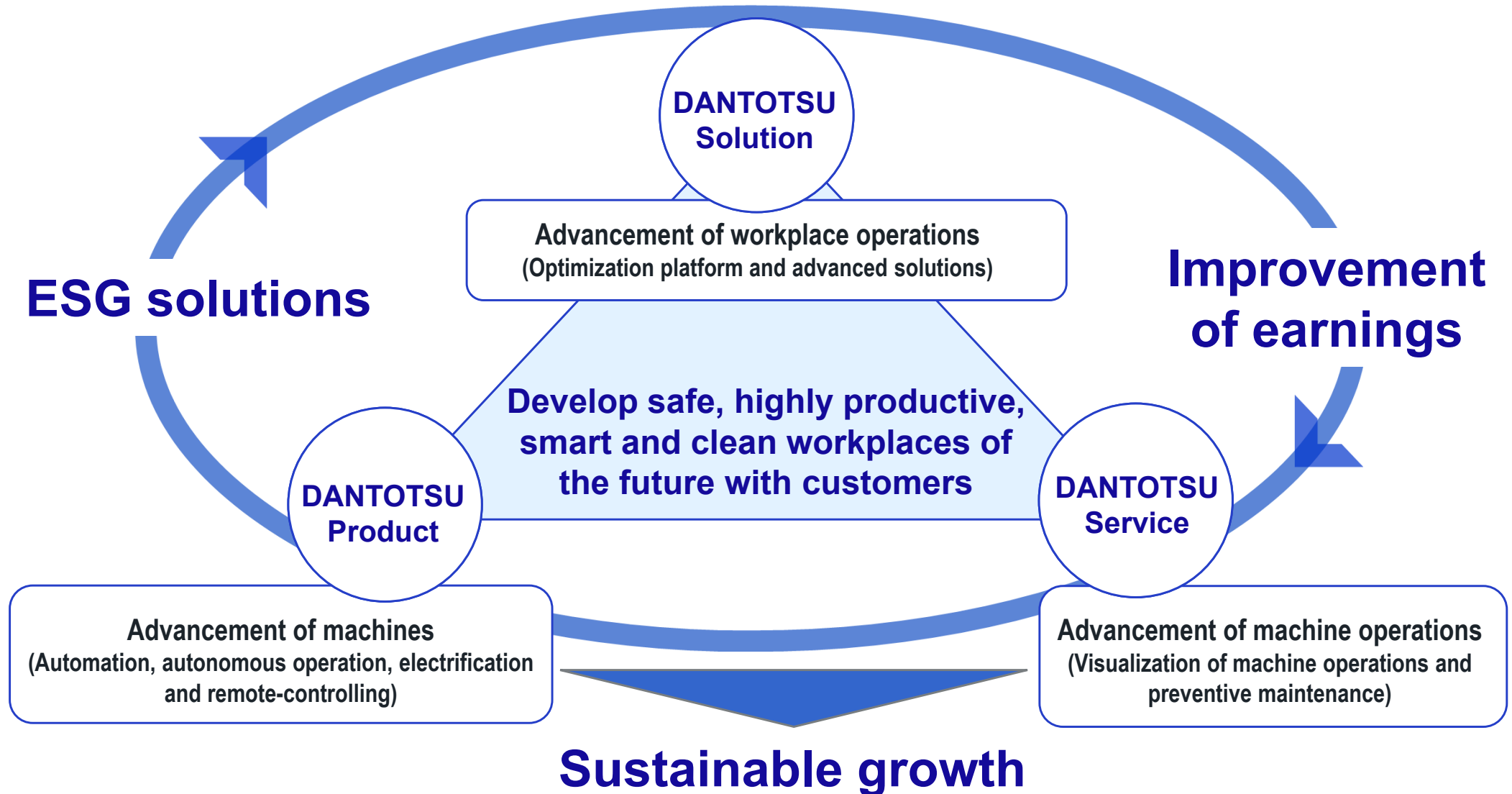
-  1. Commitment to quality and reliability
-  2. Customer focus
-  3. Defining the root cause
-  4. “Gemba” philosophy
-  5. Strategy deployment
-  6. Collaboration with business partners
-  7. Employee development

1. Corporate profile
2. **Mid-term management plan**
—Growth strategies and solving ESG issues—
3. Business results and shareholder return

2) Komatsu's mid-term vision: DANTOTSU Value

DANTOTSU Value

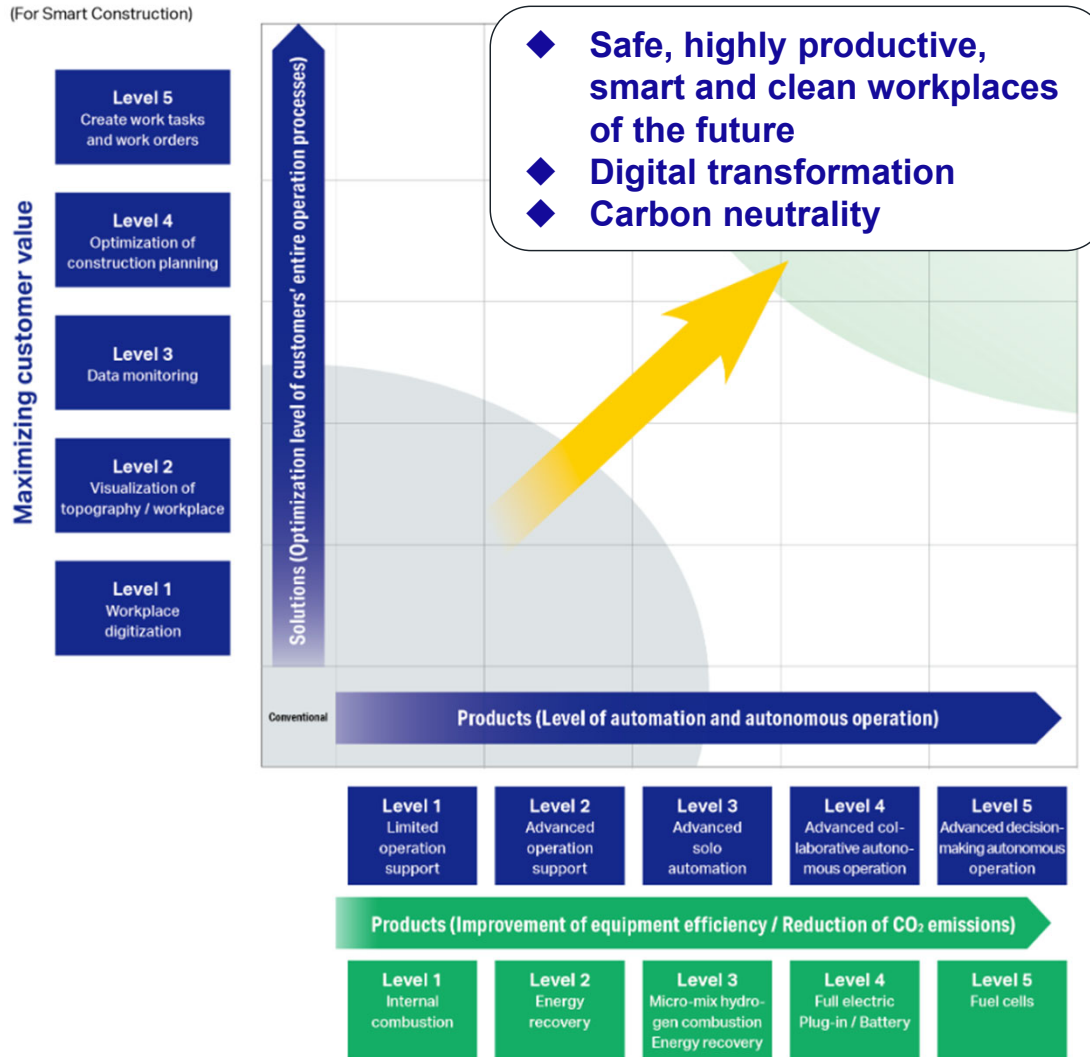
Customer value creation that generates a positive cycle of ESG solutions and improvement of earnings



Komatsu's medium- to long-term vision : Roadmap to workplaces of the future

- We aim to create a new customer value with combination of solutions and products to realize a safe, highly productive, smart and clean workplaces of the future together with our customers.

Roadmap to workplaces of the future

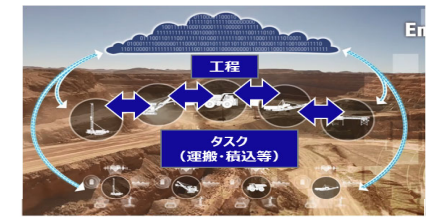


Innovate manufacturing technology and develop new value chain

Solutions (optimization level of customer's entire operation processes)



DX Smart Construction



Open technology platform at mine sites

Products (automation and autonomous operation)

Combination with ICT construction equipment and remote control system



Products (improvement of equipment efficiency and reduction of CO₂ emissions)



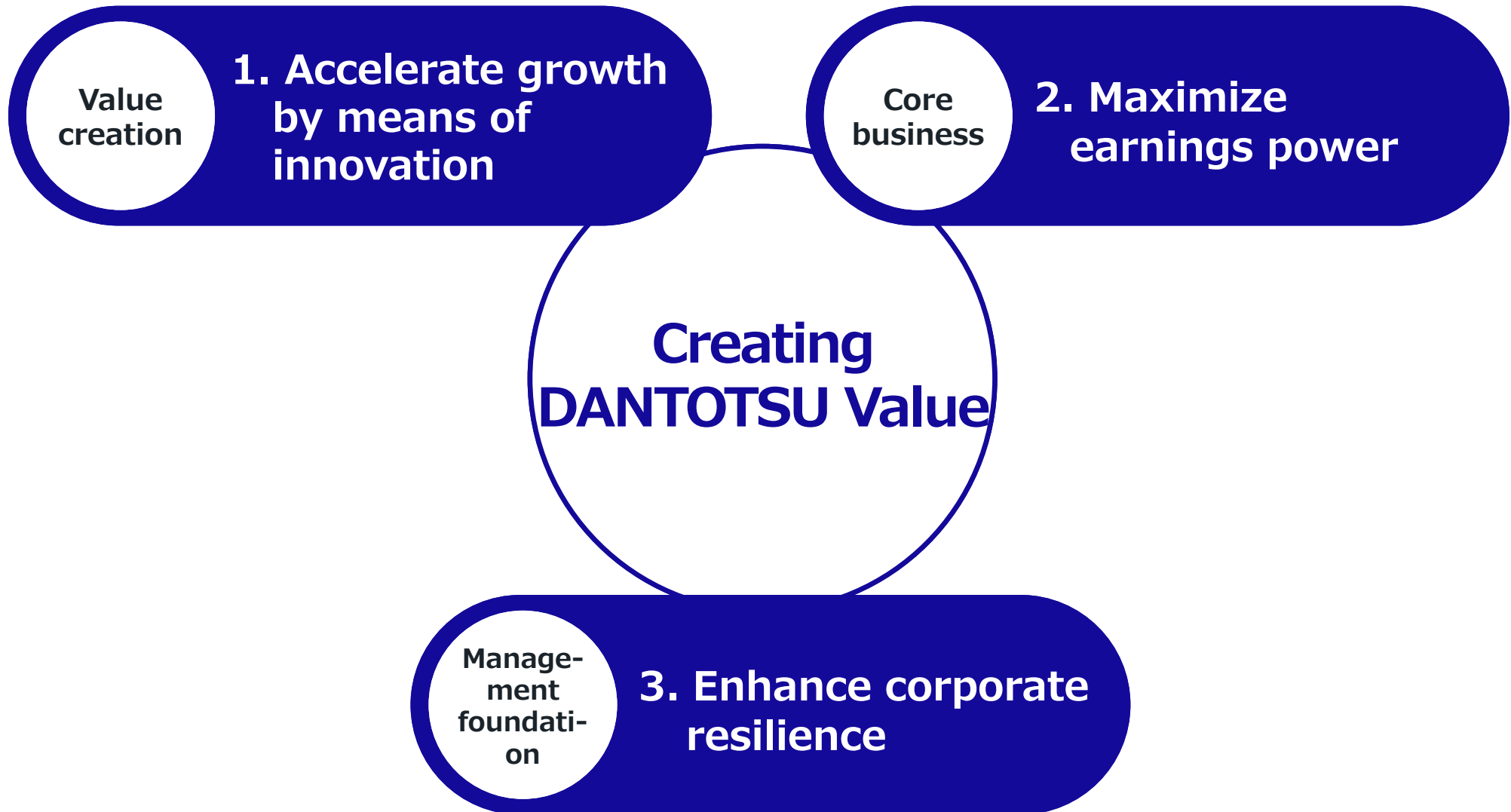
Electrified mini excavator "PC30E-6"

Medium-sized hydraulic excavator equipped with a hydrogen fuel cell

Meeting with individual

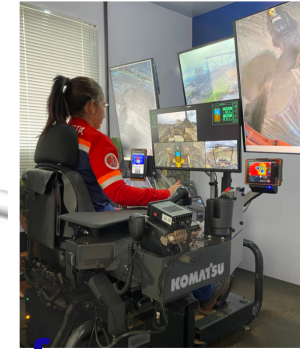
DANTOTSU Value

Together, to "The Next" for sustainable growth



Growth strategy #1 : Accelerate growth by means of innovation

Development and market introduction
of electrified machinery



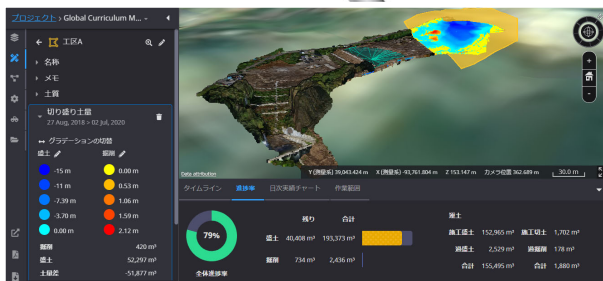
Efforts for
automation



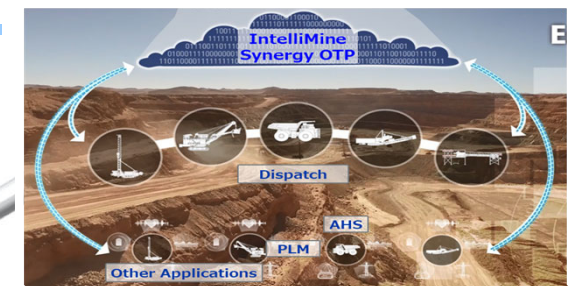
Optimization level of
customer's entire operation
processes

Accelerate growth
by means of innovation

The challenge of creating new value
(products and solutions)
toward carbon neutrality



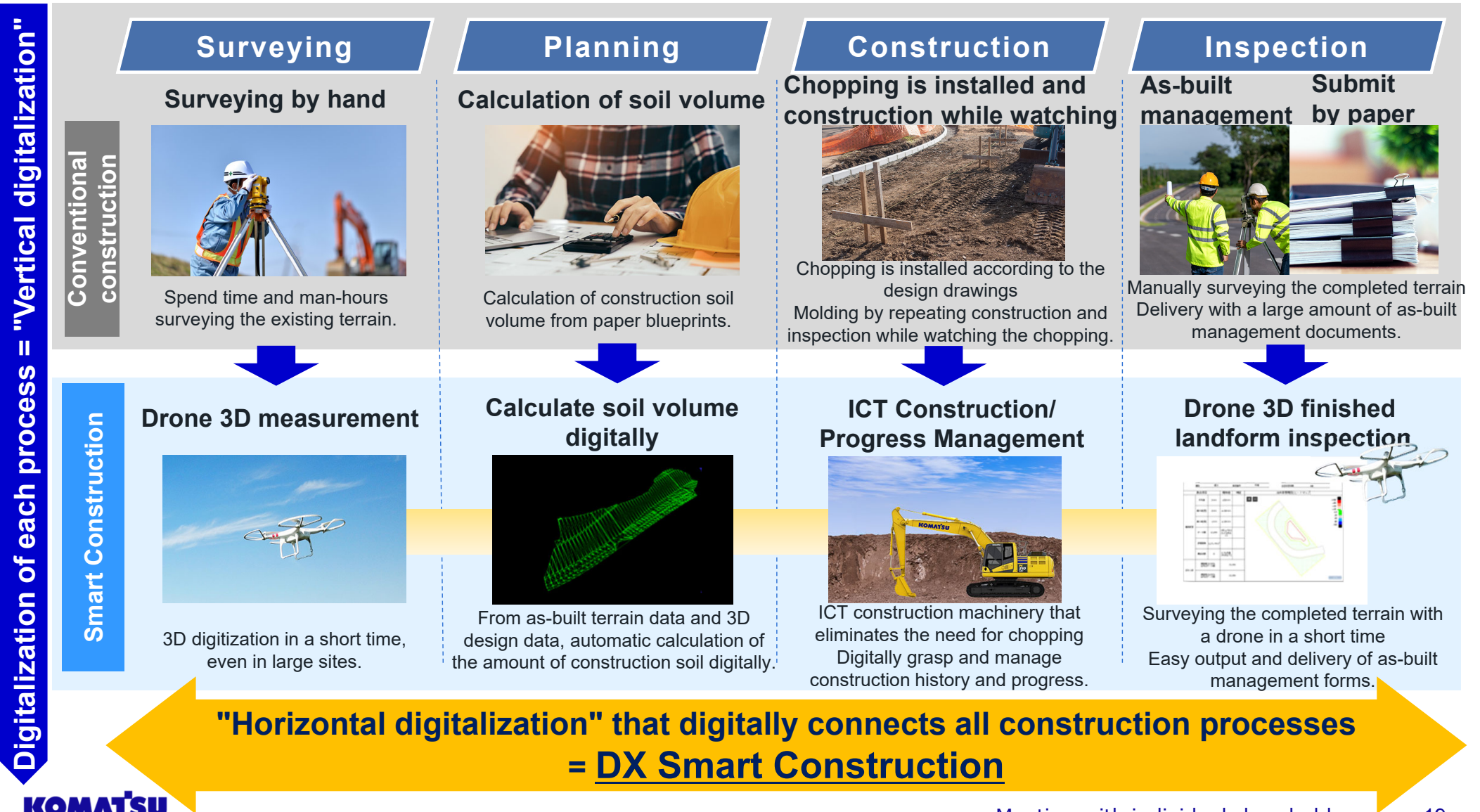
Promotion of
DX Smart Construction



Open technology platform
at mine sites

Promotion of DX Smart Construction

- Against the background of a serious labor shortage at construction sites, we have started Smart Construction that digitizes each operational process at the sites ⇒ Evolved into a "DX Smart Construction" that digitally connects all processes.
- Expand this business model to North America, Europe, Australia, and Southeast Asia.

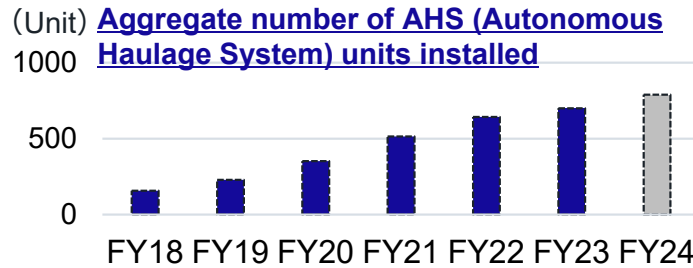


Roadmap for automation development of construction and mining equipment

- Promote the development of automation of construction and mining machinery in four steps, from automatic assist to autonomy.



*Automation functions for certain tasks performed by construction or mining equipment.



Over 750 units at 23 sites in 5 countries*

*As of June 30, 2024



Autonomous hauling

Collaboration



Automatic bucket control



Remote control



Teleoperation + Semi-automatic loading



Automatic blade control



teleoperation model

Teleoperation + Automatic blade control

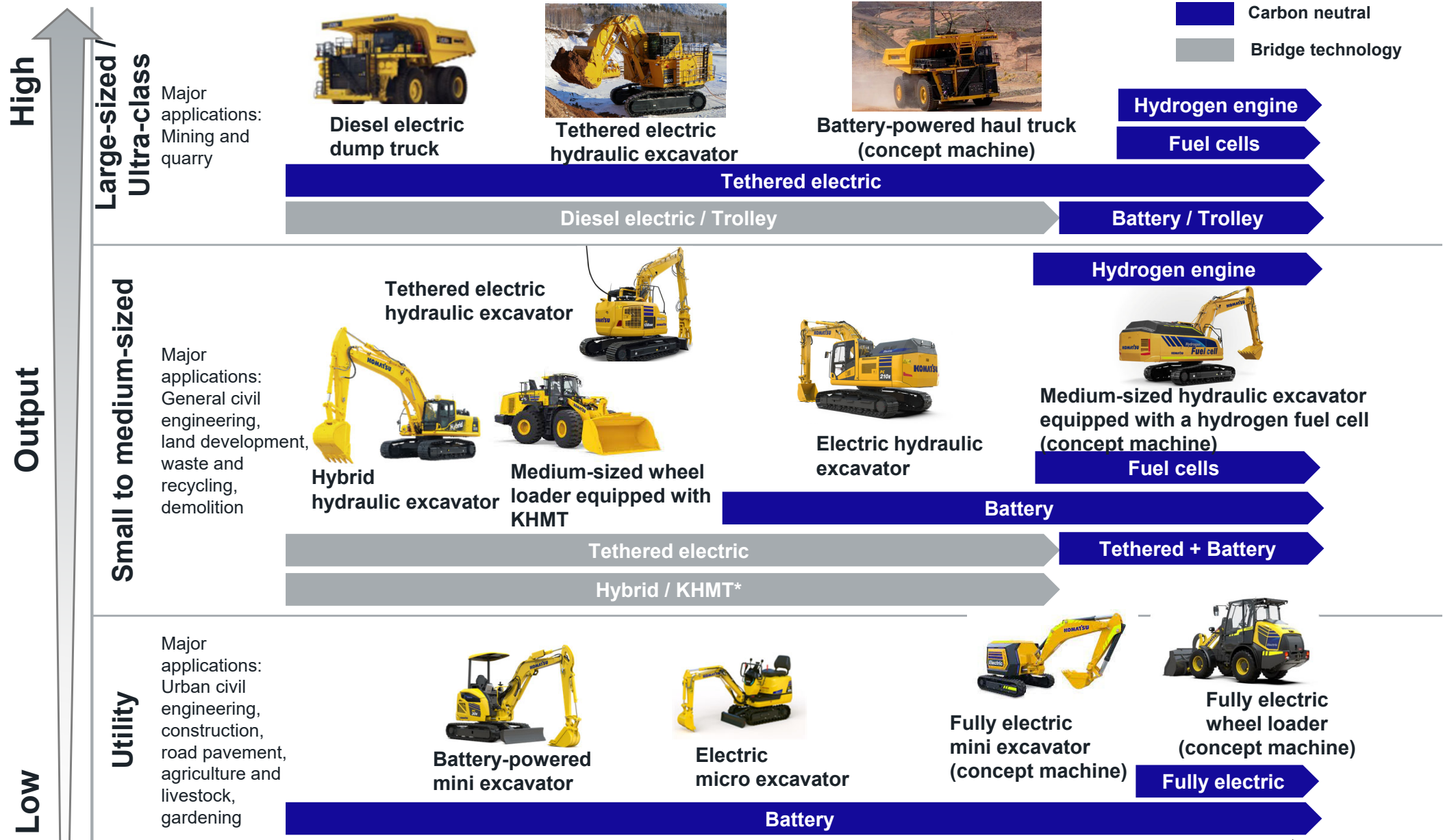


Automatic bucket control



Roadmap of product development toward carbon neutrality

- We are working on the development of construction and mining equipment that uses new power sources, including batteries.



* Komatsu Hydraulic Mechanical Transmission: Transmission system that realizes a 30% improvement over conventional systems by combining a high efficiency mechanical transmission with a hydro static transmission that is capable of continuously variable transmission and that uses a motor and a variable capacity hydraulic pump.

Initiatives to achieve carbon neutrality

- Developing technologies in all directions to achieve carbon neutrality.

Carbon-neutral fuel

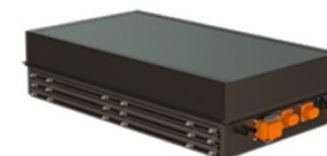


Switching from diesel fuel to hydrogenated vegetable oil (HVO fuel*) as the fuel charged at the plant. (in Europe)

* Hydrotreated Vegetable Oil

Battery

Acquisition of a U.S. battery manufacturer.



Battery pack for low voltage (left)

Battery pack for High voltage (right)

Hydrogen-mixed combustion generator

Development of a concept machine for portable hydrogen-mixed combustion generator for power supply of electric mini excavators.



KOMATSU

Hydrogen fuel cell modules

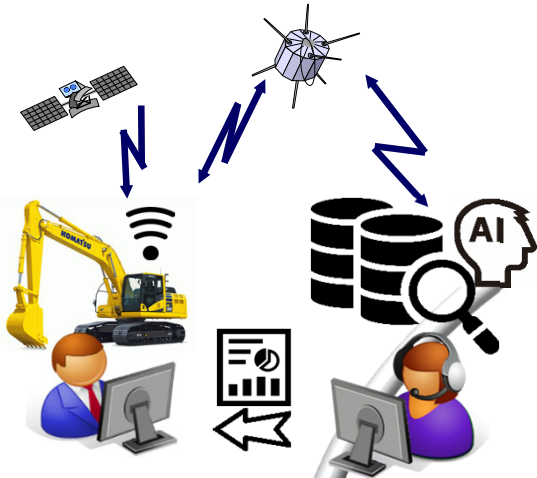
Signed a joint development agreement with General Motors Company for hydrogen fuel cell modules for ultra-large dump trucks.



Meeting with individual shareholders

Growth strategy #2 : Maximize earnings power

Building a data-driven business model



Promoting product strategy based on characteristics of strategic markets



CE series

Expand presence in key emerging markets

Maximize earnings power

Further growth from evolution of value chain business



Expansion of forestry machinery

A bulldozer-based planter with tree-planting attachments



Expansion of hard rock equipment businesses

Efforts in strategic markets

- As one of the efforts for strategic markets including Asian region, **“two model line strategy”** was developed in response to customer needs.
- In the 20-ton class, the **“CE Series”** with specifications suitable for urban civil engineering work have been sold, contributing to maintaining and increasing market share.
- In the 30-ton class, amid soaring fuel prices and growing awareness of climate change, the hybrid hydraulic excavators have been sold.

20-ton class

- High-end model
- CE Series (light-load work model)



Hydraulic excavator of CE series

30-ton class

- Standard
- Hybrid model

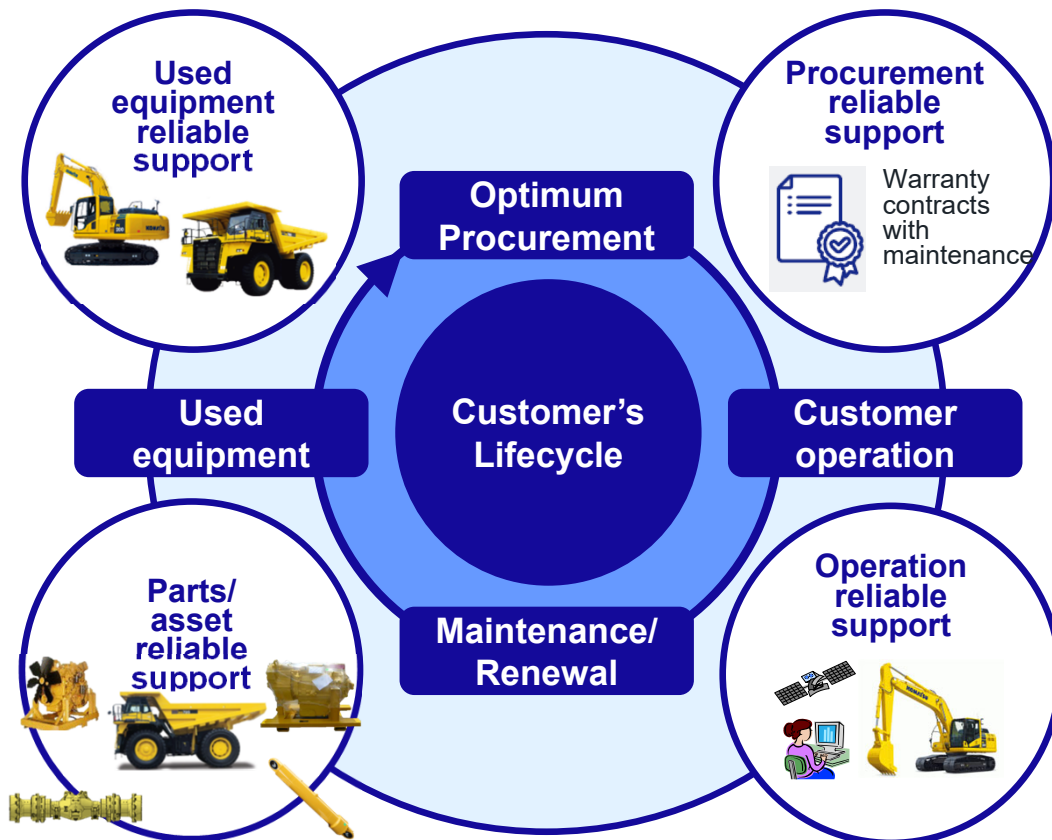


Hybrid hydraulic excavator

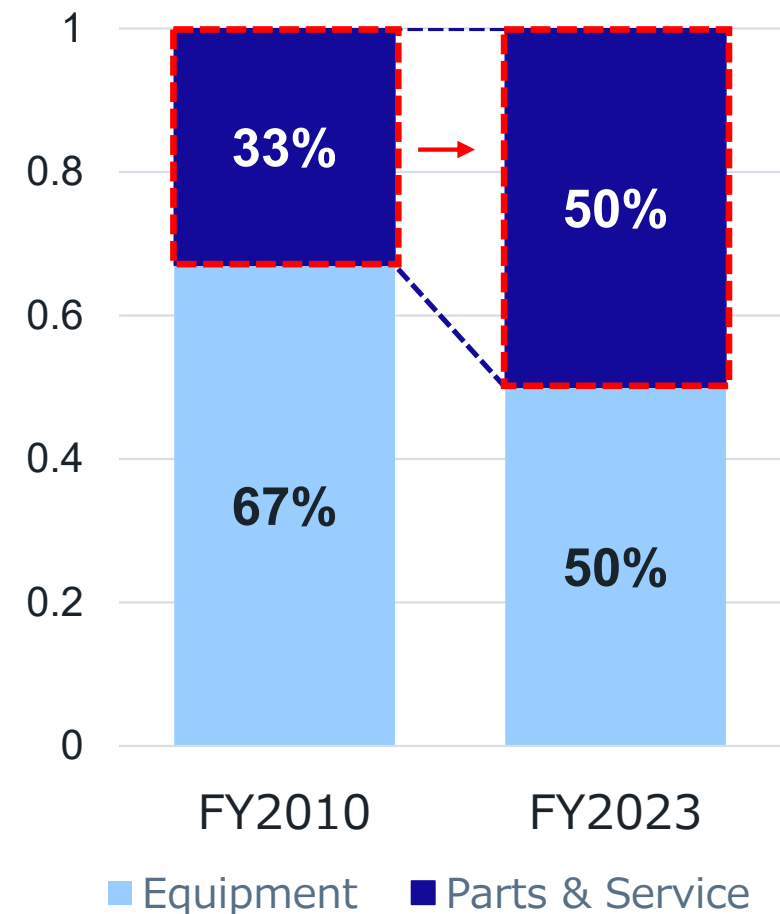
Enhance the value chain business

- Provide continuous support throughout the entire lifecycle of equipment, from purchasing new equipment to selling used.
- Further strengthen the business model to generate stable profit even after the new equipment sales.

Support of equipment's lifecycle

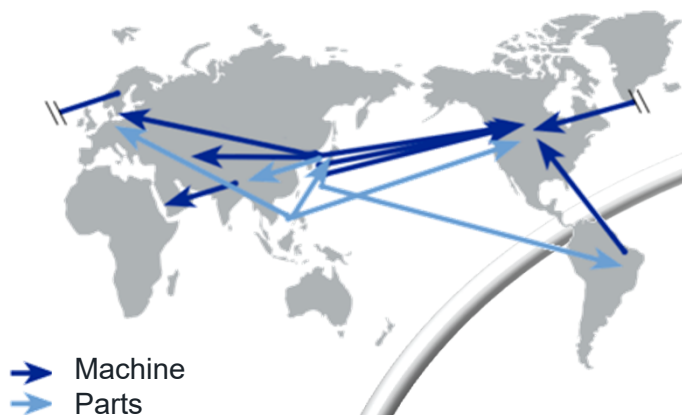


Construction, mining and utility equipment sales composition



Growth strategy #3 : Enhance corporate resilience

Enhanced cross-sourcing of production



Strengthening risk management system



Drive efficient business operations and reinforce risk management

Enhance corporate resilience

Enrich human resources base with diversity

Creating value together



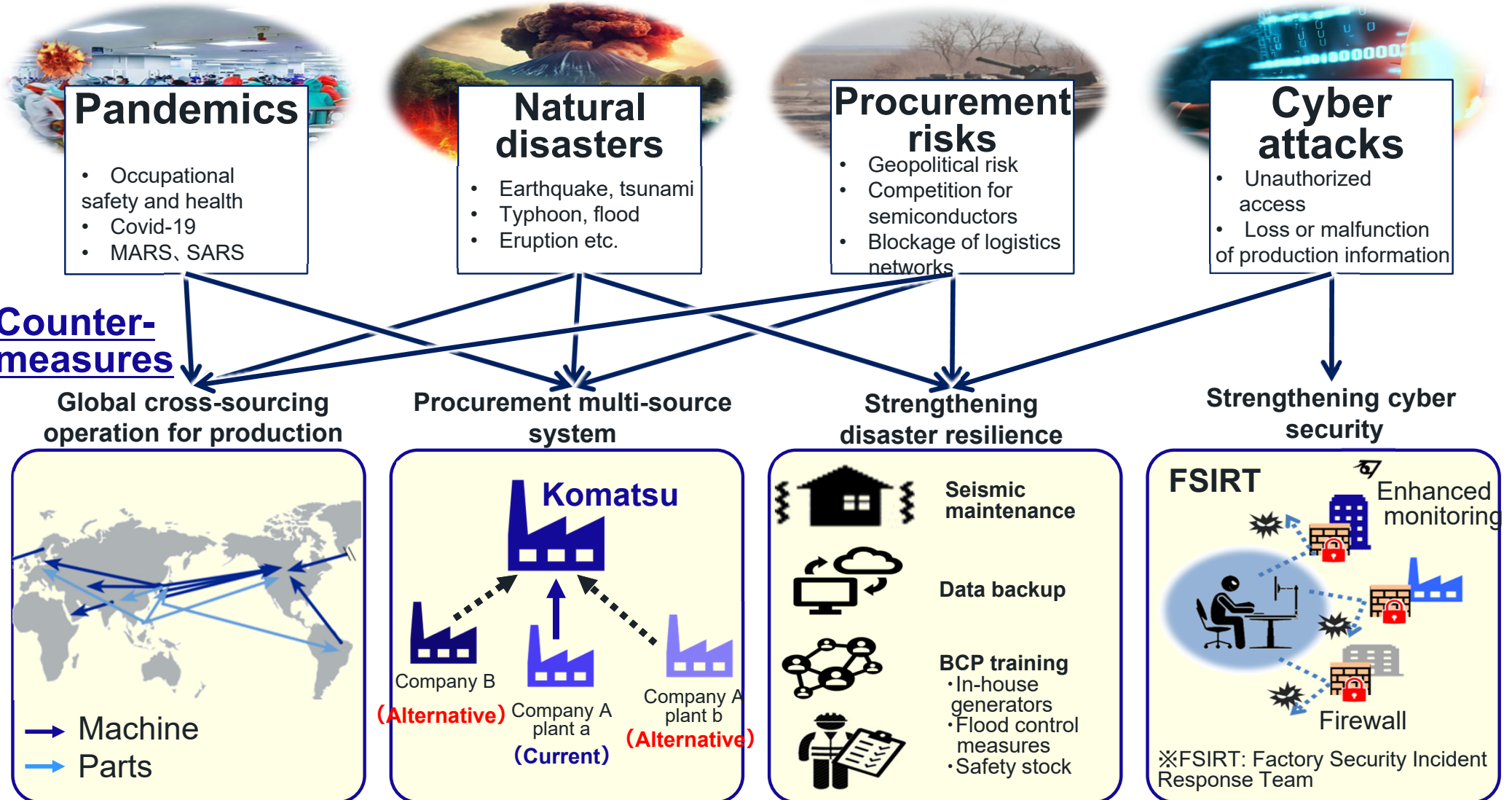
Improvement of employee engagement

Developing a global brand strategy

Business continuity plan system















- Respond to various risks (natural disasters, procurement risks, and infectious diseases, etc.) , built BCP system that enables procurement and production continuity

Risks



Sustainability policy and KPIs of the mid-term management plan

- Based on the sustainability policy, we aim to contribute to society through our business activities.
- Set KPI targets to steadily solving ESG issues through the growth strategy of the mid-term management plan.

	SDGs	KPIs of the mid-term management plan
<p>With people</p> <p>Materiality : 「Employees」 「Human rights」</p>	 <p>Gender equality</p>  <p>Decent work and economic growth</p>  <p>Reduced inequalities</p>  <p>Partnerships</p>	<p>Indicators related to female employee (consolidated)</p> <p>FY2022 result 10.3% → Target 13% or more</p>
<p>With business</p> <p>Materiality : 「Customers」 「Ethics/Governance」 「Communities」</p>	 <p>Industry, Innovation And infrastructure</p>  <p>Sustainable cities and communities</p>  <p>Responsible consumption and production</p>  <p>Partnerships</p>	<p>Number of workplaces using Smart Construction (global total)</p> <p>FY2022 result 8,955 → Target 13,000</p> <p>Aggregate number of AHS units installed</p> <p>FY2022 result 643 units → Target 790 units</p>
<p>With the planet</p> <p>Materiality : 「Environment」</p>	 <p>Clean energy industry and innovation</p>  <p>Industry, innovation and infrastructure</p>  <p>Responsible consumption and production</p>  <p>Climate action</p>  <p>Life on land</p>  <p>Partnerships</p>	<p>CO2 emissions from production (compared with FY2010)</p> <p>FY2022 result ▲43% → Target ▲45%</p> <p>CO2 emissions from product use (compared with FY2010)</p> <p>FY2022 result ▲21% → Target ▲24%</p>

*KPI (Key Performance Indicator)

Komatsu and Williams Racing reignite historic partnership

- Komatsu has signed a multi-year deal with Williams Racing to become the Principal Partner of the British team from the start of the 2024 FIA Formula One World Championship season.



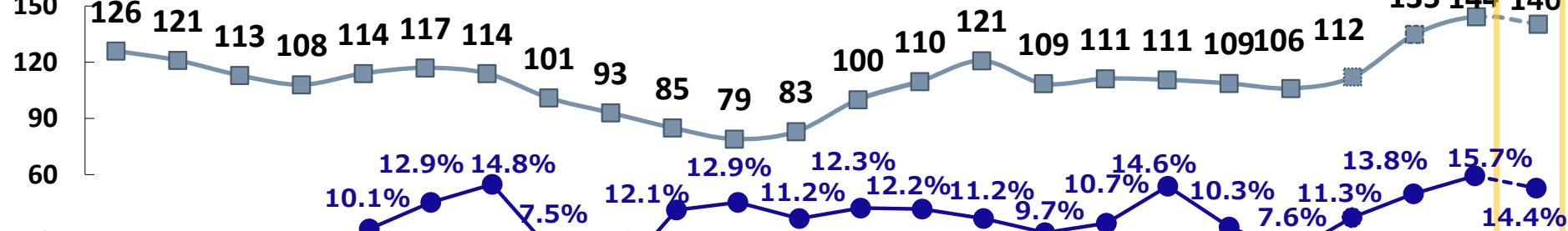
Komatsu's logo and branding feature prominently on the 2024 Williams Racing livery, as well as the team's overalls and kit, for the upcoming Formula One season.

1. Corporate profile
2. Mid-term management plan
—Growth strategies and solving ESG issues—
3. **Business results and shareholder return**

Business results to date

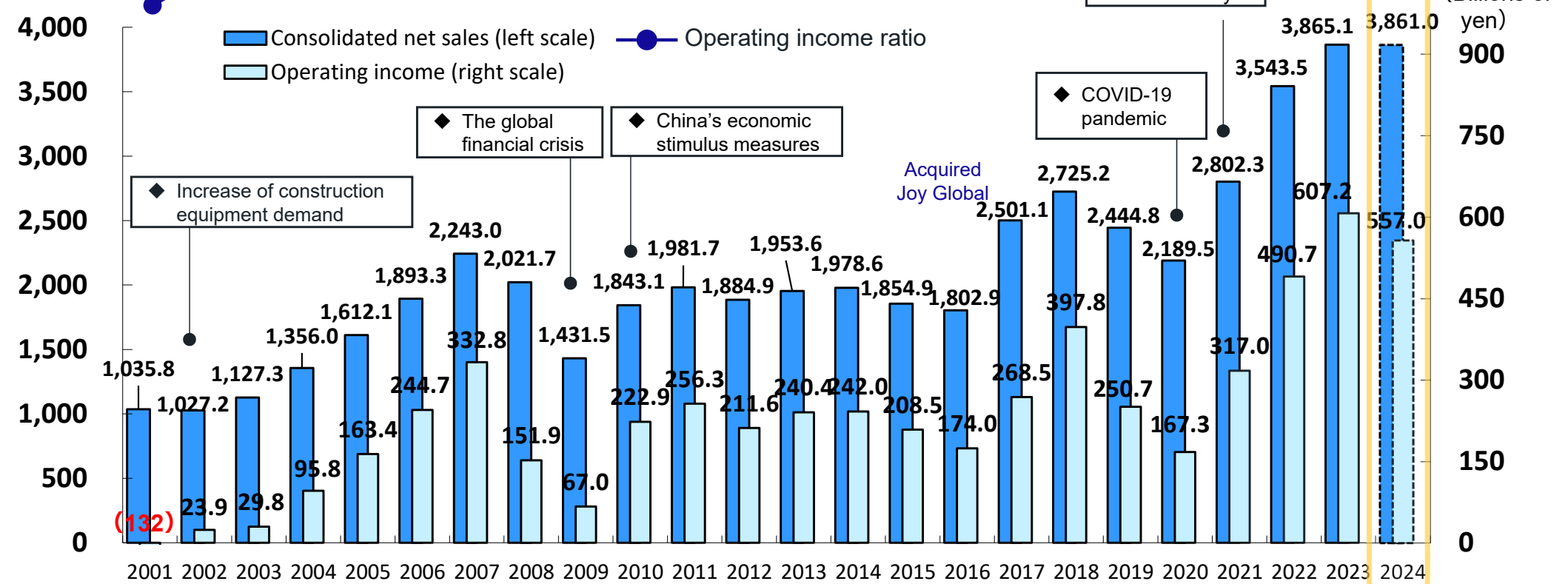
Foreign exchange rate

(yen/USD)



Net sales

(Billions of yen)



Expansion of production outside of Japan / Diversification

Selective focus of business

Expand ICT-driven value chain

Customer value creation



Outline of projection for FY2024

- Net sales will remain about flat at JPY3,861.0 billion from FY2023.
- Operating income will decrease by 8.3% to JPY557.0 billion.
- Operating income ratio will amount to 14.4%, down 1.3 points.
- Net income will decrease by 11.8% to JPY347.0 billion.

Billions of yen	FY2023 results ¥144.3/USD ¥156.0/EUR ¥94.7/AUD	FY2024 projection ¥140.0/USD ¥149.0/EUR ¥90.0/AUD	Changes	
			Increase (decrease)	Change %
Net sales	3,865.1	3,861.0	(4.1)	(0.1%)
Operating income	607.2	557.0	(50.2)	(8.3%)
Operating income ratio	15.7%	14.4%	(1.3%)	-
Net income attributable to Komatsu Ltd.	393.4	347	(46.4)	(11.8%)
ROE	14.1%	11.7%	(2.4%)	
Cash dividends per share	167 yen	167 yen	±0 yen	
Consolidated payout ratio	40.1%	45.5%		

Projection for segment sales and profit of FY2024

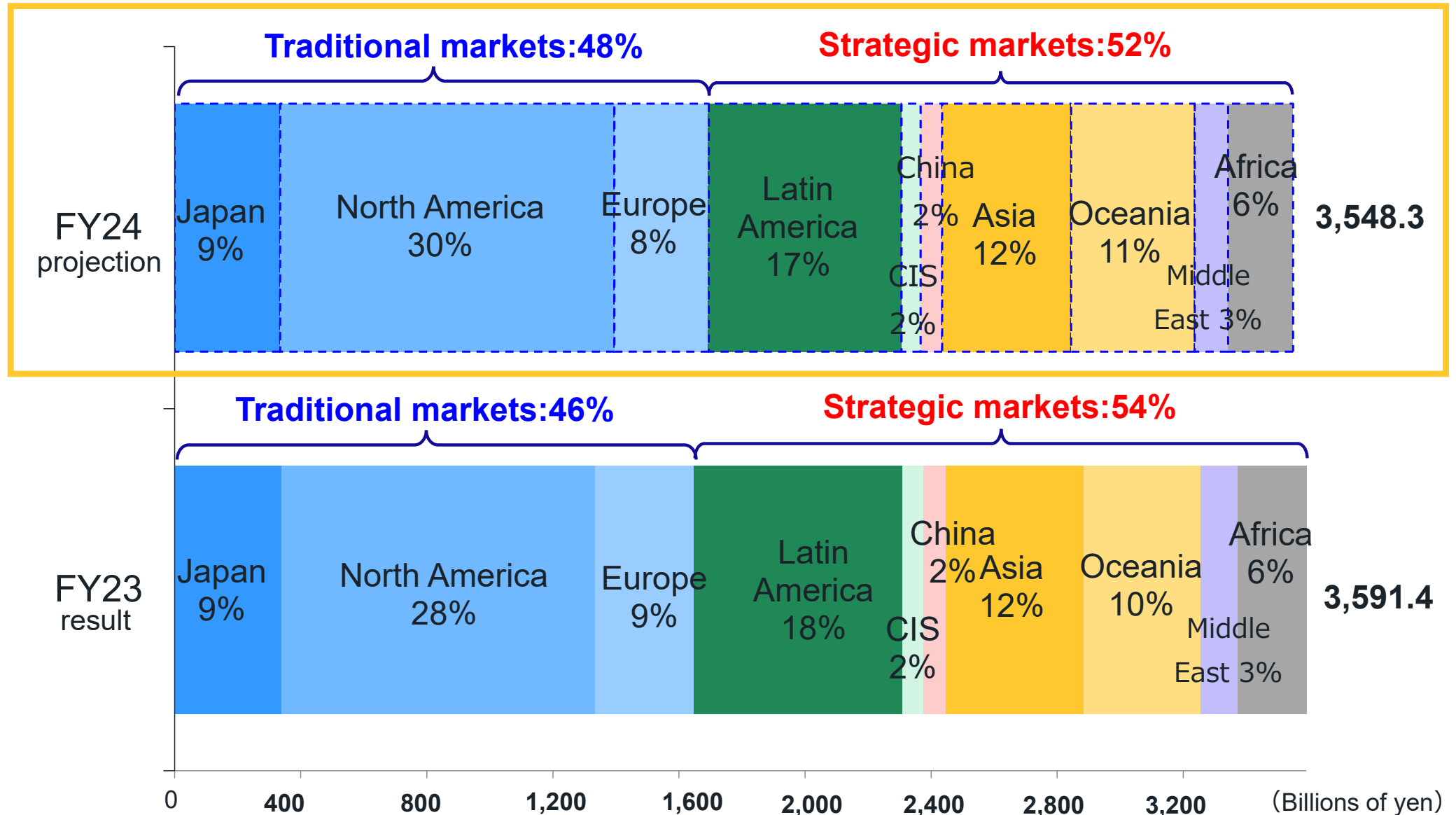
- Construction, mining and utility equipment sales will be JPY3,553.0 billion, and segment profit will be JPY538.0 billion.
- Retail finance sales will be JPY106.0 billion, and segment profit will be JPY22 billion.
- Industrial machinery and others sales will be JPY229.0 billion, and segment profit will be JPY28.0 billion.

□ : Profit ratio () : Sales after elimination of inter-segment transactions

Billions of yen	FY2023 results		FY2024 projection		Changes			
					Increase (Decrease)		Change %	
Net sales		3,865.1		3,861.0		(4.1)		(0.1%)
Construction, mining and utility equipment	[3,591.4]	3,615.2	[3,548.3]	3,553.0	[(43.1)]	(62.2)	[(1.2%)]	(1.7%)
Retail finance	[80.9]	103.5	[85.8]	106.0	[+49]	+2.5	[+6.0%]	+2.4%
Industrial machinery and others	[192.8]	195.6	[226.9]	229.0	[+34.1]	+33.4	[+17.6%]	+17.1%
Elimination		(49.2)		(27.0)		+22.2		-
Segment profit	□ 15.7%	605.7	□ 15.2%	585.0	□ (0.5) pts.	(20.7)		(3.4%)
Construction, mining and utility equipment	□ 15.9%	574.0	□ 15.1%	538.0	□ (0.8) pts.	(36.0)		(6.3%)
Retail finance	□ 23.4%	24.2	□ 20.8%	22.0	□ (2.6) pts.	(2.2)		(9.3%)
Industrial machinery and others	□ 5.3%	10.3	□ 12.2%	28.0	□ +6.9 pts.	+17.7		+172.4%
Corporate and elimination		(2.8)		(3.0)		(0.2)		-

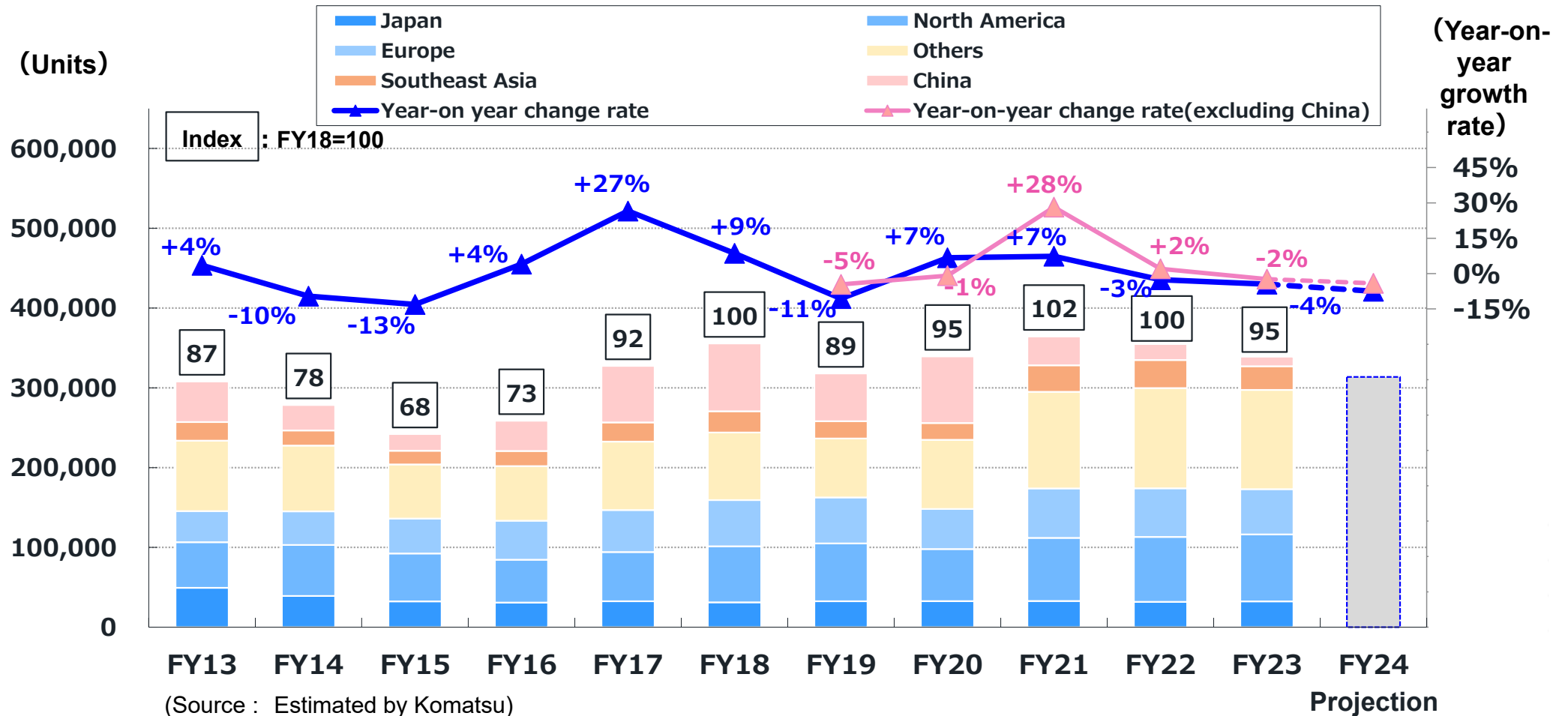
Construction, mining and utility equipment : Sales by region (To outside customers)

- Sales to outside customers will decrease by 1.2% to JPY3,548.3 billion.
- Sales will increase in North America and Oceania, but decrease mainly in Latin America and Asia.



Construction, mining and utility equipment : Actual and projected demand for 7 major products

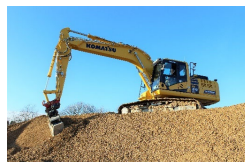
- In FY2024, demand will decrease between -5% and -10%.



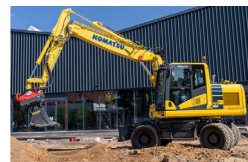
Seven major products



Bulldozers



Hydraulic excavators



Wheeled hydraulic excavators



Wheel loaders



Dump trucks



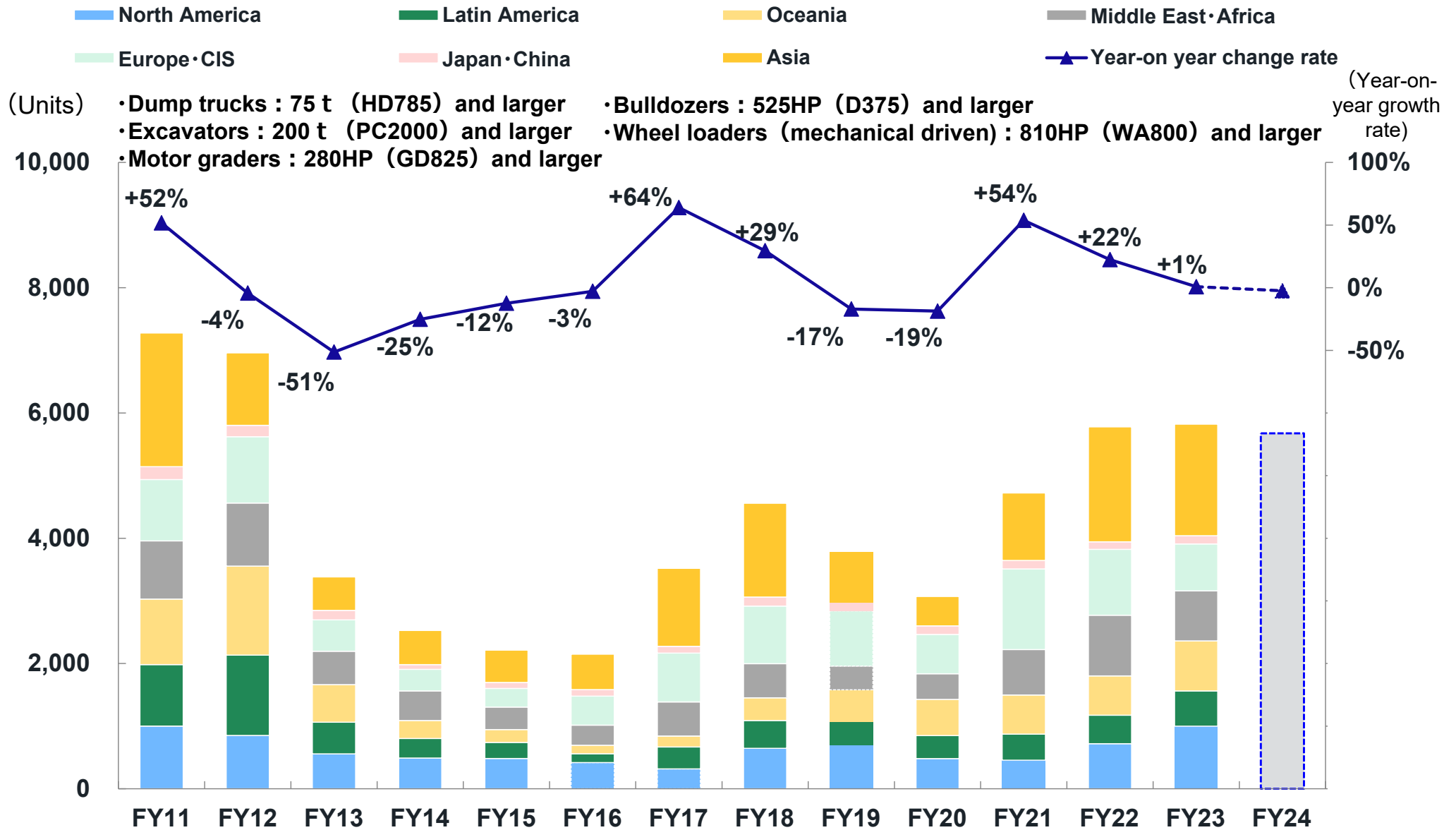
Articulated dump trucks



Motor graders

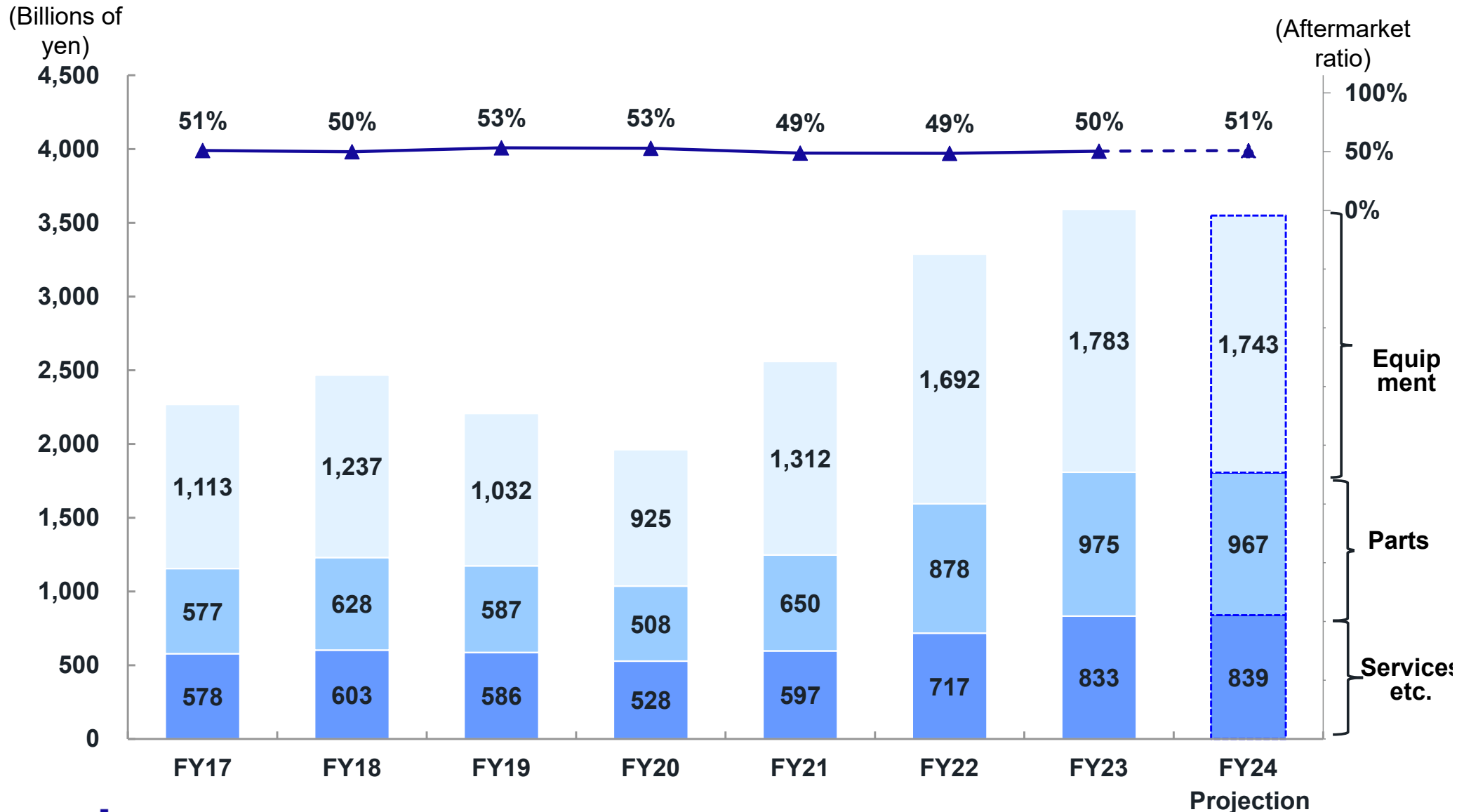
Construction, mining and utility equipment : Actual and projected demand for mining equipment

- In FY2024, demand will decrease between +/-0% and -5% from FY2023.



Construction, mining and utility equipment : Projection for sales of equipment, parts and service, etc. (To outside customers)

- In FY 2024, parts sales are expected to decrease by 1% from FY2023, to JPY966.7 billion, which will account for 51% of the aftermarket, including service, etc.



Dividend policy

- To sustainably increase our corporate value, we at Komatsu are working to secure a sound financial position and strengthen our competitiveness.
- Concerning cash dividends to our shareholders, we maintain the policy of continuing stable dividends by comprehensively considering consolidated business results, future investment plans, cash flow and other related factors.
- Specifically, we have set the policy of a consolidated payout ratio of 40% or higher.

<Dividend policy and consolidated payout ratio>

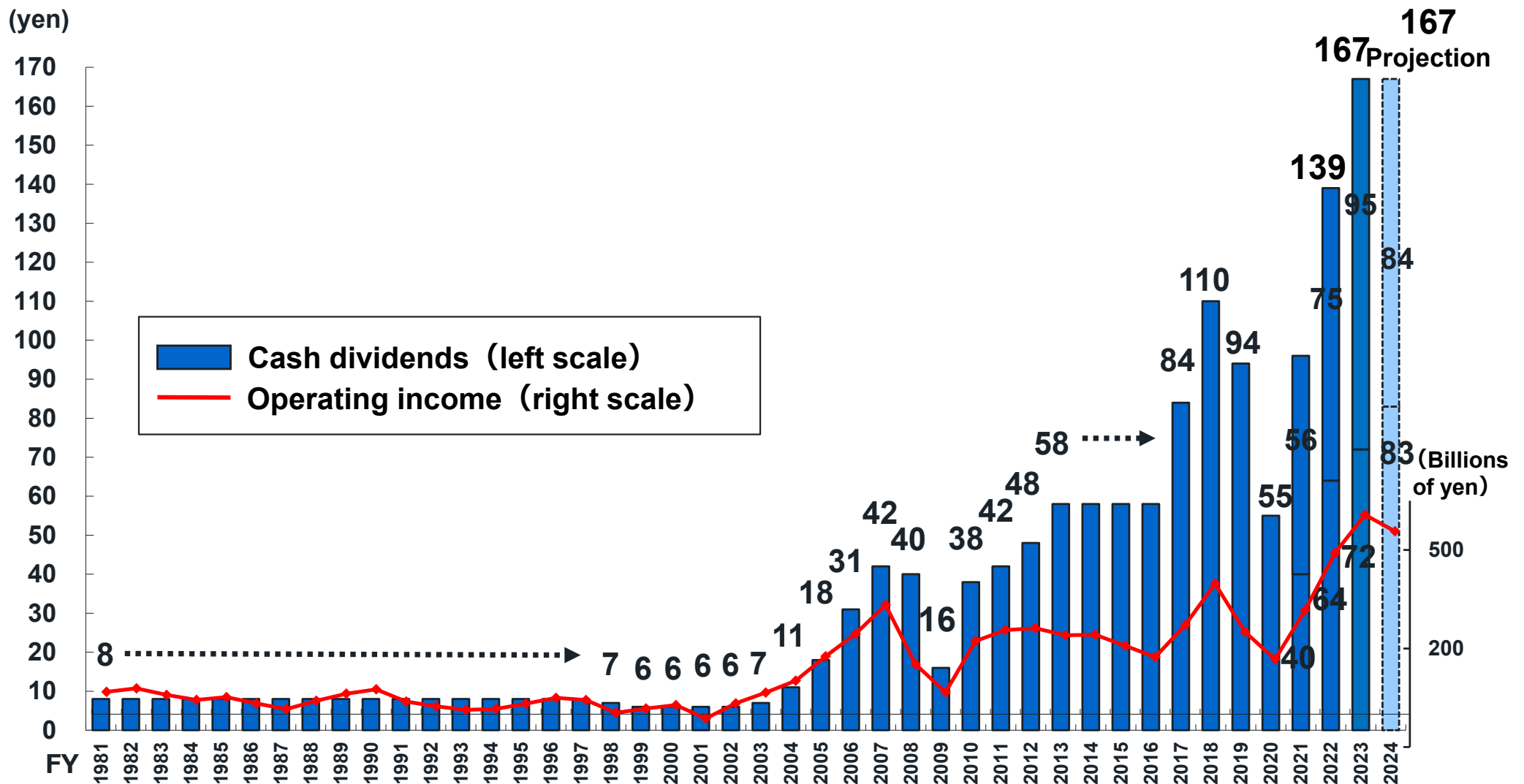
Item/FY	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15
Dividend policy	20% or more		20%~40%				30%~50%			
Consolidated payout ratio (Total return payout ratio)	19%	20%	40% 88% *	38% *	24%	24% 42%	36%	35%	36% 55%	40%

*FY2008 and FY2009 figures exclude restructuring charges.

Item/FY	'16	'17	'18	'19	'20	'21	'22	'23	'24 projection
Dividend policy	40%~60%			40%~					
Consolidated payout ratio (Total return payout ratio)	48%	40%	41%	58%	49% **	40.3%	40.3%	40.1%	45.5%

**Annual dividends per share for FY2020 include JPY 10 for the 100th anniversary commemorative dividend.

Cash dividends

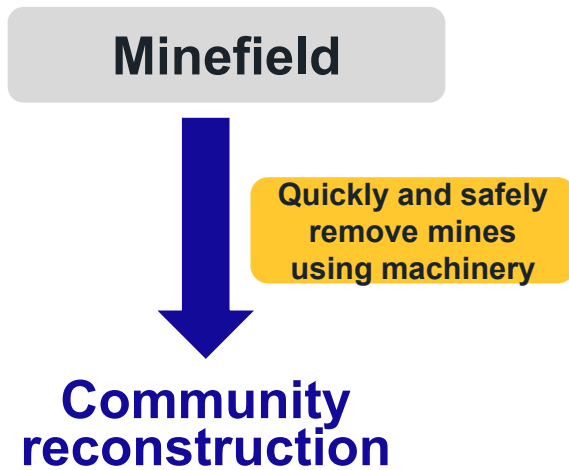


*1. Annual dividends per share for FY2020 include JPY 10 for the 100th anniversary commemorative dividend.

*2. Regarding the acquisition of treasury stock, approximately 30 billion yen was implemented in each of fiscal 2008, 2011, and 2014. 100 billion yen (maximum) is scheduled to be implemented in fiscal 2024

Demining and reconstruction project

- In partnership with the Japan Mine Action Service (JMAS), we have been undertaking support activities with the goal of community development from the removal of landmines to reconstruction since 2008.



Bulldozer-based <landmine removal>



Hydraulic excavator based <unexploded bomb removal>

Demining activities



Farmland & Infrastructure-reconstruction



Elementary school construction



Investor relations

<https://www.komatsu.jp/en/ir>

Mid-term management plan

https://www.komatsu.jp/en/newsroom/2022/20220428_4

Komatsu Report

<https://www.komatsu.jp/en/ir/library/annual>

IR-Day

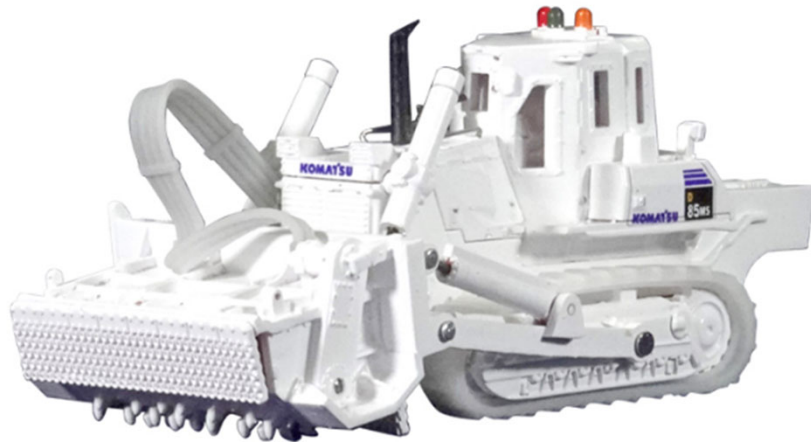
<https://www.komatsu.jp/en/ir/library/results/2023>

Explanation of the appropriate use of earnings forecasts, and other special notes :The aforementioned forecasts, plans, and outlooks are based on rational judgments made by the Company's management based on currently available information. Please be aware that actual results may differ significantly from the forecasts, plans, and outlooks in this document due to changes in various factors.

References

Complimentary gifts for long-term shareholders

- We present a complimentary gift to each long-term shareholder.
(This program has started in July 2014.)



* Picture is just an image.

- We give an original miniature of Komatsu equipment (not for sale) to each eligible shareholder.
- This year, we made a miniature of anti-personnel demining equipment and construction machinery that crushes buried landmines by rotating a roller with many bits attached.

**FY2024 gift : D85MS-15
Anti-personnel demining equipment
and construction machinery**

Eligible shareholders

As of the record date (March 31 of each year), shareholders who have held shares in Komatsu for **three years or longer***, and own **three share units (300 shares) or more**.

*Individuals registered on the shareholder registry as of March 31 and September 30 of each year, have the same shareholder numbers, and have held Komatsu shares for 7 or more consecutive periods, including the record dates.

Communication with individual investors and shareholders

Actively hold plant tours



Online briefing for individual investors

コマツの歴史～創業者の精神～

創業者 竹内 明太郎 (高知県宿毛市出身) の志

工業富國基
工業は国を富ませる基なり
人材育成こそが工業富國基の基本

▶ 鉱山機械開発のため小松鉄工所を設立 (1917年)
▶ 1921年5月13日 株式会社小松製作所の誕生

創業の精神は、遺伝子として受け継がれる
～世界に通用する技術を生み出し、世界を相手に勝負する～

創業者 竹内 明太郎

◆品質第一 ◆技術革新
◆海外への雄飛 ◆人材育成

Interviews with the President posted on our website



Interim Report Latest project status and events

Information

見学会のご案内

2023年 11月30日 (水) 午前10時～
12月28日 (木) 午後5時

見学会概要

2023年9月発表見学会、当社機械100機以上を展示する見学会を開催。見学会概要は以下の通りです。

見学会概要

① 二次レポート配布あり
② 二次レポート配布あり
③ コマツウェブサイト Top
④ 入場券、観覧券
⑤ 入場券、観覧券
⑥ イベント
⑦ 見学会見学会フォーム

テクノセンターをめぐって見学会コース

コース名	開催日	開催時間 (見学会)	定員	参加料 (見学会)	観覧料	対象者
1	2023年 11月26日 (火)	午後1時30分～	60名	400円	無料	見学会参加者
2	2023年 11月27日 (水)	午後1時30分～	140名	400円	無料	見学会参加者

工場見学会コース

コース名	開催日	開催時間 (見学会)	定員	参加料 (見学会)	観覧料	対象者
3	2023年 11月28日 (木)	午後1時30分～	60名	400円	無料	見学会参加者
4	2023年 11月29日 (金)	午後1時30分～	45名	400円	無料	見学会参加者
5	2023年 11月30日 (土)	午前10時～	40名	400円	無料	見学会参加者
6	2023年 12月1日 (日)	午後1時30分～	40名	400円	無料	見学会参加者
7	2023年 12月14日 (木)	午後1時30分～	40名	400円	無料	見学会参加者
8	2023年 12月15日 (金)	午後1時30分～	40名	400円	無料	見学会参加者

オンライン株主説明会のご案内は動画をご覧ください。

株主の皆さまへ

中間報告書 第155期

2023年4月1日～2023年9月30日

【写真】ミニショベル向け蓄電機搭載型イメージ(上) / 新型電動ミニショベル(PC30E-6J) (下)

証券コード: 6301