KOMATSU

Komatsu Report 2025

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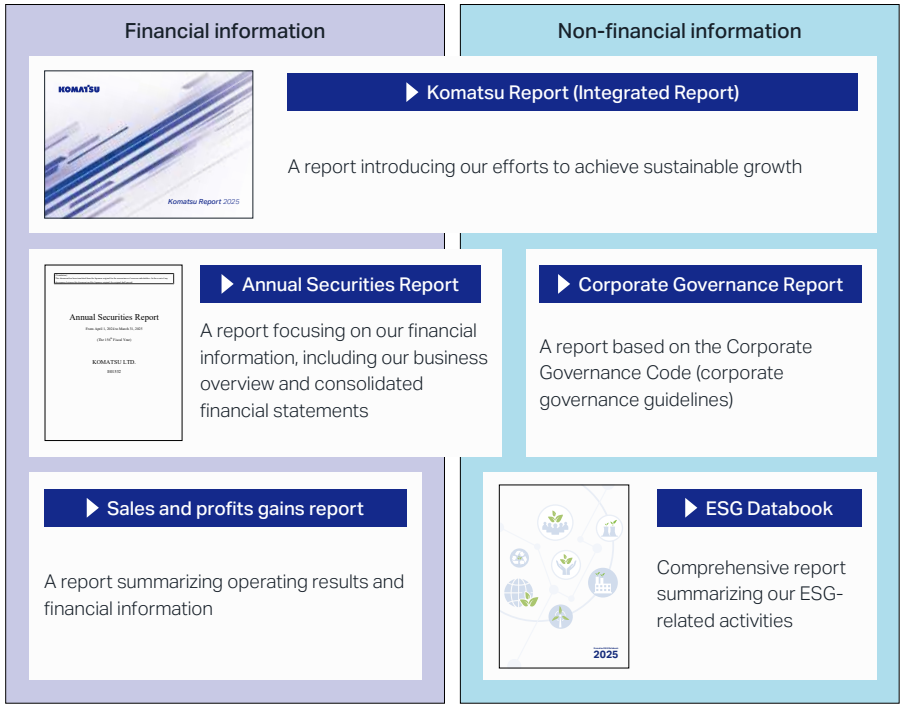
About Komatsu Report

The Komatsu Report (integrated report) is an annual report issued to investors, shareholders, and other stakeholders. The purpose of this report is to provide an easy-to-understand explanation of the progress of the Group's sustainability-oriented management and growth strategies from the perspectives of both financial and non-financial information.

Role of this report

Medium- to long-term perspective



Results

Editorial policy

■ Reporting period
April 1, 2024 – March 31, 2025
• This report also includes information on activities after the reporting period in order to provide readers with the latest information.
• "FY2024" refers to the period from April 1, 2024 to March 31, 2025, unless otherwise noted.

■ Organizations for reporting
• Komatsu Ltd. and consolidated Group companies

■ Reference guidelines
• IFRS Foundation, International Integrated Reporting Framework
• Ministry of Economy, Trade and Industry, Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Intangible Assets into Investment etc.

■ Cautionary notice regarding forward-looking statements
This report contains predictions, plans, forecasts, and other forward-looking statements that have been judged by management to be rational based on the information available at the time of publication. Actual results may differ significantly from the predictions, plans, and forecasts stated herein due to changes in various factors. These factors include changes in economic conditions and product demand in major markets, foreign exchange rate fluctuations, and changes in domestic and international regulations, accounting standards, and practices.

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Clicking a section name at the top of each page will navigate to that section.
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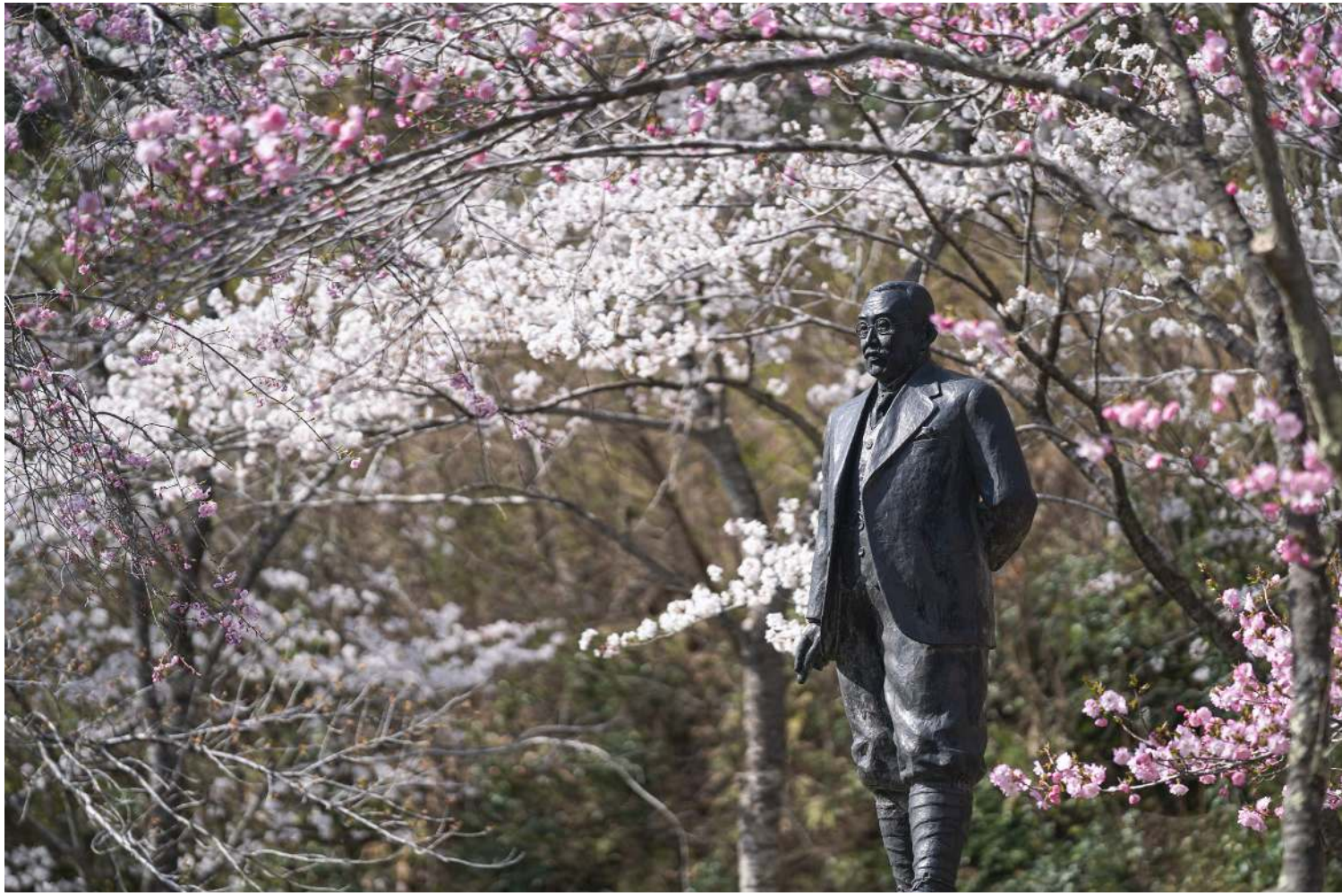
Founding principles

Meitaro Takeuchi (1860-1928) from Sukumo City, Kochi Prefecture co-founded Takeuchi Mining Industry Company with his father in 1894 and began mine management. In 1900, he visited the Paris Universal Exposition, where he was struck by the advanced industrial technologies of European countries. This experience deepened his conviction in the critical importance of developing the machinery industry in Japan. Takeuchi gradually shifted his focus from mining management to industrial manufacturing, guided by the belief that no nation develops without development of the machine industry. He founded Komatsu Iron Works Ltd., which would become Komatsu Ltd., in Komatsu City, Ishikawa Prefecture in 1917, to manufacture mining equipment for the Yusenji copper mine, which he was managing at the time. Later, Komatsu Iron Works separated from Takeuchi Mining Industry Company and became Komatsu Ltd. in 1921.

When founded, Komatsu carried forward the philosophy of Komatsu Iron Works, that is "high quality transcends national boundaries". Under this belief, we upheld form founding principles: quality first, technological innovation, human resources development, and global expansion.

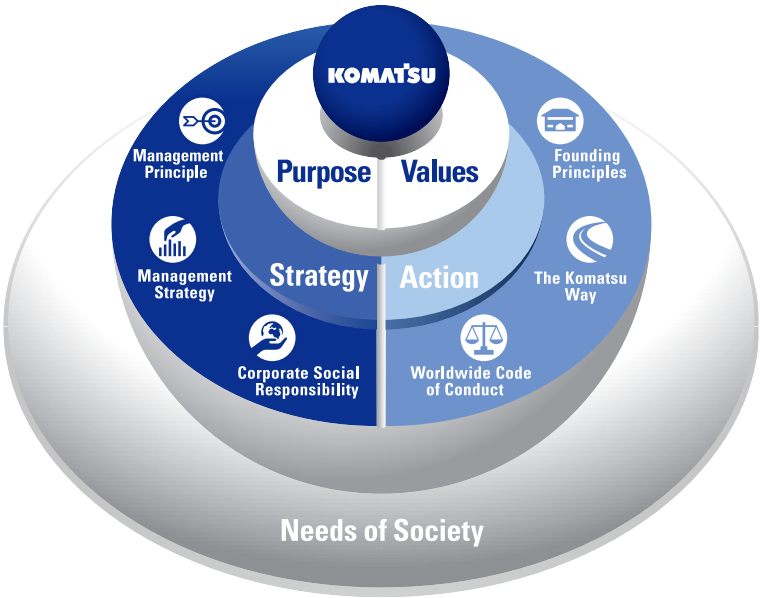
Takeuchi dedicated his life in this way to building a company with a global perspective and to advancing Japan's machinery industry and human resources development. His ambitious spirit and commitment to continual progress in technology live on in Komatsu corporate values and continue to be passed down to employees today.



Takeuchi began developing the Yusenji copper mine, located in what is now Komatsu City, Ishikawa Prefecture, in 1902. He led modernization efforts of the mine by constructing a dedicated railway and establishing a hydroelectric power plant.
Pictured here is a statue of Meitaro Takeuchi standing on the former jobsite of the mine.

Corporate identity

With the globalization of our business and the growing diversity of our stakeholders and employees, we will clearly articulate what Komatsu values and aspires to, ensuring consistent corporate activities across our global operations.



Our purpose

Our mission and vision

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

Our values

The values we cherish

Ambition

With a 'challenging spirit' and without fear of failure, we innovate and always aspire to do more.

Perseverance

Even when the work is difficult, we remain committed to our promises and reliably carry them through to completion.

Collaboration

Creating value comes from teamwork, inclusion, respect, diversity, and a win-win approach to all relationships.

Authenticity

To earn and maintain trust, we always act with sincerity, integrity and honesty, and communicate transparently.

Our promise

Together with you, we can create new values and work towards a sustainable future. (The design's emphasis on "together" indicates the importance we place on partnership.)

Creating value together

Strategy and action

Guidelines shaping shared understanding behind business activities

Strategy

Management Principle
We will maximize the trust given to us by our stakeholders and society through a commitment to Quality and Reliability. Our Management Principle shows our basic stance regarding business administration.

Management strategy
Komatsu implements the Strategic Growth Plan (FY2025-FY2027), "Driving value with ambition", based on our Management Principle and corporate social responsibility. This plan aims to achieve sustainable growth through a positive cycle of creating new value to solve social issues and improve profitability.

Corporate social responsibility
We believe that our very business is a corporate social responsibility. The work that we do directly supports the growth and improvement of our communities and society in general.

Action

Founding principles
Global Expansion, Quality First, Technological Innovation, and Employee Development. These are the founding principles laid out by our founder, Meitaro Takeuchi (1860–1928), and they continue to be upheld by our organization to this day.

The Komatsu Way
The Komatsu Way was developed to convey our shared values and practices across different cultures, customs, and generations.

Komatsu's Worldwide Code of Business Conduct
Compliance with the rules of the business community is considered a top priority at Komatsu. The rules are not limited to laws and regulations but also include rules that are generally recognized and respected in society.

Brand communication

■ From brand strategy vision to execution

Overseas markets account for approximately 90% of Komatsu's sales, and approximately 70% of our employees work outside of Japan. Against this backdrop, we work to deliver a consistent global brand experience.

A brand is a key driver of corporate growth and a foundation for strong engagement with stakeholders. We advanced initiatives to raise brand awareness, deepen understanding, and build loyalty, focusing on how well external audiences understand our brand, whether employees feel proud to work at Komatsu, and how we contribute to relationships with our business partners and stakeholders.

Our activities ranged from leveraging digital channels and building strategic partnerships to actively using sponsored advertising and developing customer experiences. Internally, we implemented initiatives to help employees feel more connected to and proud of the Komatsu brand. We also created numerous new opportunities to engage with external stakeholders, including inviting employees to Formula One races and related events, as described later in this report. At the same time, we created new and unprecedented content to attract new demographics. Our global team of diverse skills and expertise continues to drive these efforts forward.

■ Enhancing brand awareness and deepening understanding of Komatsu

Komatsu launched our first global brand campaign in fiscal 2024. We aimed for this campaign and other high-profile partnerships to raise awareness of Komatsu as a solutions provider addressing social needs, as well as to transform traditional perceptions of both our company and the broader industry.

The campaign used anime-inspired storytelling and global web distribution to highlight our more than 10 years of anti-personnel landmine removal activities in Cambodia. As a result, we not only strengthened our global brand recognition but also created new engagement opportunities with younger audiences and other emerging stakeholder groups. The campaign received high recognition and was selected as a finalist in The One Show, one of the world's most prestigious advertising awards.

In January 2025, we participated in the Consumer Electronics Show (CES) in Las Vegas for the first time, an event that drew more than 140,000 attendees from around the world. We showcased our latest technological research and development achievements and were selected as one of the Top 20 exhibitors out of more than 4,300 companies, receiving the CES Best Booth Award. The event also generated significant media coverage, helping accelerate our global brand awareness well beyond the industries we serve.

■ Strengthening brand awareness through partnership with Atlassian Williams Racing ("Williams")

Komatsu relaunched our historic partnership with Atlassian Williams Racing in 2024. This collaboration supports our efforts to expand brand awareness, attract the next generation of diverse talent, and strengthen relationships with stakeholders around the world.

We share the same values of focusing on human resource development and technological innovation, and have developed our programs accordingly. One of our key initiatives is the Komatsu Williams Engineering Academy. This program supports 10 students selected globally each year, aiming to foster career development in STEM* fields.

Another initiative we implemented was the Day in the life program, in which 16 selected Komatsu employees participate each year as honorary members of the Williams pit crew during their local Grand Prix. The program also brought Williams drivers and team representatives to Komatsu sites around the world, where they engaged with over 10,000 employees and strengthened employee engagement significantly.

Our partnership with Williams received the top prize at the European Sponsorship Association Awards in March 2025 by unanimous decision of the judges. The award recognized not only our deep engagement with all stakeholders but also our strategic approach to measuring the outcomes of the partnership.

Web European Sponsorship Association Awards

*STEM: Science, Technology, Engineering, and Mathematics

Sustainability approach

The Komatsu Sustainability Policy articulates our clear commitment to addressing climate change and social demands. We strive to contribute to society through our business activities while fulfilling our responsibility to society and the environment.

Sustainability Policy Business continuity guidelines for business activities

Since founding, we have committed ourselves to Quality and Reliability in order to maximize total sum of trust from all stakeholders, include society. Based on this Management Principle, we have made efforts to build strong relationship of trust with our stakeholders.

Our pursuit of coexistence has been handed down through generations, and our basic stance is to contribute to society through business activities.

Our purpose is *creating value through manufacturing and technology innovation to empower a sustainable future where people, businesses, and our planet thrive together*.

We will continue to address issues that are important to both a sustainable society and our business, grow as a corporate group that can flexibly respond to changes in society and the external environment, further enhance our corporate governance, and contribute to society with our stakeholders.

What we do to empower a sustainable future where people, businesses, and our planet thrive together

With people

- We provide an environment where diverse and global employees can work safely and healthily as one team, with respect for each individual, and with satisfaction and pride.
- We nurture employees who can take on challenges in various jobsites and regions, create new value together with customers, and contribute to the realization of a sustainable society.
- As Komatsu Group, we shall respect human rights related to all of our business activities.

With business

- We contribute to society through our business activities by providing our customers with safe and highly productive products, services, and solutions that realize sustainable infrastructure development, resource development, and a recycling-oriented society.
- We build relationships with our business partners and local communities that enable mutual trust, fairness, co-existence, and co-prosperity.
- We comply with the rules of society, including laws and regulations, and strive to respond sincerely to the requests and expectations of all stakeholders, including society.

With the planet

- Through all of our business activities, we strive to reduce our environmental impact and preserve the global environment through the use of advanced technologies.
- We strive to increase both global environmental conservation and business growth through manufacturing and technological innovation.
- We pursue collaboration and value creation with our stakeholders towards a sustainable planet and future.

WE SUPPORT UN GLOBAL COMPACT

Komatsu is a participant in the United Nations Global Compact (UNGC). Visit the following website for more information on how our initiatives relate to the Ten Principles of the UNGC.

Web Comparison with global principles (ESG Databook P.42)

WBCSD World Business Council for Sustainable Development

Komatsu has joined the World Business Council for Sustainable Development (WBCSD).

Komatsu's vision

■ A collaborative partner committed to optimizing safe, productive, and clean workplaces

Our new three-year Strategic Growth Plan (FY2025 - FY2027), "Driving value with ambition", refines our vision of becoming a collaborative partner committed to optimizing safe, productive, and clean workplaces. Under this plan, we will further advance and expand Smart Construction and our open technology platform for mining operations while advancing the automation and remote operation of construction equipment, supporting the shift to various power sources for decarbonization, and expanding our lineup of Software Defined Vehicles (SDVs) integrated with our solutions. We strive to deliver new value that enhances and optimizes safety, productivity, efficiency, and environmental adaptability at customer jobsites through these initiatives.

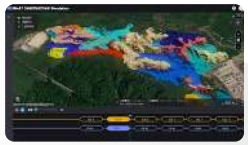
■ Our vision, key activities

The evolution of our solutions value

Smart Construction advancements and global expansion

Open technology platform expansion and wider adoption of apps

Advancements in automation and remote control



Innovation and DX

Expanding our value chain business

Investing in people

Expanding partnerships

Our vision

A collaborative partner committed to optimizing safe, productive, and clean workplaces

Compatibility with various power sources

Expanding lineup of SDV* with high solutions affinity

The evolution of our product value

* SDV: Abbreviation for Software Defined Vehicle

Value creation story

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Product launch event for the PC200i-12 held in Japan in November 2024

Business overview

Komatsu business consists of three main business segments. These segments are the construction, mining and utility equipment (¥3,798.2 billion in segment sales in fiscal 2024), retail finance (¥123.2 billion), and industrial machinery and others (¥223.6 billion) segments.

Business outline of Komatsu

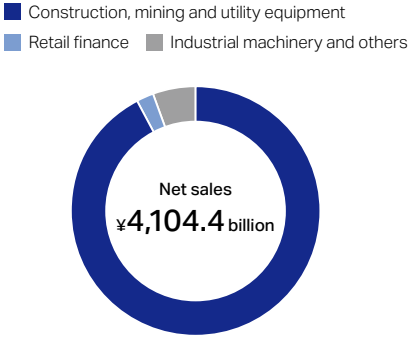
Komatsu is a full-line manufacturer of construction, mining and utility equipment ranging from small to large products in a wide variety of models. The construction, mining and utility equipment segment also develops, manufactures, sells, and services equipment. Our mining equipment mainly includes large dump trucks, hydraulic excavators, and other products used in jobsites. Our construction equipment includes small and medium-sized hydraulic excavators, bulldozers, wheel loaders used mainly in construction and civil engineering work, and forklifts and forestry machinery. Sales ratio outside of Japan amounted to 91% of total sales for fiscal 2024. Sales composition by region is diverse, led mainly by the large markets in North and Latin America.

Retail finance offers installment payments, leases, and other forms of financing to support customers purchasing construction and mining equipment.

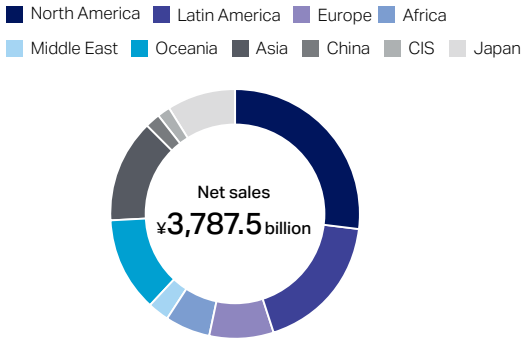
Industrial machinery and others develops, manufactures, sells, and services presses, sheet-metal machinery, and machine tools mainly for the automotive industry. The segment also develops, manufactures, sells, and services excimer laser light sources and temperature control equipment for the semiconductor industry.

FY2024 results

Breakdown of net sales by segment



Construction, mining and utility equipment sales by region (based on external customers, after elimination of intersegment transactions)

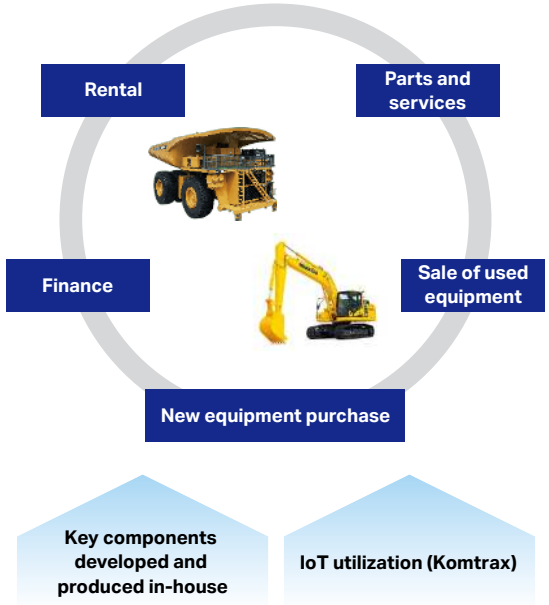


Construction and mining equipment business model

We provide our customers with various services and solutions throughout the entire lifecycle of their equipment from purchasing new equipment to selling used. In this way, we develop a value chain business to support customers' equipment management. We support our customers in a multitude of ways. We offer suggestions on how to best procure equipment, operational guidance to improve fuel efficiency and productivity, and periodic maintenance and sales of spare parts. We also provide support through the remote monitoring of equipment operation, repairs, and overhauls (including disassembly, inspection, and repair).

Our company has the advantage of developing and producing key components that affect machine performance, enabling us to leverage our strengths in utilizing the abundant machinery operational data obtained using Komtrax (equipment operation management system). Komatsu is committed to leveraging this strength to expand our value chain business further by providing solutions to keep customer machines in the best condition and optimize the life cycle cost of the equipment.

Construction and mining equipment value chain business model



Business overview

Construction, mining and utility equipment business

■ Construction equipment

Komatsu introduces construction equipment equipped with automation and remote operation functions that support construction efficiency and electrified construction equipment, primarily in developed countries, addressing climate change, labor shortages, and other social issues. We also offer Smart Construction, a digital solution that visualizes entire construction jobsites and supports construction process optimization. In December 2024, we launched the new-generation 20-ton-class hydraulic excavator PC200i-12 in Japan, equipped with standard 3D construction functionality. We began rolling out the international model PC220LCi-12 across Europe and North America in fiscal 2025 to expand ICT-based construction and improve jobsite productivity.

Emerging countries focus more on machine robustness and cost and fuel efficiency. In these countries, we introduced a two-line strategy featuring the CE Model (primarily for urban civil engineering and other low-burden jobs) and standard models, for high-load applications, to meet diverse customer needs.

Main products

ICT bulldozers

ICT hydraulic excavators (crawler-type)

Hydraulic excavators (wheel-type)

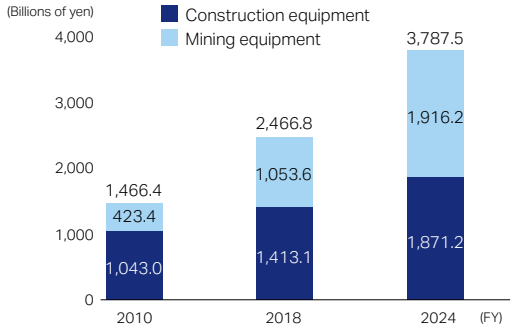
Wheel loaders

Rigid dump trucks

Articulated dump trucks

Motor graders

Construction, mining and utility equipment sales (by construction equipment and mining equipment)



■ Mining equipment

Major markets include countries rich in natural resources, such as North and Latin America, Oceania, Africa and Indonesia. Equipment used at mine jobsites operates under harsh conditions, including high-altitude and cold regions, and must run continuously for extended hours. To improve jobsite safety and productivity, Komatsu launched the commercial operation of Autonomous Haulage Systems (AHS) for mining in 2008. We are also developing an open technology platform to optimize entire jobsites and are working to develop applications for optimal dump truck dispatch management and machine guidance. The life cycle of mining equipment is 10 to 15 years long, and customers choose equipment based on product quality, durability, and the services offered to ensure stable utilization. To this end, Komatsu responds to customer needs by bringing distributors under direct management and strengthening our aftermarket business.

Komatsu has long developed and used diverse power sources in our efforts to create carbon neutrality at jobsites. In February 2025, we developed the world's first concept large dump truck equipped with a hydrogen combustion engine. We also achieved autonomous operation with a trolley dump truck in May. Our other efforts include accelerating product development to meet an expected increase in demand for underground mining methods for copper and nickel.

Main products

[For surface mining]

Electric drive dump trucks

Electric rope shovels

Super-large hydraulic excavators

[For underground mining]

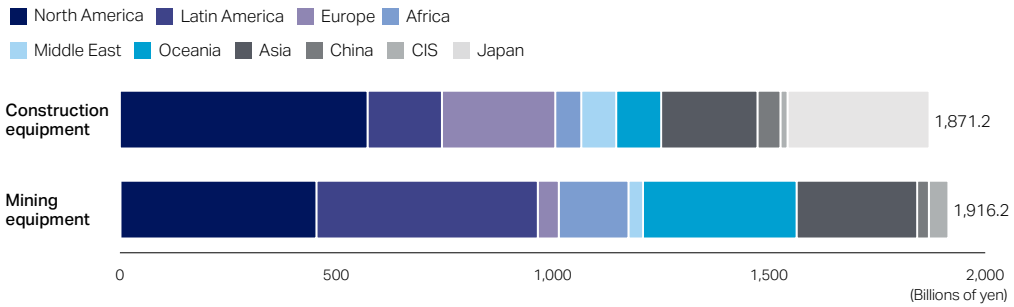
LHDs (Load-Haul-Dump)

Jumbo drills

Continuous miners

Shearers

Construction and mining equipment sales composition by region (FY2024)



Business overview

Construction, mining and utility equipment business

■ Aftermarket business (parts and services)

Our aftermarket business provides various after-equipment-purchase services, including spare part and attachment sales, periodic maintenance, and overhauls. The business leverages our strengths in the in-house development and production of key components and Komtrax to increase the number of extended warranty contracts with maintenance and expand the reman business, which provides component remanufacturing. We also expand our lineup of attachments, engage in digital marketing, and use AI for troubleshooting, aspiring to enhance added value on a global level throughout the entire value chain after the sale of new equipment.

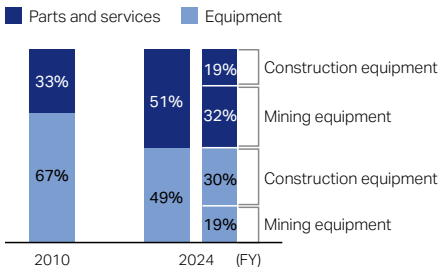
Aftermarket business sales account for about 50% of sales in construction, mining and utility equipment. In particular, the aftermarket share is about two-thirds in mining equipment, reflecting the long hours of equipment operation. We will strengthen the aftermarket business alongside new equipment sales and establish a profit structure less susceptible to fluctuations in demand for new equipment.

Main products

Consumable parts
(tooth)

Maintenance parts
(oil, coolant, hoses, filters)

Construction, mining and utility equipment sales (equipment and aftermarket ratio)



■ Forestry machinery

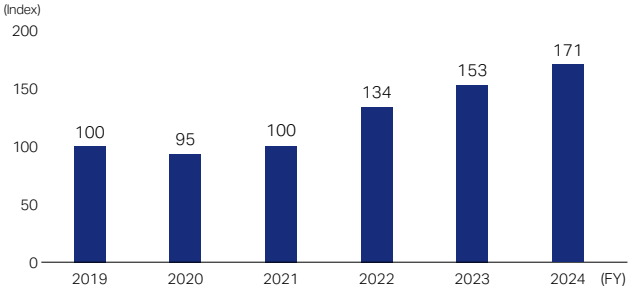
Major markets include Europe (mainly Northern Europe), North America, Brazil and Indonesia. Demand for timber is rising as the world population grows, and environmental afforestation is also expanding to absorb CO_2. There is also a heightened need for mechanization in operations, including tree planting, silviculture, harvesting, extracting and transporting from the perspective of safety and efficiency in operations. We work to expand the forestry machinery business, positioning the business as a contributor to sustainable forest management and circular forestry. Komatsu works to mechanize forestry work while also offering forest management solutions that combine information on machine operation with forest resource management using drones and satellites. In this way, we help customers improve safety and productivity at their jobsites and achieve carbon neutrality.

Main products

Harvesters

Forwarders

Forestry machinery sales (Index: FY2019 = 100; actual exchange rate)

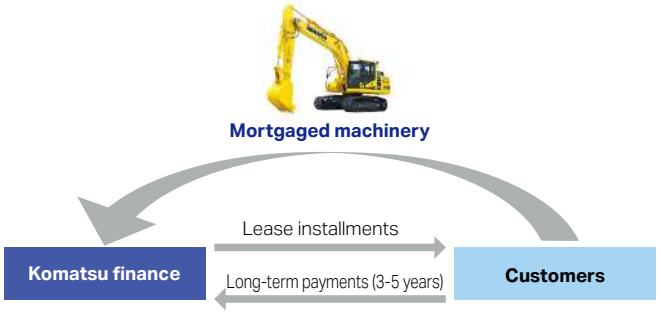


Retail finance

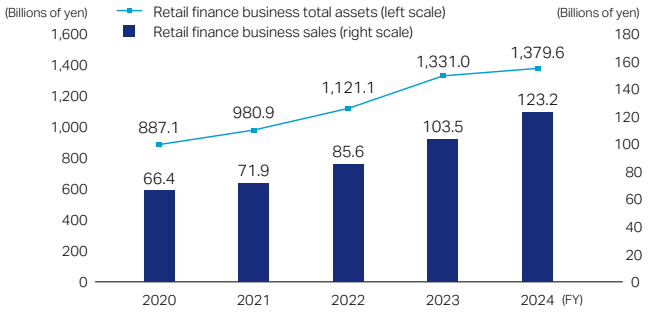
Retail finance offers financing options in the form of installment payments, leases, and other methods to customers looking to purchase construction and mining equipment. We leverage the manufacturer strengths of Komtrax and resale capability of used equipment to expand the regions in which we operate, particularly in North America. Currently, we have 12 finance subsidiaries across the world that cover approximately 70% of global demand, with assets totaling over 1 trillion yen. We strive to maintain sound and efficient business based on ROA, net debt-to-equity ratio, and other indicators, while expanding regional coverage in Asia and Africa, where future growth is expected. We also take active initiative in the forestry machinery business.

Retail finance business model

Retail finance =
Financing for customers by mortgaging Komatsu products



Retail finance business sales



Business overview

Industrial machinery and others

■ Semiconductor manufacturing equipment

GIGAPHOTON Inc. develops, manufactures, sells, and services excimer lasers used as light sources for lithography systems in semiconductor manufacturing equipment. KELK Ltd. develops, manufactures, and sells thermoelectric devices and temperature control devices used in semiconductor manufacturing equipment. In fiscal 2024, Komatsu leveraged this thermoelectric technology to develop and launch the world's first sensor device for monitoring production equipment that requires no battery or external power supply and achieves a 500-meter communication range.

The semiconductor market is expected to grow over the medium to long term as the world transitions to a digital society due to the use of semiconductors in numerous fields. These fields include generative AI-related fields, data centers, Advanced Driver-Assistance Systems (ADAS) and other automotive control systems, high-speed (5G) communications base stations, and medical equipment.

Both companies strive to meet the needs of a growing market and increase the competitiveness of their excimer laser and temperature control equipment while maintaining high profitability.

■ Industrial machinery

Komatsu Industries Corp. contributes to customer production work, mainly in the automotive industry, by developing, producing, selling, and servicing a wide variety of small to large models of presses and sheet metal machines. Komatsu Industries began equipping all machines with Industrial Komtrax in 2009 to enable remote monitoring of operating conditions. Press machines operate for approximately 30 years. To this end, Komatsu supports predictive maintenance by using data collected through Industrial Komtrax to analyze wear in drive components and visualize remaining service life.

Komatsu NTC Ltd. works mainly in the automotive industry to develop, design, manufacture, sell, and service various products. These products include machine tools and automation lines (e.g., machining centers and grinders), battery manufacturing-related equipment (e.g., laser tab molding machines). The company also develop, manufacture and sell wire saws for silicon wafers for the semiconductor industry and image processing-related equipment. In fiscal 2024, Komatsu NTC developed a dedicated processing machine for aluminum components formed using the gigacasting method, which is seeing wider adoption in electric vehicle manufacturing.

Main products

Light sources for semiconductor lithography system (excimer lasers)
(GIGAPHOTON)

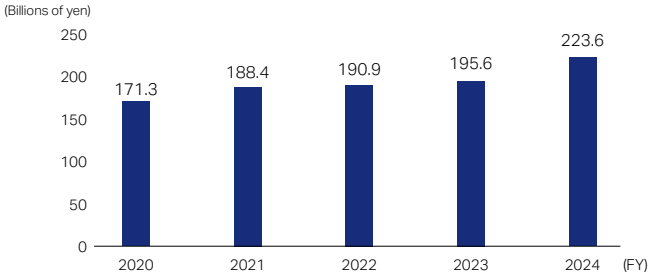
Battery-free thermoelectric energy-harvesting vibration sensor devices
(KELK)

Main products

Large-size AC servo presses
(Komatsu Industries)

Large processing machine for aluminum giga die-cast parts
(Komatsu NTC)

Industrial machinery and others business sales



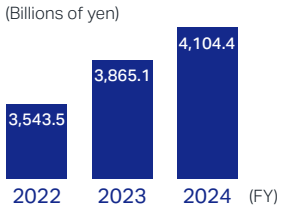
Komatsu at a glance

Financial information

*All figures are as of March 31, 2025, unless otherwise noted

Consolidated net sales

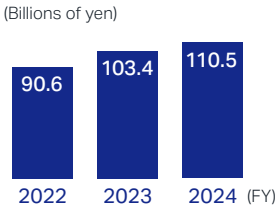
¥4,104.4 billion YoY ¥239.3 billion



Consolidated net sales reached a record high despite a decline in sales of construction equipment. This result was driven by increased sales for mining equipment, as well as the impact of the weak yen and improved selling prices across regions.

Research and development expenses

¥110.5 billion YoY ¥7.1 billion



Research and development expenses accounted for 2.7% of sales, driven by a ¥7.1 billion increase from the previous year through focused investments in electrification, automation, and other key areas.

PBR

1.25 times

Komatsu strives to enhance corporate value by aligning each component of PBR with the management targets set in the Strategic Growth Plan.

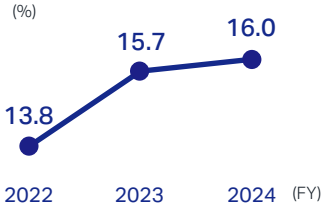
ROE

14.2% YoY 0.1%

Komatsu set a Return on Equity (ROE) management target of 10% or more and achieved this target for fiscal 2024.

Consolidated operating profit ratio

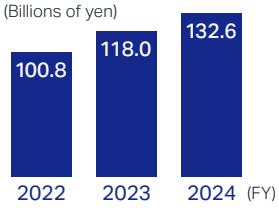
16.0% YoY 0.3%



Operating profit ratio reached a record high, supported by improved selling prices and the weak yen, despite lower sales volume and rising costs.

Capital investment (excluding rental assets)

¥132.6 billion YoY ¥14.6 billion



Capital investment increased by ¥14.6 billion from the previous year, driven by continued investment in production, sales sites, and the solutions business.

Total payout ratio

63%

Komatsu added new targets to the Strategic Growth Plan. These targets include maintaining a consolidated payout ratio of 40% or higher to ensure stable dividends, and executing share buybacks in a timely manner based on a comprehensive assessment of financial soundness and the equity ratio.

Free Cash Flow (FCF)

¥306.5 billion YoY ¥76.1 billion

Free Cash Flow reached a record high of ¥306.5 billion.
Komatsu set a three-year cumulative Free Cash Flow target of ¥1 trillion (excluding M&A-related outflows) to secure earnings and continue proactive growth investments.

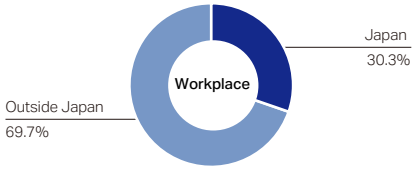
Komatsu at a glance

Non-financial information

*All figures are as of March 31, 2025, unless otherwise noted

Consolidated number of employees

66,697



Approximately 70% of Komatsu employees work outside of Japan.
We create value for customers by sharing the Komatsu Way among employees with diverse backgrounds.

Ratio of female managers (global)

11.9 %

Our gender diversity initiatives include measures to actively recruit and train female employees and provide a jobsite environment in which female employees can continue to develop their careers.

Global engagement survey (FY2025)

81

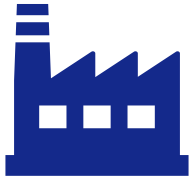
(Global score of sustainable engagement)

Komatsu regularly identifies and analyzes global employee engagement, clarifies our current strengths and challenges, and takes them into consideration when deciding plans for the future.

Production bases

71 bases across 17 countries

(Construction, mining and utility equipment and industrial machinery and others)



Komatsu established a global production and supply structure that ensures consistent product quality worldwide, centered on nine mother plants that integrate product development and production functions.

Number of companies participating in Midori-kai (main suppliers) (global)

334

Komatsu established Midori-kai, a group comprising main suppliers in parts procurement. This group is founded on mutual-trust, and member companies work together to drive productivity improvements and human resource development initiatives.

Sales and service distributors

208 bases across 151 countries

(Construction, mining and utility equipment)

Komatsu establishes sales and service locations worldwide, enabling us to provide attentive support to customers from initial product sales through after-sales service.

Number of units equipped with Komtrax (As of June 30, 2025)

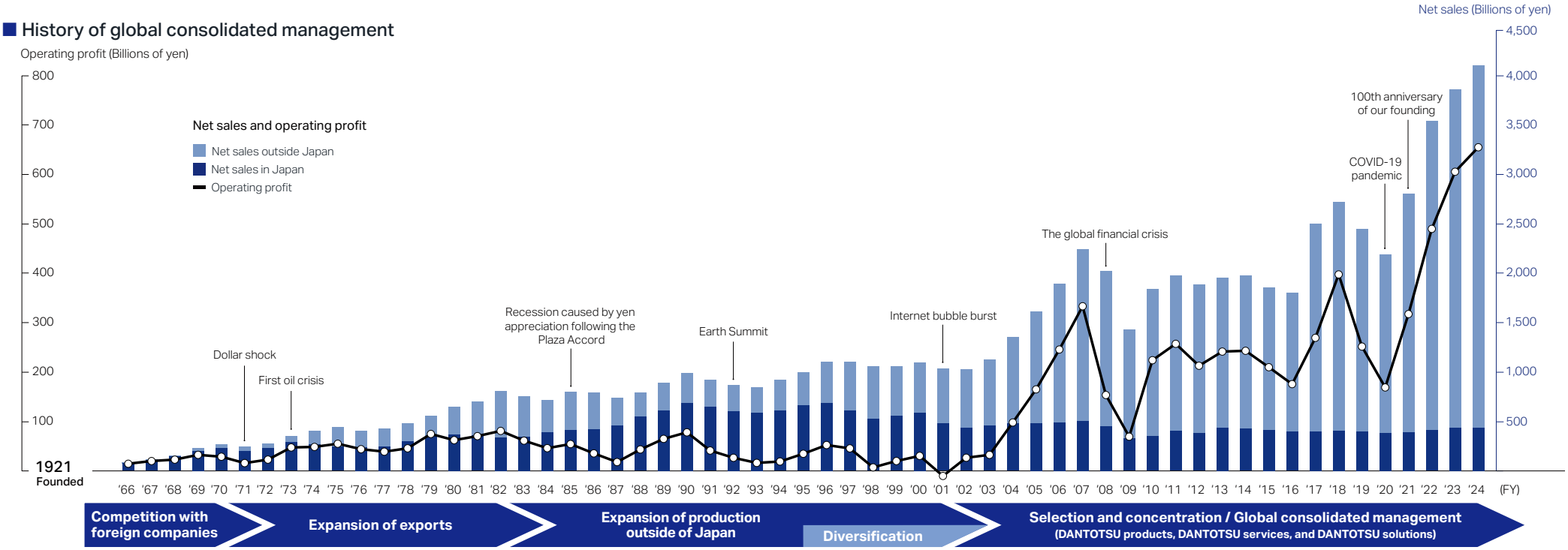
Approx. 810,000

Komatsu introduced our first piece of equipment with the Komtrax construction equipment operation management system as a standard feature in 2001, and this system has been supporting global traceability of equipment information and efficient operation for customers ever since.

History of value creation

Since our founding in 1921, Komatsu has been a pioneer in M&A to accelerate growth while expanding our business domain.

History of global consolidated management



M&A history

Acquiring technology | Strengthening our value chain

1961
Entered a technology tie-up for diesel engines with Cummins Engine Co., Inc. (U.S.)

1988
Established a joint venture company with Dresser Industries, Inc. (U.S.) to acquire super-large electric dump truck business

1995
Established a joint venture company with Mannesmann DEMAG AG (Germany) to acquire super-large hydraulic excavator business

1996
Made Modular Mining Systems Inc. (U.S.), a developer of fleet management systems for mining equipment, a subsidiary

2000
Acquired Hensley Industries, Inc. (U.S.), a manufacturer of parts for construction and mining equipment

2004
Acquired Partek Forest AB (Sweden), a manufacturer and distributor of forestry equipment

2011
Acquired DTSA (Chile), a manufacturer of dump truck bodies

2015
Acquired Lehnhoff Hart Stahl GmbH (Germany), a manufacturer of attachments

2017
Acquired Joy Global Inc. (U.S.), a leading manufacturer of mining equipment

2019
Acquired TimberPro Inc. (U.S.), a manufacturer of forestry equipment

2019
Acquired Immersive Technologies Pty Limited (Australia), an operator training company for mining customers

2021
Established EARTHBRAIN Ltd. (a joint venture company) to handle the planning and development of our solutions business

2022
Acquired Mine Site Technologies Pty Ltd. (Australia), a company that handles communications equipment for underground mines

2022
Resolved to acquire GHH Group GmbH (Germany), a manufacturer of underground mining equipment (acquisition completed in 2024)

2022
Acquired Bracke Forest AB (Sweden), a manufacturer of tree-planting attachments

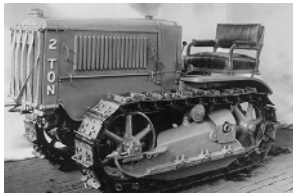
2023
Acquired American Battery Solutions Inc. (U.S.), a manufacturer of batteries

2024
Acquired Octodots Analytics SpA (Chile), a software developer that utilizes AI to analyze and optimize construction processes at mine jobsites

History of value creation

Product evolution

In response to a request from the Ministry of Agriculture and Forestry, Komatsu took on the challenge of developing crawler-type farm tractors in Japan. While other companies stopped at the prototype stage, Komatsu pressed on with a strong commitment to developing unique products that others could not imitate and completed the first tractor in Japan.



Komatsu launched sales for the world's first hybrid hydraulic excavators. This proprietary system reduces fuel consumption by approximately 25% compared to conventional models. We expanded the lineup to include the new 20-ton class and the 30-ton class in 2016.

Komatsu introduced ICT bulldozers to the market. These bulldozers were the first to offer automated blade control during both excavation and the finishing processes of land preparation. In 2014, we introduced an ICT hydraulic excavator equipped with machine controls to the market.

Komatsu became the first in the industry to introduce hydraulic excavators to the Japanese market that standardize the installation of KomVIsion, our in-house human detection and collision mitigation system. We support construction jobsite safety through the provision of this system to a wide range of customers.

Komatsu began introducing battery-powered mini excavators for rental on the Japanese market. These excavators provide the same excavation performance as the engine-driven version while also featuring zero exhaust emissions and a significant reduction in noise. These advanced models will play a role in the future expansion of human- and eco-friendly equipment.

We fully remodeled the 20-ton-class hydraulic excavator and introduced to the market in Japan. This standard ICT construction model delivers high-precision semi-automation. The model also improves safety and operational efficiency with an auto-swing function and an automatic stop system that detects potential collision zones.

P.24 Special feature 1 Project story

Evolution of solutions

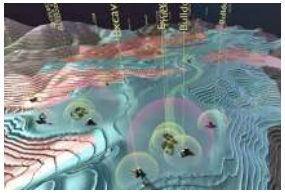
We started this business approximately 30 years ago to recycle and supply components collected from customers. Demand grew steadily, leading to our current global expansion as a resource-recycling business known as the reman* business.
* Reman stands for remanufacturing/ remanufactured.

Komtrax is an equipment operation management system that enables users to view construction equipment information from remote locations. We standardized the use of this system in models for the Japanese market. In 2002, we expanded the system to North America, Latin America, and Europe, installing Komtrax in approx. 810,000 units of Komatsu construction equipment (as of June 30, 2025).

KOMTRAX

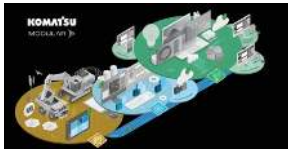
In 2005, Komatsu introduced trial systems in Chile, successfully introducing the world's first commercial AHS in 2008. Currently, 896 units are installed between 25 mines in five countries around the world, with a cumulative total of 10 billion tons carried (as of June 30, 2025).

Smart Construction is a solution that visualizes all aspects of construction jobsites using a variety of digital technologies, including IoT devices and applications. This visualization enables customers to resolve issues regarding safety, productivity, and environmental adaptability. We work to advance our products in line with the evolution of digital technology.



Komatsu and EARTHBRAIN co-developed Smart Construction Teleoperation, a system that enables the remote operation of hydraulic excavators (launched in Japan in 2024). This technology increases safety and productivity at construction jobsites, addresses labor shortages, and reduces CO_2 emissions.

Komatsu unveiled the Modular Ecosystem at MINExpo 2024 in the U.S., aiming to improve the overall performance of customer mining operations. The system consolidates operational data from all on-site mining activities into a single platform, streamlining decision-making and supporting remote operations.



P.44 Automation and remote operation in mining equipment

CEO message

We continue to take on the challenge of value creation based on a new mid-term management plan—the Strategic Growth Plan—aiming to maximize corporate value.

President and Representative Director
Chief Executive Officer (CEO)
Takuya Imayoshi

My mission is to raise stakeholder confidence and maximize corporate value

My name is Takuya Imayoshi, and I was appointed Komatsu President and CEO on April 1, 2025. Society is changing in more ways and more rapidly than ever. At the same time, the future has become even more uncertain. Taking over as President at this critical juncture, I believe Komatsu must be a force for change itself, not surrendering to change, but creating new value. We have defined the purpose, value and brand promise of "creating value together" during our 100th anniversary in 2021. Based on this, we will continue to commit ourselves to Quality and Reliability to maximize the total sum of trust given to us by society and all stakeholders.

My own career is heavy on experience in accounting, finance, and business administration, beginning with an accounting role at the Awazu Plant. Over my career, I have served in the U.S. and China for a total of 12 years. Most recently in China, I was responsible as Representative of All China Operations for executing structural reforms in a rapidly changing market environment. During my time at the head office, I had many opportunities to communicate directly with investors and other stakeholders in my role as IR manager. I have also been involved in the formulation of three mid-term management plans. As the director-in-charge over the past fiscal year, I led the way in developing our new mid-term plan from a medium- to long-term perspective, focusing intently on future vision of Komatsu. I am working with particular resolve this year as we put our plan into action. Under the new mid-term management plan—the Strategic Growth Plan—we will continue to steer ahead on the course set under the previous policy, striving for a positive cycle of solving social issues and improving profitability.

It is vitally important that we continue with appropriate information disclosure and dialogue if we are to be a company that inspires greater trust from our stakeholders.

Strengthening our presence in growth markets and solving social issues through technological innovation

The construction and mining equipment market is one of cyclical fluctuations in demand. From a medium- to long-term perspective, the construction and mining equipment business is a growth industry. This growth is driven by population growth, mainly in emerging countries, and infrastructure upgrades in developed countries. Over the short term, however, the market is subject to particularly high levels of uncertainty, given not only economic fluctuations, but also risks such as protectionism and geopolitical instability, as witnessed in recent years.

Our long-term demand forecasts for construction and mining equipment by region reflect our expectations for relatively large growth in India, Africa, Asia, and the Middle East, amid population increases. We also expect North America to experience comparatively large growth in the future. The Komatsu strategy is to strengthen our presence by enhancing the capabilities of our distributors and product development in consideration of regional competitive factors, including customer trends and other manufacturers.

We also see intensifying competition in connection with the automation and remote operation of construction and mining equipment driven by advancements in digital technology. We expect to see the same wave of Software Defined Vehicles (SDVs) arrive in construction equipment as has been the case for automobiles. In this area, competition will become even more intense from the standpoint of product advancements and solutions development. Anticipating these developments, Komatsu released our first SDV, the PC200i-12 ICT hydraulic excavator, in December 2024 for the Japanese market. This excavator features 3D machine guidance as standard and optional 3D machine control. The excavator also comes with a standard selection of Smart Construction applications (construction management solutions) to respond more flexibly to customer ICT construction needs. We released this product for Europe, North America, Australia, and other markets from August 2025.

As a long-term trend, carbon neutrality represents another major consideration during product development. Our commitment to carbon neutrality reflects our fundamental stance in addressing the major social issue that is climate change. As a manufacturer of a full line of construction and mining equipment, Komatsu works in all directions to develop diverse power sources for use in a variety of environments, including electrification, fuel cells, and hydrogen, as well as carbon-neutral fuels for use in existing internal combustion engines. We continue pursuing these initiatives while keeping a close eye on technological trends, environmental regulations in each country, and the varied environmental needs that our customers want met in construction and mining equipment.

In response to these industry trends, Komatsu differentiates by providing solutions and developing products that offer advanced functions tied to such solutions. In this way, we take on the challenge of creating value that only Komatsu can offer.

Group photo (President Imayoshi, center) with Komatsu Europe International N.V. employees and distributors at bauma2025 (Germany)

Some thoughts concerning *ambition* as a key phrase in the new Strategic Growth Plan

As I mentioned, I was the officer responsible for formulating the Strategic Growth Plan during fiscal 2024. The theme of the new Strategic Growth Plan is "Driving value with ambition", inspired by ambition, one of our corporate values. Rather than creating a new set of values to coincide with the Komatsu 100th anniversary, we summarized and verbalized the existing corporate culture we have developed over the years by listening to feedback from Komatsu Group employees around the world. The reason we chose *ambition* in English, rather than the frequent translation of *challenge*, is that we wanted to express the

idea that we aspire for greatness, innovating without fear of failure. We chose the key word *ambition* to communicate our enthusiasm to create customer value by investing in our own change, even in times of uncertainty.

The process of creating the Strategic Growth Plan was also an opportunity to refine the Komatsu vision of becoming a collaborative partner committed to optimizing safe, productive, and clean jobsites. We want to identify closely with our customers and the issues they face, evolving our offerings in terms of products and solutions, and continuing to create value together with our customers. In addition, we revised materiality based on the new perspective of double materiality*. Under this new assumption, we backcasted from our vision and conducted scenario planning considering risks and opportunities, establishing three pillars supporting our growth strategy. These pillars are (1) Create customer value through innovation; (2) Drive growth and profitability; and (3) Transform our business foundation.

*Double materiality: A materiality approach that considers an entity's financial impact, as well as the impact on society and the environment.

To create customer value through innovation, we pursue electrification based on demands for carbon neutrality and solutions that contribute to better safety and productivity at customer jobsites. Generative AI will also become an important factor in various applications. Komatsu is already working on generative AI initiatives, and in 2024, we acquired Octodots Analytics, a Chile-based digital solutions provider. Octodots possesses technology that incorporates AI to analyze and optimize operational processes at mine jobsites in real-time. We connect with the mine fleet management systems developed by the Komatsu Group to improve the efficiency of the operational processes. In terms of external technology search, Komatsu has sought advanced technologies through venture capital investments for the past 30 years. We intend to continue planting seeds for future growth throughout the term of this new Strategic Growth Plan.

To drive growth and profitability, we plan to expand our presence by speeding up product development while assessing individual customer needs and the competitive environment in growing markets. At the same time, we have eliminated the conventional classifications of traditional and strategic markets to be more sensitive to the characteristics and competitive vectors in each region and to respond with greater precision. We also plan to expand our value chain business based on a data-driven business model, leveraging the strengths of Komtrax—already at approximately 810,000 units in operation worldwide—to create new added value.

To transform our business foundation, we intend to focus on talent acquisition and development capable of supporting our business growth. We are raising awareness of our presence through a partnership with the historic F1 team, Atlassian Williams Racing. Other efforts in this area include developing the next generation of leaders globally based on a succession plan. We expect to implement quicker and more effective decision-making on a global basis through the visualization of supply chain data, made possible through upgrades to our Enterprise Resource Planning system.

Meanwhile, we have established financial and non-financial management targets. In terms of financial targets, we remain committed to the qualitative targets of the previous mid-term plan, namely, growth rate above the industry's average and industry top-level operating profit ratio. We also considered quantitative targets, but past experience has taught us that such targets may not be appropriate given the extremely high volatility inherent in our industry. At the same time, we judged that it was appropriate to continue pursuing growth above the industry's average and industry top-level profitability to clearly define our stance against the competition in response to changes in the environment.

We also added a new target for Free Cash Flow. In our communications with investors, we received a significant amount of feedback about shareholder returns and improved cash flow. To meet these expectations, we set a target of a cumulative ¥1 trillion in cash flow over three years (excluding M&A-related expenditures). The previous mid-term plan established a target of five times or less for net debt-to-equity ratio in the retail finance business. Some considered this target somewhat conservative, and in light of the fact that we are growing the business while managing risk, we changed the target to a ratio of six times or less.

In terms of non-financial targets, we identified priority initiatives that contribute to solving social issues, and we established KPIs for 30 items we feel are particularly important from the viewpoint of materiality. We will continue to pursue solutions to social issues through our business activities.

When formulating this Strategic Growth Plan, we held a considerable number of discussions right up until the formal announcement. These discussions included internal global meetings, consultation with the Board of Directors, and feedback from the International Advisory Board. We discussed individual topics, consistency throughout the Strategic Growth Plan as a whole, and the manner in which we should announce the plan. I am pleased to say that the Board has become increasingly involved in our planning, as well.

Nurturing individual employee growth to grow as a group

My first thought when asked about the strengths of Komatsu is that we are a pioneer of innovation. To date, we have unveiled innovations that include Komtrax, an equipment operation management system, Autonomous Haulage System (AHS), and Smart Construction. We are proud to have helped our customers solve jobsite issues through these and other innovations. It is one of our differentiated capabilities to provide a full package of solutions for optimal on-site construction and fleet management (solutions), as well as for advanced equipment (products) that are highly compatible with these solutions. Our approach to create value through products and solutions has been gaining acceptance among our customers. Through continued focus, we will support our customers as partners in on-site transformation.

Another strength is our evolution in *monozukuri* (manufacturing) built on quality control. Komatsu won the Deming Prize in 1964. Since that time, we have maintained a strong tradition of quality

Town hall meeting held at the Osaka Plant

management while pursuing improvement across the supply chain to build a global production system resilient to environmental change. Komatsu has adopted a mother plant structure integrating development and production for consistent quality throughout the world. This structure supports simultaneous development, incorporating production efficiency during the development stage and QDC (quality, delivery, and cost) improvements at overseas plants that produce the same products. As an example, we manufacture 20-ton-class hydraulic excavators at nine plants around the world. For these plants, we have established optimal cross-sourcing for product supply in response to fluctuations in demand and exchange rates. We are also working to establish a system of parts procurement using multiple regional suppliers (multi-sourcing) to improve our ability to respond to external environmental risks and stabilize our supply chain. The ERP upgrades I mentioned earlier will help us continue to provide customers with the best products, services, and solutions through integrated supply chain data and a refined ability to respond to an ever-changing external environment.

Of course, the greatest strength of Komatsu is our people. Approximately 70% of Komatsu's 66,697 Group employees (as of March 31, 2025) work outside of Japan. The source of our value creation is that people from diverse backgrounds share and practice the common values of the Komatsu Way. The Komatsu Way is a set of values, attitudes, and behaviors shared by our employees around the world, codified in 2006. We revisit the Komatsu Way at the timing of each President's transition, making a fourth revision in January 2025. The Komatsu Way is also the foundation for human resources development, making it possible to continue through following generations. We are committed to fostering a corporate culture that encourages employees to take on challenges, creating an environment that nurtures individual growth and encourages active contribution, ultimately leading to the growth of the Komatsu Group as a whole.

A message to our stakeholders

The Komatsu global operations continue to grow, with net sales now exceeding ¥4 trillion. A full 90% of construction, mining and utility equipment sales come from outside of Japan, while approximately 70% of all Komatsu employees work outside of Japan. To raise our game as a global company, we intend to shift away from two-axis matrix management (function, region) to a three-axis model, adding the mining equipment, construction equipment, forestry machinery, and industrial machinery as a business axis. In this way, we will conduct more detailed and focused initiatives, accelerate decision-making, and strive toward greater future growth.

We have been doing our utmost to disclose information and communicate with shareholders and investors, proud that we are meeting expectations. Having said that, we will continue striving for further improvement and greater sophistication moving forward.

Our goal remains industry-leading growth and profitability. I ask for your continued understanding and support for Komatsu as we create value through the spirit of ambition, true to our DNA that drives innovation in the face of all challenges.

Value creation process

Our business is supported by a wide range of internal and external capital. Komatsu invests this capital in our business while maximizing value and generating a positive cycle of solving social issues and improving profitability to achieve sustainable growth.

Inputs

Financial capital

Shareholders' equity:	¥3,173.4 billion
Interest-bearing debt:	¥1,150.6 billion
Growth strategy investments*:	¥170.0 billion

* Figure represents the aggregate total for the period from FY2022 to FY2024.

Human capital

Consolidated number of employees:	66,697
Ratio of employees working outside Japan:	69.7%
Training investments per employee:	¥122,000/year

Intellectual capital

Development bases:	9 production bases with development functions
R&D expenses:	¥110.5 billion (2.7% of net sales)
Utilization of information:	Approx. 810,000 units equipped with Komtrax* (As of June 30, 2025)

*Equipment operation management system

Manufacturing capital

Production bases:	71
Capital investments:	¥132.6 billion (excluding rental assets)

Social capital

Equipment population over past 10 years*1:	Approx. 570,000 units
Sales and service distributors*2:	208 distributors in 151 countries
Suppliers:	Approx. 2,700

*1 Estimate of construction and mining equipment operating at customer jobsites based on aggregate 10-year sales volumes
*2 Construction, mining and utility equipment

Natural capital

Energy use: :	7.9 PJ
Water use:	2,516 thousand m³

Business model

A collaborative partner committed to optimizing safe, productive, and clean jobsites

Providing solutions to customer issues

Developing solutions to optimize customer jobsites
Smart Construction
Fleet management system (mining and quarry)
Smart Forestry

Reduction of environmental impact
Next-generation power sources (hydrogen, batteries, etc.)
Development of power agnostic dump trucks
Expansion of hybrid and diesel-electric models

Product planning and development in response to market needs
Two-line model strategy
Regional development centers

Creating products aligned with solutions

Improved safety and productivity
ICT construction equipment
Autonomous Haulage System (AHS)
Human and object detection and collision mitigation systems

Full lineup of products
Addressing diverse customer needs
Proposal of optimal product combinations

In-house development and production of key components
Incorporation of technological innovation
Enhancement of reman technology

Supporting customers throughout product lifecycle

Co-creation with customers to evolve solutions
Partnerships programs
Smart Construction consultants

Lifecycle support driven through Komtrax
Periodic maintenance
Increase in extended warranty contracts
Optimal overhaul timing proposals

Strengthening aftermarket business
Enhancing our reman and rebuild businesses
Sales expansion of parts and attachments

Foundation for value creation

M&A and open innovation
Software and environmental technologies
Automation and remote operation technologies

Mother plant structure and total quality control
Cross-sourcing and multi-sourcing system
Skill transfer

Product support system
Supply system for spare parts
Serial number management platform

Digital transformation (development DX, production DX, service DX) and utilization of AI
Development lead time reduction, production innovation, and AI-driven predictive maintenance

Sustainability Policy

Founding principles | The Komatsu Way | Komatsu's Worldwide Code of Business Conduct

Outputs

Targets

Sales growth rate	6.2%
Operating profit ratio	16.0%
ROE	14.2%
Net D/E ratio	0.24
CO_2 emission reduction rate (compared with 2010)	
Product use	-23%
Production activities	-55%
Rate of renewable energy use	31%

KPIs

Number of jobsites using Smart Construction (per fiscal year)	8,945
Number of AHS units deployed (aggregate)	862
Aftermarket sales growth rate	+23% (compared with FY2021; foreign exchange rates fixed)
Forestry machinery business sales growth rate	+36% (compared with FY2021; foreign exchange rates fixed)
Number of Smart Construction consultants (aggregate)	1,414
Number of participants in DX and AI training	DX training: 22,266 AI training: 133
Global engagement scores (FY2025)	71 (Japan) / 81 (Global)

Outcomes

Employees
- Occupational safety and health, well-being
- Talent acquisition, skills development, retention
- Fair labor practices
- Diversity and inclusion

Human rights
- Respect for human rights

Customers
- Customer value creation through jobsite optimization
- Product safety and quality
- Value chain continuity
- AI and DX
- Business strategy to ensure competitive edge and profitability

Ethics and governance
- Privacy and data protection, cybersecurity
- Governance aligned with business changes
- Compliance

Communities
- Contribution to local communities

Environment
- Climate change
- Resource circulation
- Nature positive
- Preserving forests through business activities

Note: Amounts are on a consolidated basis and either for FY2024 or as of March 31, 2025, unless otherwise noted.

Materiality

Komatsu positions the resolution of social issues through business activities as our fundamental stance under the Sustainability Policy. We have reviewed the material issues our company should address as follows and identified 18 items across six areas.

■ Materiality definition and identification

Komatsu positions the creation of new customer value, based on our purpose, as the foundation for generating a positive cycle of solving social issues and improving profitability. This approach serves as the core concept of the Strategic Growth Plan to achieve sustainable growth. With the formulation of our new Strategic Growth Plan, we reviewed our materialities for the first time in three years with regard to the issues for our company to address.

The review adopted the concept of double materiality, which evaluates both financial impact and environmental and social impact. Komatsu analyzed business impact and environmental and social impact, defining 18 materialities across six areas. We also incorporated these items in the priority initiatives of the new Strategic Growth Plan announced in April 2025.

Going forward, Komatsu will undertake regular materiality analyses and reflect the identified sustainability-related business risks and opportunities in management initiatives to respond flexibly to changes in the operating and management environment.

P.29 Strategic Growth Plan

■ Process of revising materialities

Komatsu followed the processes to revise and identify our materialities with support from the Business for Social Responsibility (BSR; a U.S.-based NPO), as a third-party aid.

1) Identification of sustainability issues

We compiled a list of 39 items based on past materiality analyses, international targets and standards, reporting frameworks, management philosophy and strategies, and stakeholder materiality.

2) Evaluation of issues based on double materiality

We interviewed 26 internal and external stakeholders regarding the identified sustainability issues. We then evaluated and mapped these issues based on qualitative input from the interviews, public Komatsu disclosures, and general risk information. Our evaluations incorporated social and environmental perspectives, as well as business perspectives, to map issues based on their potential impact and likelihood.

3) Identification of materialities

Based on the evaluation results, we identified 18 materialities with a particularly large impact across six areas: employees, human rights, customers, ethics and governance, communities, and the environment.

4) Board of Directors' approval of the Strategic Growth Plan (including materiality)

We confirmed the alignment of the identified materialities with our Sustainability Policy and the SDGs. The Board of Directors then approved these items, which we positioned in the Strategic Growth Plan as issues to address in pursuit of sustainable growth through a positive cycle of solving social issues and improving profitability.

We also established key performance indicators (KPIs) to ensure steady execution of materiality initiatives. We will disclose progress on these KPIs in the Komatsu Report.

*External: Institutional investors, the United Nations Development Programme, environmental organizations (Global Environmental Forum), customers, suppliers, and others
*Internal: Officers (directors, executive officers, including global officers)

Importance assessment mapping

Materiality map

Specific challenges

● Employees	❶Occupational safety and health, well-being ❷Talent acquisition, skills development, retention	❸Fair labor practices ❹D&I
● Human rights	❺Respect for human rights	
● Customers	❻Customer value creation through workplace optimization ❼Product safety and quality ❽Value chain continuity	❾AI and DX ❿Business strategy to ensure competitive edge and profitability
● Ethics and governance	⓫Privacy and data protection, cybersecurity ⓬Governance aligned with business changes	⓭Compliance
● Communities	⓮Contribution to local communities	
● Environment	⓯Climate change ⓰Resource circulation ⓱Nature positive	⓲Preserving forests through business activities

Risks and opportunities for identified materialities

Komatsu identified major risks, opportunities, and policy directions through the materiality assessment process. We reflected these items in the development of priority initiatives under the Strategic Growth Plan. Refer to the appropriate page for specific information regarding KPIs.

P.35 KPIs for solving social issues

	Major risks	Major opportunities	Policy direction
Employees	• Labor shortages caused by difficulties in talent acquisition and employee outflow • Impact on employees from lack of appropriate occupational health and safety and fair labor practices	• Improved retention through diverse talent acquisition, utilization, and capability development • Improved retention through enhanced occupational health and safety and fair labor conditions	• Ensuring talent acquisition through greater recognition and strengthening global talent development • Strengthening partnerships and driving innovation through external collaboration • Enhancing occupational health and safety and well-being
Human rights	• Negative impact on employees and corporate reputation due to child and forced labor • Negative impact on employees and corporate reputation due to jobsite harassment	• Enhanced corporate credibility through proper human rights due diligence	• Strengthening human rights due diligence upstream, Komatsu, and downstream
Customers	• Loss of trust from customers and society due to insufficient product safety or quality • Supply chain instability caused by political, economic, or natural disruptions • Risk of failing to contribute to customers due to changes in technology or market conditions	• Minimizing the impact of changed in the external environment and continuing to provide a stable supply to customers • Improving productivity and efficiency through AI utilization and digital transformation (DX)	• Providing solutions that optimize customer construction and fleet management • Providing solution-integrated products equipped with automation and other advanced technologies • Advancing BCP and expanding cross-sourcing and multi-sourcing • Enhancing productivity and creating value through AI and DX across all areas
Ethics and governance	• Legal issues and reputational damage resulting from lack of corporate ethics • Loss of trust from customers and society due to inadequate data management or cybersecurity	• Greater business opportunities through enhanced governance that matches the globalization and diversification of business	• Ensuring appropriate privacy and data protection and cybersecurity • Enhancing governance in response to changes in business
Communities	• Legal violations and damage to corporate reputation caused by infringement of the rights of local communities and indigenous peoples	• Enhancing corporate image and ensuring business continuity through charitable and volunteer activities in local communities	• Respecting the rights of local communities and indigenous peoples at all business sites • Active contributions to local communities
Environment	• Increased costs and damage to corporate reputation resulting from insufficient action on climate change • Loss of business opportunities due to failure to meet customer demand for low-carbon products	• Maintaining competitiveness and enhancing social reputation by meeting customer expectations for low-carbon products • Contributing to forest conservation and establishing new business pillars through more efficient forestry operations using forestry machinery	• Developing business models for low-carbon products and solutions • Expanding the forestry machinery and reman businesses

Special feature 1 Project story (New-generation hydraulic excavators)

Taking the challenge to create new customer value

Challenges currently facing the construction industry include labor shortages and an aging workforce amid the need to address aging social infrastructure and the frequency and severity of natural disasters. We expect these problems to become even more serious. Komatsu works with our customers to improve construction jobsite productivity. For example, Smart Construction, our digital technology-based construction process management solution, visualizes construction jobsite processes and optimizes them. We also develop and provide ICT construction equipment that connects with this solution to enable high-precision construction that follows construction drawings.

In this feature, we introduce the PC200i-12 (or PC220LCi-12 for markets outside of Japan), a new-generation hydraulic excavator equipped with the latest ICT functions, first launched in the Japanese market in December 2024. This is Komatsu's first hydraulic excavator model to apply the SDV[*1] concept. Looking ahead, we will strongly support the spread of ICT construction at our customers' jobsites by enabling automation and remote operation[*2].

*1. Abbreviation for "Software Defined Vehicle." It refers to a vehicle that is defined and managed by software. SDV is characterized by the ability to flexibly update and change vehicle functions and performance by updating the software
*2. At present, software rewriting alone is not sufficient to support automation and remote operation, so hardware updates are also required

Development of mainstay 20-ton excavator with ICT as a standard feature to further promote ICT construction

Aiming to alleviate labor shortages at construction jobsites, Komatsu launched an ICT hydraulic excavator in 2014, thereby achieving the world's first semi-automatic operation of the excavator's boom, arm, and bucket using machine control (MC) technology. In 2015, we launched Smart Construction, which uses digital technology to visualize construction processes at construction jobsites.

In Japan, the Ministry of Land, Infrastructure, Transport and Tourism has been encouraging ICT construction since 2016 to improve the efficiency and safety of construction processes as the labor force shrinks. Cumulatively, Smart Construction has been implemented at about 40,000 sites around the world as of March 31, 2025. However, some customers have seen it as difficult to introduce ICT construction equipment and digital construction was a hurdle, which is why, in Japan, ICT construction is still limited to a portion of the market. For that reason, the mainstay 20-ton class hydraulic excavator underwent a full model change, which Komatsu launched in the Japanese market as the PC200i-12 in December 2024. This model comes with the 3D machine guidance (3DMG) function[*3] as a standard feature. The operator can use the 3DMC function[*4] by switching operation of the nearby monitor. In addition to the functions of the ICT construction equipment, customers can use the Smart Construction application and support as soon as they purchase the equipment, allowing them to start digital construction immediately.

In fiscal 2025, we are launching the product in turn in the European, North American, and Australian markets, providing new combined value from both product and solution.

*3. Technology that uses 3D design data as information to support operations, all of which are performed by the operator
*4. Technology enabling operators to operate construction machinery with semi-automatic control while using 3D design data as information to support operations

Customer comment

We have hopes that ICT construction will also develop our people

Nagumo Construction Company Limited

Kazuyoshi Nagumo, President and Representative Director
Mitsuo Katano, Director and General Manager of Civil Engineering Department

Nagumo Construction has earned a reputation for the greatest track record of ICT construction in East Japan. Kazuyoshi Nagumo (left) and Mitsuo Katano (right)

To stay ahead of our competitors, Nagumo Construction has actively introduced new technologies ever since our founding in 1979. In 2014, we were one of the first to adopt the PC200i as a rental machine. Since then, we have been increasing the number of machines purchased each year. We feel that Komatsu's ICT construction equipment is superior because it allows anyone to perform construction accurately, safely, and efficiently. Clearly, as a manufacturer, Komatsu has developed equipment with a lot of confidence. For example, in the past, we had to have a worker on hand to do the work of jobsite layout marking[*5]. ICT construction equipment makes that no longer necessary. Also, during excavation, the operator's monitor displays the machine and bucket cutting edge position information and the target design surface in real time, and semi-automatic excavation eliminates the need for the operator to get down from the machine and check the height and angle each time when working on a slope. Even if deviations from the blueprints are discovered during work, adjustments can be made on the spot, eliminating rework and saving a significant amount of time. Most importantly, 3DMC helps us to develop young human resources. On the jobsite, there is a tendency to rely on the experience and intuition of skilled workers for more difficult tasks, but that does not help young and inexperienced workers grow over time because they're not getting enough experience. With ICT construction equipment, work can be done with semi-automatic control, so even young operators can work with the same precision as skilled workers. Therefore, we can feel reassured entrusting them with the jobsite. This seems to give young

Special feature 1 Project story (New-generation hydraulic excavators)

operators self-confidence so that they really think about productivity for themselves.

Although we only adopted the PC200i-12 a short time ago, it has been well received at the site for its improved comfort and safety, including easier lever operation and improved rearward visibility. We look forward to further updates of features in the future.

The construction industry faces a chronic shortage of labor, and the work style reforms that Japan started to require of this industry in 2024 also demand greater efficiency. While ICT construction equipment is extremely useful, if it breaks down, there is a risk that the entire site will come to a halt. However, Komatsu provides excellent usage and troubleshooting support, so we look forward to continuing to work together and benefiting from their meticulous help.

*5. The use of wooden stakes or waterlines to provide a reference of position or height. Also, the process of marking

Customer comment

Even less-experienced employees can perform difficult tasks: How ICT construction equipment proves its great value

Nagumo Construction Co., Ltd.

Arisa Ookawara, Site Supervisor

Site supervisor Ookawara joined the company in 2021. She says her work is useful to society and highly rewarding

As a site supervisor at Nagumo Construction, I am responsible for all surveying, design, construction planning, and construction management. Komatsu's ICT construction equipment not only offers 3DMC but also works with various Smart Construction applications that I feel improve productivity. For example, on an actual job, we fly drones to survey the site and we use Smart Construction Dashboard to send data to ICT construction equipment. This application uses point cloud data to manage the site status in a digital twin[*6]. If we were to do all this manually, it would take a lot of time.

What I also noticed after using the PC200i-12 is the convenience of the remote function. For example, creating design drawings with curves, in roads for example, is very difficult. Site workers sometimes tell me that the drawings (which I drew) don't match the site topography. In the past, I had to run down to the site to check, but now I can use an admin PC in the office to access the driver's-seat monitor that the operator is seeing. Then, I can make corrections while viewing the same screen as the operator.

When I first worked with a bulldozer shortly after joining the company, I found it very difficult to operate. In particular, leveling the ground while moving the blade in small increments is difficult and requires considerable training for beginners. However, by using Komatsu's ICT construction equipment, even young, inexperienced employees can complete the work and gain confidence. ICT construction equipment is extremely valuable in the field day to day.

*6. "Digital twin" technology is used to collect digital data from construction equipment and IoT devices, centrally manage it in the cloud, and reproduce construction site terrain in digital space as if it were a twin to the actual site

Comments from EARTHBRAIN application engineers

Applications that let users start practicing ICT construction from the day of purchase

EARTHBRAIN Ltd.

Kousaku Igawa, CTO
Hiroyuki Tanaka, Senior Director

Igawa (left) and Tanaka (right) of EARTHBRAIN Ltd.

We at EARTHBRAIN are developing a variety of Smart Construction applications that visualize sites and improve productivity. Some of the useful Smart Construction applications are standard features on the PC200i-12. This means that customers with ICT construction experience, and even those who are new to ICT construction, can start working with the equipment right from the day of purchase. For example, the location and operating information of all Komatsu machines owned by the customer can be viewed from a bird's eye view on a map. Moreover, the progress of work at multiple sites can be seen at a glance even when the user is offsite. In addition, the Smart Construction Whiteboard application makes it easy for customers to manage their assets. They can, for example, dispatch and allocate equipment and personnel. Our hope is that PC200i-12 users will take advantage of the Smart Construction Whiteboard and other applications as a springboard to expand the world of Smart Construction. We aspire to fulfill EARTHBRAIN's mission of improving productivity at construction jobsites. Meanwhile, software is also evolving rapidly, so we are developing it to be more intuitive to use.

People on the sales and customer support side need to brush up their skills to ensure that customers can use the evolved functions with confidence. Smart Construction consultants and support centers provide a full range of support systems to back up customers' ICT construction work.

Now, Komatsu is launching the product outside of Japan, where there are many startups and other competitors. I think Komatsu has an advantage in that it has a lineup of solutions for all processes, including fleet management, and can offer these solutions as a package with ICT construction equipment. We will continue to collect customer feedback as we develop new versions and try to help customers save labor and further automate jobsite work.

Total visualization of construction jobsites:

Actual Smart Construction home screen

The Smart Construction home screen displays the location and operating information of all customer-owned construction equipment on a map. Our customers can therefore view the status of work at multiple sites in progress at the same time at a glance, helping in the overall planning process.

Special feature 1 Project story (New-generation hydraulic excavators)

Comments from equipment development engineers

With an eye on future automation and unattended operations, hydraulic system renewed for the first time in three decades

Katsunaga Kashima, Senior Expert Engineer,
Hydraulic Excavator Development Group 1, Vehicle Development Center 2, Development Division

Naoki Hieda, TM
Construction Automation System Development Group 1 (Osaka), Field Automation Development Center, Development Division

Employees involved in the development of the PC200i-12 at the completion ceremony. Kashima is in the front row, fourth from the left; Hieda is in the back row, second from the back, center

The concept of the PC200i-12 project was to evolve not only ICT functions but also the productivity, safety, and comfort of customers. Since it was a full model change, many engineers were involved in the development. One of the major changes is that the hydraulic system is now electronically controlled (EHS : Electric and hydraulic system[*7]). This means that the machine itself can be upgraded by rewriting the software, because it anticipates that customers will expect improvements and the technology will evolve as ICT construction advances in the future.

The unique hydraulic system that Komatsu has traditionally adopted is a mechanism in which hydraulic pressure moves the equipment when the operator operates levers. This technology has been refined over the more than 30 years since the PC200-6. In contrast, the newly adopted EHS replaces conventional hydraulic levers with electric ones. This lowers the amount of force needed to operate the levers and shortens their stroke. As a result, work can be done with less force and movement compared to conventional machines, and that means less operator fatigue. In addition, operators can much more flexibly control the equipment, because hydraulic pressure can be controlled by electrical commands from a controller that receives operating signals from the levers. However, introducing this system required spending much time for tuning by trial and error, because the number of parameters needed to move the equipment smoothly as intended by the operator increased significantly. This was the most challenging aspect of the project. Another new feature is an auto swing function for loading excavated soil into dump trucks. At present, we have only automated repetitive work, but in the future, we hope to increase the level of automation by further developing the 3DMC function to include other tasks such as excavation.

Safety features have also evolved. Using the 3D boundary control function, for example, the operator can prevent contact with electrical wires and piping by setting height, depth, forward, backward, and side direction limits.

We have begun selling this model outside of Japan and hope to utilize Komtrax data to analyze workloads and characteristics of each country and region to further evolve both the machine and the software.

*7. Komatsu's proprietary electronically controlled hydraulic system, which combines electricity and hydraulics

Advances in Komatsu's electronic control hydraulic system EHS (compared to a conventional system)

- Fuel efficiency 20% up*
- Productivity 18% up
- Digging force 7% up

*Japanese market

Comments from manufacturing engineers

Because it was a full model change of a flagship product, quality inspections took 10 times longer

Yasunori Yamashita,
Manager, Simultaneous Engineering Planning Section,Planning & Coordination Department, Osaka Plant

Kazuya Matsuda,
Assistant to Manager, Simultaneous Engineering Planning Section, Planning & Coordination Department, Osaka Plant

Yamashita (right) and Matsuda (left) with the completed PC200i-12

The Simultaneous Engineering Planning Section, to which we belong, acts as a bridge between the Development Division and Production Division. It is responsible for overall management of productivity, costs, and development and mass production schedules from the model development stage, before the product even reaches the drawing board. Since the PC200i-12 comes from a full model change, to ensure that there would be no delay in its release, we established a project team at an early stage and made production preparations in parallel with quality checks.

We were adding new functions that did not exist in earlier products, and we had to arrange for a large number of new parts. To eliminate as many potential troubles as possible before mass production, we spent 10 times as much time as usual on operating tests to confirm quality. Moreover, we anticipate that all sorts of advanced technologies will be implemented, including automation and remote operation. For that reason, the Osaka Plant is currently reorganizing its production lines for medium-sized hydraulic excavators.

We held test-drive events at the plant and at customers' construction jobsites so that they could give us their assessments and opinions. Customers gave us valuable feedback in terms of whether they could appreciate the functions we were aiming for during development, how comfortable the machine actually is to use, and where there might be issues to address.

As mass production for markets outside Japan will begin in earnest going forward, as the mother plant, we will also support our overseas plants by sharing with them the knowledge we have gained from this project, and we will ensure higher quality in the products we deliver to our customers around the world.

The first PC200i-12, at its completion

P.56 Enhancement of product safety

Special feature 1 Project story (New-generation hydraulic excavators)

Comments from distributors in the USA and Germany

In April 2025, we unveiled the PC220LCi-12[*8] to the overseas market for the first time at bauma 2025 to demonstrate its cutting-edge ICT functions. bauma is one of the world's largest construction equipment trade fairs and takes place in Munich, Germany. Starting with this event, we are releasing the model in Europe, North America, and Australia. Overseas stakeholders, like those in Japan, have a growing need for 3D construction, and have told us that they have high hopes for this model.

*8. The European version of PC200i-12 with 3DMC and other ICT functions as standard features

Distributor insights

Promising big move ahead in the German market for the PC220LCi-12

Schlüter Baumaschinen GmbH (German distributor)

Thomas Schlüter, Managing Director and CEO

Corporate information

Founded in 1964, Schlüter Baumaschinen GmbH is one of the largest independent distributors in Europe, covering about 75% of the German market. The company delivers value across the entire machine lifecycle through their exceptional after-sales services.

Our German customers are engaged in many different applications, like road construction, demolition, landscaping, and waste handling. Due to the big impact of the demographic lack of workforce within the next decade, every customer needs to prepare a dedicated solution-based process to make their jobsites more profitable. Currently, our business model is turning into a solution-providing and consulting one.

The new PC220LCi–12 is a digital platform on one hand, and the new-generation of hydraulic crawler excavator, which we have been waiting for, on the other hand. Operators expect a spacious work environment and an easy-to-use system. The PC220LCi-12 delivers both, and when combined with Smart Construction, provides future services to reduce cost and time. Excavators are no longer just excavators. Excavators are becoming smart tool carriers.

This new product from Komatsu is a typical competitive and reliable one, which is based on Komatsu's designing and manufacturing principles: durability, sustainability, reliability, low footprint. We are very looking forward to winning a lot of new customers in our challenging German construction market. The first deliveries of the new PC 220LCi-12 are promising a big move ahead.

Distributor insights

Two-way partnership with Komatsu

TRACTOR & EQUIPMENT COMPANY (U.S. distributor)

Greg Carroll, Vice President of Major Accounts-Georgia

Corporate information

Founded in 1943, TRACTOR & EQUIPMENT COMPANY is an independent distributor of Komatsu construction equipment that services primarily Alabama and Georgia. The company is a key partner for Komatsu America Corp., with strong local ties and exceptional after-sales services.

We are driven by product support and constantly try to take the customer's perspective with any feedback or issues, taking their concerns seriously. Nothing is more expensive than downtime for a customer and we must make sure we keep this in mind as we work with them. When we present solutions, we need to communicate clearly and always operate with integrity.

The larger cab of the PC220LCi-12 is a big plus. Customer feedback on hydraulics is very smooth and they love the adjustability and customizability. It comes back to the comfort of the operator running the machine everyday.

Our partnership with Komatsu is about as strong as it can possibly be, supportive of whatever we need to do to take care of our customers. It really feels like a two-way street with us working together to provide the equipment and solutions, as our customers' needs are ever changing. We both try to do the right thing at the end of the day, and I believe that is always what we strive to do together.

Bauma 2025 attracted about 600,000 visitors from more than 200 countries (Komatsu exhibition booth)

PC220LCi-12 operator training for overseas subsidiaries is conducted at the Osaka Plant

The jobsite of the future

Challenges facing the construction industry include labor shortages, technology transfer, and environmental regulations. These issues transcend national borders. Komatsu is responding by pursuing construction jobsite efficiency, safety, and environmental friendliness through the spread of ICT construction with the PC200i-12 (PC220LCi-12) and Smart Construction. We will furthermore listen sincerely to our customers to understand their specific needs and challenges and we will work with them to find solutions. By so doing, we will keep seeking to create new value so that we remain our customers' partner of choice for the long term.

Strategic Growth Plan

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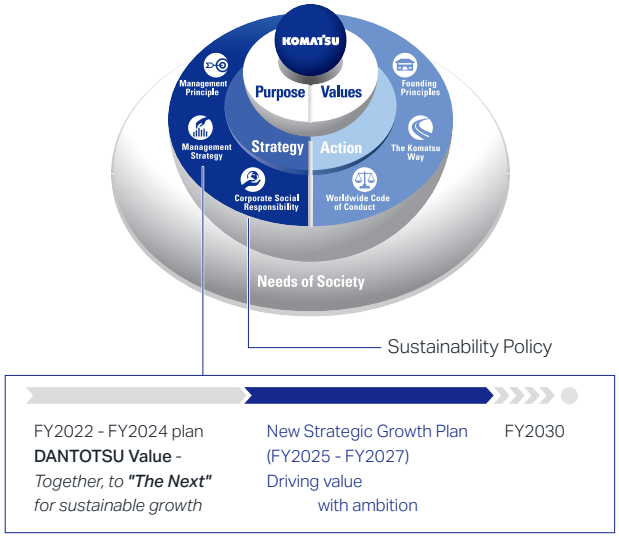
Visuals from the materials announcing the Strategic Growth Plan released in April 2025

Web Strategic Growth Plan (FY2025 - FY2027)

Strategic Growth Plan (FY2025 - FY2027) Driving value with ambition

■ Role of Strategic Growth Plan

We formulated this Strategic Growth Plan based on our purpose and values, which we defined for our 100th anniversary, building on our Management Principle of commitment to Quality and Reliability, and a drive to maximize corporate value. Our growth plan also reflects the Komatsu corporate social responsibility as described in our Sustainability Policy. Built on this foundation, the growth plan will guide us as we achieve sustainable growth through a positive cycle of solving social issues and improving profitability.



■ New Strategic Growth Plan

Komatsu launched our new three-year (FY2025 - FY2027) Strategic Growth Plan, Driving value with ambition (the "Strategic Growth Plan"), in April of this year.

The Strategic Growth Plan sets a six-year outlook through fiscal 2030 and focuses on *ambition*, one of our corporate values, as a response to increasing business complexity. The title of this plan indicates our commitment to working actively with our customers and stakeholders to create new value and achieve growth across the Komatsu Group.

■ Previous mid-term management plan (FY2022 - FY2024) review

Under the previous plan, our vision was to develop safe, highly productive, smart and clean workplaces of the future with customers.

We launched Smart Construction, a digital solution, in 2015 to visualize and optimize construction sites. More than 40,000 sites apply globally Smart Construction as of March 31, 2025. We believe that future jobsites are taking shape through our customer value creation (DANTOTSU Value), driven by both solutions and products through priority initiatives. These initiatives include the market introduction of the new-generation PC200i-12 hydraulic excavator equipped with standard 3D machine guidance, designed to work in conjunction with Smart Construction.

■ Our new vision

The Strategic Growth Plan builds on our previous mid-term management plan and refines our vision of becoming a collaborative partner for safe, highly productive, smart and clean workplaces.

As a collaborative partner with our customers, we aim to create safe, highly productive, smart, and clean workplaces throughout the world. We create advancements in products and solutions through innovation, digital transformation, and a growing value chain business, investing in our people, and forging greater partnerships at the same time.

Specifically, we offer an expanding scope of solutions that include advancements in and global deployments of Smart Construction, as well as our open technology platform and the wider adoption of our applications in the mining industry. At the same time, we pursue advancements in automation, remote operation, and support for a variety of power sources aimed at decarbonization, offering a growing lineup of Software Defined Vehicles (SDVs) highly compatible with our vision of solutions.

Roadmap to our vision within the Strategic Growth Plan

* SDV: Abbreviation for Software Defined Vehicle

Strategic Growth Plan (FY2025 - FY2027) Driving value with ambition

Our understanding of the external environment

We expect the external environment surrounding our company to become increasingly complex and uncertain due to the complex interrelationships of political, economic, and other risks, not to mention the drive toward carbon neutrality and rapid advancements in technology.

Recognizing diverse environmental changes as risks and opportunities for each business and region, and linking these items appropriately to our growth strategy, is essential to ensure sustainable growth.

Approaches to growth strategy

We project moderate growth for our core construction and mining equipment business over medium to long term amid population growth and urbanization in emerging economies. However, external risks over the short term will mean heightened volatility.

Our growth strategy considers these demand forecasts, our understanding of the external environment, and materiality assessments. We then used backcasting from our vision and planned scenarios in light of risks and opportunities, establishing a main scenario for the future, as well as several sub-scenarios.

P.22 Materiality

Based on these scenarios, we identified three key management challenges: investing in our future, improving our profit structure, and strengthening the resilience of business foundation. Our growth strategy of the Strategic Growth Plan incorporates these challenges. We aim to achieve growth above industry levels through the effectiveness of our growth strategy, even if downside scenarios occur.

Medium- to long-term trends

Politics
- Rise of nationalism
- Growing disparity

Economics
- Shift in population and economic centers of gravity
- Increased uncertainties
  Trade friction (including tariffs), market fragmentation, etc.

Environment
- Carbon neutrality
- Nature positive

Technology
- Green technology
- Digital technology

Implications for our businesses

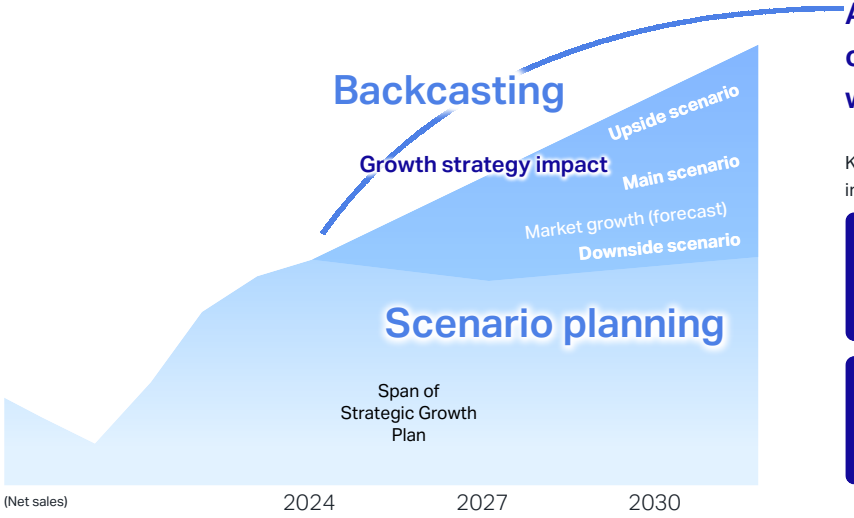
Mining
- Growing needs for decarbonization and automation
- Long-term decline in coal demand and ongoing changes in extraction methods

Construction and forestry machinery
- Addressing customer needs in growth markets
- Changing sources and proportion of procurement
- Rising needs for solutions to labor shortages, operational efficiencies, and cost reductions
- Mechanized and environmentally friendly forest management solutions amid a declining forestry workforce

Industrial machinery, others
- EV will grow long term, even if at a slower pace; new technology including giga cast, improving profitability
- Ensuring economic security and expanding semiconductor market; technical innovation for semiconductors with a long-term vision

All businesses
- Increasingly diverse regulations by country and region
- Growing importance of talent acquisition and employee engagement
- Needs for agile global decision making

Growth strategy highlights



Our vision

A collaborative partner committed to optimizing safe, productive, and clean workplaces

Key management challenges in exceeding the industry growth rate

1. Investing in our future
2. Improving our profit structure
3. Strengthening the resilience of business foundation

Three growth strategy pillars

We identified three pillars of our growth strategy based on the management challenges identified in *Approaches to growth strategy* on the previous page. These pillars are (1) Create customer value through innovation; (2) Drive growth and profitability; and (3) Transform our business foundation.

We will make strategic future investments and continue to develop new technologies and business areas under the first pillar of creating customer value through innovation. We will also leverage AI and other technologies to achieve carbon neutrality and optimize customer jobsites, aiming to co-create value through innovative manufacturing of products and solutions.

Under the second pillar of driving growth and profitability, we aim to improve the growth and profitability of the entire group through advanced operations at customer jobsites, value chain businesses expansion, and labor saving and efficiency through AI utilization and digital transformation.

The third pillar of transforming our business foundation will accelerate the aquisition and success of diverse human resources to support business growth. Other efforts under this pillar include bold and agile initiatives to strengthen our brand and improve the efficiency of systems and processes using AI and digital transformation.

Through these growth strategies, we are committed to taking on the challenge of creating customer value that creates a positive cycle of solving social issues and improving profitability.

Three growth strategy pillars

1. Create customer value through innovation

Investing in our future

- Co-create new value through strategic investments, new technologies, developing new business areas, and solutions
- Deliver manufacturing and technology innovation through AI and other technologies for carbon neutrality and customer workplace optimization

2. Drive growth and profitability

Profit structure

- Achieve growth and profitability through advanced workplace operations
- Expand value chain businesses, using AI and DX for labor-savings and optimization
- Achieve growth through marketing strategies optimized to business, region, and country

3. Transform our business foundation

Resilience

- Acquire and enable the success of talent needed to support business growth
- Strengthen our brand through enhanced branding activities
- Introduce bold and agile initiatives to streamline business infrastructure (systems and processes) through AI and DX

(1) Create customer value through innovation

We continue making strategic investments with a view toward future growth, aiming to generate new value through not only Komatsu technologies but also by integrating external expertise. We will accelerate compatibility with various power sources to meet the diverse needs of our customers aiming to become carbon neutral. Our technology development spans batteries, trolleys/cables, fuel cells, hydrogen engines, and hybrids. We also develop related technologies, including charging and energy storage solutions.

Our efforts to develop SDVs aim to create new customer value through solutions. In mining, we will upgrade the Autonomous Haulage System (AHS) to increase operational efficiency and advance optimization of entire mine jobsites through an open technology platform. In construction, we will strengthen our software development capabilities and accelerate efforts non-crewed construction.

Our efforts in forestry machinery include developing a solution-oriented business model to help customers solve challenges at every stage, including planting, cultivating, harvesting, extracting, and forest resource management.

Concept machine of a large dump truck equipped with a hydrogen combustion engine

Strategic Growth Plan (FY2025 - FY2027) Driving value with ambition

(2) Drive growth and profitability

We are committed to maximizing profit opportunities in existing businesses to drive further growth and improve profitability.

As a cross-business theme, we strengthen product competitiveness and support capabilities in regions expected to see significant growth, including Asia, Africa, and the Middle East. We will also identify region-specific competitive factors and respond accordingly to meet increasingly diverse customer needs, particularly in construction.

As for individual activities by business, we will expand our product lineup in hard rock mining through GHH (Germany), acquired in 2024. We also leverage the GHH distribution network and advance development of a new tunnel boring method that combines a mining Tunnel Boring Machine (TBM) and mechanical cutter to enable safer, more environmentally friendly operations without blasting.

In construction, we will develop a customer portal that connects seamlessly with business functions tailored to customer needs, including e-commerce and telematics. We will also work to improve the operational efficiency of our distributors and create customer value through digital transformation.

Our efforts in industrial machinery focus on the meeting diverse customer needs through the flexible design and manufacturing of equipment used in automotive battery production processes, such as cell and module assembly, in response to growing demand for high demand and high quality driven by the shift to electric vehicles.

HX45 mining truck (left) and WX15 load haul dump (right), added to our lineup through the acquisition of GHH

(3) Transform our business foundation

P.51 Human capital

We are committed to strengthening the resilience of our business foundation by transforming our business infrastructure.

Our efforts to build jobsites that attracts and retains skilled talent include building a psychologically safe environment based on diversity and inclusion (D&I) and strengthening recruitment branding.

We update our core systems to enable seamless information sharing within the Group and support group-wide decision-making. We also develop and implement a solution platform that provides one-stop services to customers and distributors using AI and digital transformation.

From a risk management perspective, we will also enhance our adaptability to changes in the business environment through Enterprise Risk Management (ERM), which we have conducted annually since 2023.

A system that enables users to check product information and purchase parts anytime, anywhere (example of a solution platform)

Priority initiatives in the Strategic Growth Plan

		Mining	Construction	Forestry machinery	Industrial machinery, others
1 Create customer value through innovation	Compatibility with various power sources	• Accelerate ecosystem strategy for decarbonization	• Accelerate product development toward carbon neutrality	• Develop HEV and BEV vehicles toward electrification	
	Advancements in automation and remote control	• Develop SDV with high solutions affinity • Drive automation of mine operation (incl. advance AHS)	• Introduce automation and remote operation for non-crewed construction	• Develop autonomous forest driving technology having environment detection	
		• Expand Open Technology Platform and popularize apps	• Create a support infrastructure toward Smart Construction growth • Improve competitiveness of next-generation components	• Establish a forestry solutions business model • Win wider adoption of afforestation/forestry technology and machinery for circular forestry	• Provide support for excimer laser oscillation frequency and output power increases • Improve the performance of power generation units using thermoelectric elements
2 Drive growth and profitability	Stronger product and support capabilities by region	• Expand business in emerging mining markets (Africa, Middle East, etc.)	• Strengthen product planning (Asia, Africa, etc.) • Establish core operational facilities to strengthen customer and dealer support (Africa)	• Expand FTL*1 product lineup (North America) • Develop emerging forestry markets (Asia, Eastern Europe, etc.)	
	Stronger aftermarket	• Strengthen our reman/rebuild businesses • Grow sales of attachments and undercarriage components (GET/UC)	• Step up key component strategies • Build Lifecycle Reliable Support infrastructure for construction; develop mining and forestry machinery		• Enhance after service for press machines and sheet metal machines • Solve issues in the workplace through expanded Komtrax content
		• Expand lineup and sales network of hard rock products; develop new underground extraction methods	• Increase customer value through DX and provide greater support to distributors (North America)	• Expand CTL*2 sales further in Europe and the Americas • Pursue DX through a forest land communication network	• Develop automotive battery business process strategy and grow sales
3 Transform our business foundation		• Create workplaces where all individuals can shine as their authentic selves, wherever they are • Increase brand recognition • Enterprise Risk Management, BCP (cybersecurity/regulatory compliance)	• Reform our core system to establish and optimally integrated environment for the group overall • Utilize AI and DX to develop and implement a solutions platform for distributors • Review legacy management (management with awareness of the three axes of business, function, and region; do away with traditional/strategic market segmentation)		

*1 Full tree length (FTL) method: Felled trees hauled out as-is; processed into fixed length logs at another location
*2 Cut-to-length (CTL) method: Felled trees cut to fixed-length logs in place in the forest and then hauled out

Medium- to long-term direction of portfolio transformation

The diagram below shows our medium- to long-term direction of our business portfolio transformation, as defined through priority initiatives in the formulation of the Strategic Growth Plan.

We will improve growth and profitability further in our core business of mining and construction businesses through evolved and more widely adopted solutions that integrate product and solutions value. At the same time, we plan to grow our aftermarket business and strengthen product planning in growth regions.

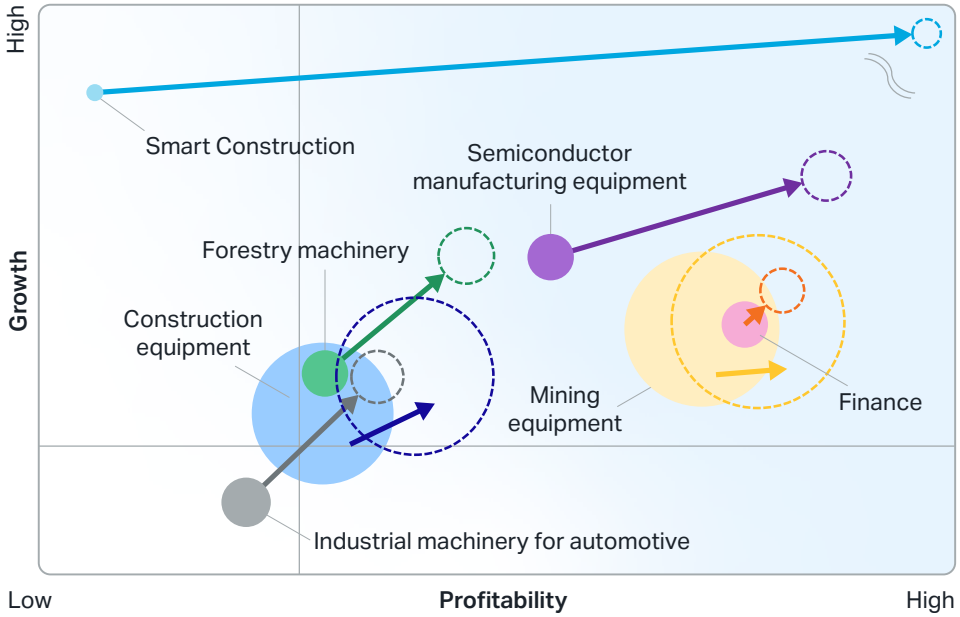
The forestry machinery business will continue to grow stronger, playing a role as the third pillar of our business, together with mining and construction.

We intend to improve our already-high profit structure in the semiconductor manufacturing equipment business, keeping an eye on geopolitical risks and taking advantage of high market growth.

Our industrial machinery business in the automotive sector will grow and become more profitable as we deepen aftermarket services and expand our automotive battery business.

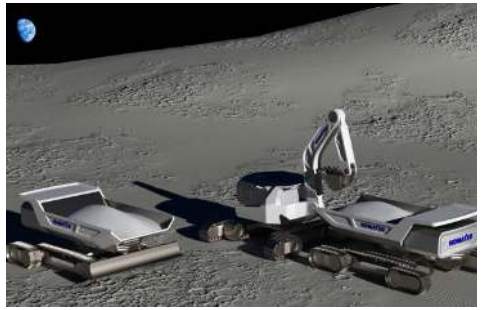
We will continue strengthening existing businesses, including through M&A, while also exploring new business domains to support future growth.

Business portfolio



• Size of colored bubbles indicates most recent relative sales volume for each business segment
• Size of dotted bubbles indicates the relative size of the medium- to long-term direction for each business segment

Exploring new business opportunities


Lunar construction equipment

Underwater construction robots

Mine jobsite optimization

Digital twin for forestry solutions

Management targets

Although we previously set non-financial targets, we established a new category of financial and non-financial management targets to clarify our stance of pursuing sustainable growth through a positive cycle of solving social issues and improving profitability.

The main financial targets and indicators in principle remain unchanged from the previous mid-term management plan. However, we added a new Free Cash Flow indicator to secure profits and continue investing in growth, and set a target of 1 trillion yen in cumulative Free Cash Flow over three years (excluding M&A-related spending).

The retail finance business revised target values to reflect greater leverage, taking into account future coverage expansion in emerging countries (e.g., Africa).

Our shareholder return policy continues to be a consolidated dividend payout ratio of 40% or more. Komatsu intends to conduct share buybacks in a timely manner, balanced by considerations of financial soundness and its shareholders' equity ratio.

Additionally, we excluded the net D/E ratio from the targets, as it is sufficiently secured by our stable financial foundation.

Refer to the CFO message for more information on our financial targets.

P.39 CFO message - Management targets

For non-financial targets, we aim to capture a broader framework of challenges to be addressed. To this end, we defined priority initiatives under the Strategic Growth Plan that contribute to solving social issues, established 30 related KPIs, and position the management target as the overall KPI achievement level of each activity topic. External evaluations, which served as management targets under the previous mid-term management plan, are now positioned as KPIs under these priority initiatives.

Indicators related to reducing environmental impact, including CO_2 emissions reductions, remain as separate items and targets of particular importance to our organization. Refer to the ESG Databook 2025 for more details on medium- to long-term indicators and targets.

Web Medium- to long-term targets and progress (ESG Databook P.155)

Management targets in the Strategic Growth Plan

Category	Item	Indicator	Target
Financial	Growth	Sales growth rate	Growth rate above the industry average
	Profitability	Operating profit ratio	Top profit ratio in the industry
		FCF	3-year cumulative: 1 trillion yen (excluding M&A-related expenditures)
	Efficiency	ROE	10% or higher
	Retail finance business	ROA	1.5% to 2.0%
		Net D/E ratio	6 times or less
	Shareholder returns	Consolidated payout ratio	• 40% or more (consolidated) • Timely share buybacks based on an overall balance of financial soundness, shareholders' equity ratio, and other factors
Non-financial	Resolution of social issues	KPI for solving social issues	Overall evaluation (including evaluations by external organizations) of progress in 30 social solution KPIs
		Reduction of environmental impact	• Decrease CO_2 emissions from Komatsu (total): 50% reduction by FY2030 (compared to FY2010) Decrease CO_2 emissions from product use (intensity): 50% reduction by FY2030 (compared to FY2010) <Stretch goal> Become carbon neutral by FY2050 • Renewable energy use : 50% of total energy use by FY2030

KPIs for solving social issues

We aim to create a positive cycle of solving social issues and improving profitability through our business activities under our Sustainability Policy. Our Strategic Growth Plan identified 10 relevant SDGs we selected and sets KPIs tied to the three pillars of our growth strategy. The Komatsu Report discloses our progress toward accomplishing these KPIs.

Category	SDGs	Materiality	No.	Key activities	KPIs	FY2027 targets
With people	5, 8, 10, 17	● Employees ● Human rights	1	Create safe and secure work environments; support employee health	Occupational accident frequency rate (per one million hours)	Continue to decrease from the three-year average frequency rate of 1.17 during the previous mid-term management plan period (performance disclosed)
			2	Create workplaces where all individuals can shine as their authentic selves, wherever they are	Engagement surveys (1) Improvement of eNPS*1 (2) Global score for sustainable engagement*2 *1 Indicator measuring employee sense of attachment to the company *2 Scores represent the rate of positive responses.	(1) Continuous improvement (score higher than previous survey) (2) 85
			3		(1) Ratio of full-time female employees (global) (2) Ratio of women in managerial positions (global)	(1) 17.0% (2) 14.0%
			4		Ratio of employees with disabilities	2.7% (single year, Japan)
			5	Create environments and develop human resources to foster innovation	Enrich the succession planning (efforts to build diversity-conscious talent pools in each region)	Improved readiness rate and secured diverse pool of talent
			6		(1) Global score for *Innovation* in the engagement survey (2) Training and growth support for digital talent and leadership driving strategic digital implementation initiatives	(1) Continuous improvement (score higher than previous survey) (2) Global headquarters and group companies in Japan: 220 participants per year
			7		Certified personnel ratio under the solutions sales and mechanic certification program (proficiency assessments by region)	70%
			8	Respect human rights across all business activities	Conducted human rights due diligence in the following three areas i. Upstream ii. Komatsu Group iii. Downstream	Disclose results
With business	9, 11, 12, 17	● Customers ● Ethics and governance ● Communities	9	Enhance product safety	Plan, develop, and market safety equipment	Disclose results
				Expand Industrial Komtrax* contents *Equipment operation management system	Number of large press predictive maintenance contracts	75 lines (single year)
			10	Improve jobsite productivity through Smart Construction	Rate of ICT machine* adoption *Hydraulic excavators and bulldozers equipped with 3D machine control and 3D machine guidance functions	47%
			11		Smart Construction support center customer satisfaction	90%
			12	Provide solutions for sustainable resource development (mining)	Cumulative Autonomous Haulage System (AHS) installations in mines	1,000 units (aggregate)
			13		Cumulative number of mines in commercial operation on the new platform (open technology platform)	40 sites (aggregate)
			14		Completed trials of mining TBM*, a new tunnel boring method *Tunnel Boring Machines	Completed trials at customer sites
			15		Hard rock mining business sales	US$400 million (single year)

KPIs for solving social issues

Category	SDGs	Materiality	No.	Key activities	KPIs	FY2027 targets
With business	9, 11, 12, 17	● Customers ● Ethics and governance ● Communities	16	Provide solutions for better jobsite safety and productivity (automation, autonomous operation, remote operation)	Accelerate automation and remote operation of construction and mining equipment	Disclose results
			17	Build value chains adaptable to changes in the environment and demand	Aftermarket business sales growth rate	+15% (compared with FY2024; foreign exchange rates fixed)
			18		Multi-site parts sourcing ratio for 20-ton class hydraulic excavators (produced by major overseas subsidiaries)	95%
			19	Enhance governance and ensure thorough compliance	Initiatives to improve management efficiency, ensure sound management, and enhance transparency	Disclose results
					Full revision of the Komatsu's Worldwide Code of Business (13th edition) • Deployment in 18 languages globally • Improved global e-learning participation rate	
			20	Continue social contribution activities	Ongoing social contribution activities (contribution to communities, landmine removal, disaster recovery support)	Disclose results
With the planet	7, 13, 9, 15, 12, 17	● Environment	21	Implement efforts to become carbon neutrality	Reduce CO_2 from production	Reduce by 39% (compared with FY2010 levels, total volume)
			22		Reduce CO_2 from product use	Reduce by 32% (compared with FY2010 levels, intensity basis)
			23		Rate of renewable energy use	40%
			24		Number of product models introduced to the market aimed at carbon neutrality	Disclose results
			25	Reduce environmental impact through business activities (industrial machinery business)	Unit sales of power generation units with thermoelectric elements	150 units (single year)
					Number of machine tools sold contributing to electric vehicle production (1. FSW units, 2. large processing machine for aluminum giga die-cast parts)	(1) 7 units (single year) (2) 15 units (single year)
					Extended lifetime of light source modules (chambers) for semiconductor lithography (1. ArF immersion light sources, 2. KrF light sources)	(1) +20% (to be introduced to market in Q1 FY2027) (2) +30% (to be introduced to market in Q2 FY2026)
				Drive circular economies	Reman and rebuild* business sales growth rate * Component repairs and overhauls performed by authorized Komatsu distributors using genuine parts, based on customer needs	+5.2% (compared with FY2024; foreign exchange rates fixed)
			26	Provide solutions that support sustainable, circular forestry businesses	(1) Forestry machinery business sales growth rate (2) Annual increase in trees planted using tree-planting machinery sold during the fiscal year (based on additional planting capacity)	(1) +27.1% (compared with FY2024; foreign exchange rates fixed) (2) +60 million (compared with FY2024)
			27		Smart Forestry solution contract rate	62%
			28	Nature-positive activities	Nature-positive activity planning and framework development	Disclose results
					Water consumption	Reduce to 30% or less (compared with FY2010 levels)
			29	Contribute to solving global food challenges	Number of agricultural construction machines* in operation *Agricultural bulldozers used in farming	100 units (single year)
General		General	30	Obtain top-tier external sustainability ratings within the industry	(1) CDP (2) Dow Jones Best-in-Class Indices	(1) Selected for A-list for both climate change and water security (2) Selected for World and Asia Pacific

CFO message

■ Review of the previous mid-term management plan (FY2022–FY2024)

The three years of the mid-term management plan, "DANTOTSU Value –*Together, to* ***"The Next"*** *for sustainable growth* ("previous mid-term management plan")," were extremely challenging, as demand for construction and mining equipment declined for a third consecutive year, with the exception of China. Despite the challenges, we achived record-high net sales and operating profit for a third consecutive year (Figures 1 and 2), aided by a weakening yen stemming from government interest rate hikes around the world in response to inflation, as well as our own aggressive efforts to improve selling prices to absorb cost increases.

In this section of the report, I will cover the three years of the previous mid-term plan in the context of three topics: (1) Improved selling prices, (2) Controlled fixed costs, and (3) Expanded mining equipment sales.

Figure 1: Net sales and operating profit

Record-high net sales and operating profit for a third consecutive year under the previous mid-term plan (FY2022-FY2024)

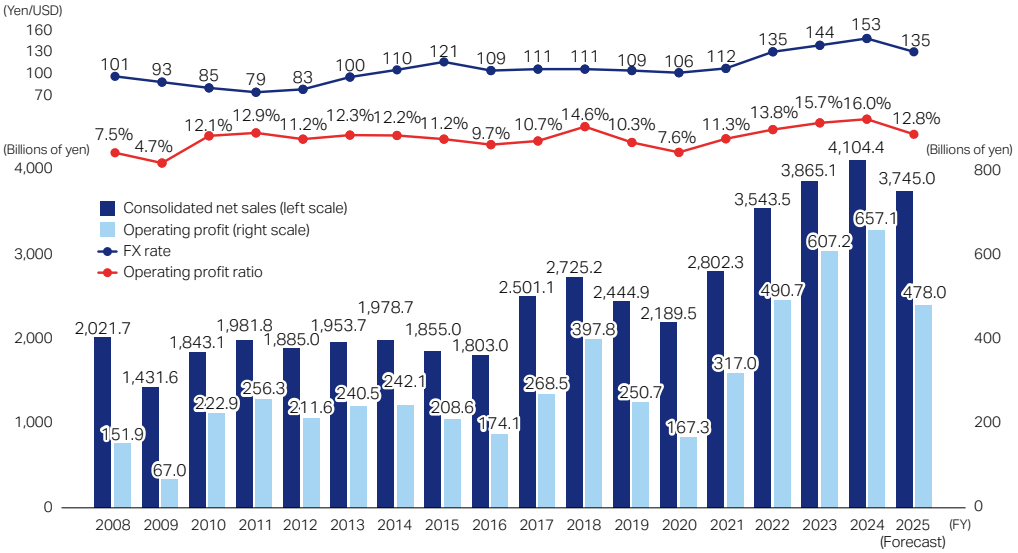
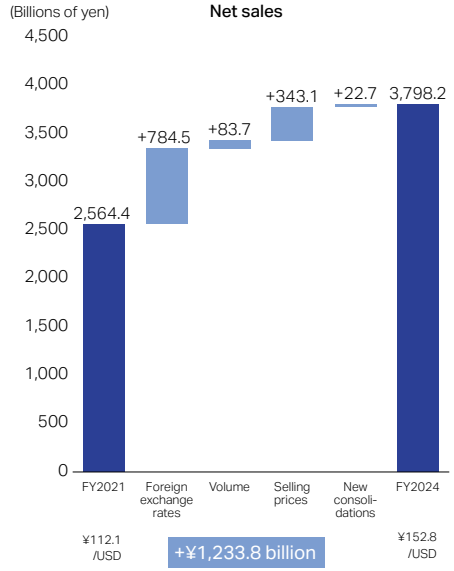
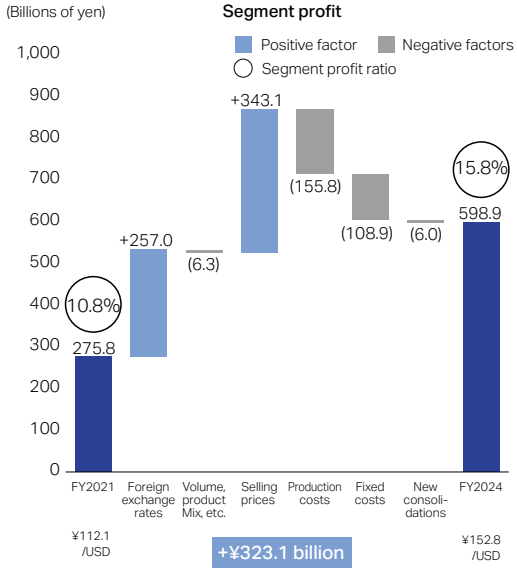


Figure 2: Factors influencing net sales and profit in the construction, mining and utility equipment segment (FY2021 vs. FY2024)

Over the course of the previous mid-term plan (FY2022-FY2024), we absorbed the negative impact of production cost variances and fixed cost variances through improved selling prices





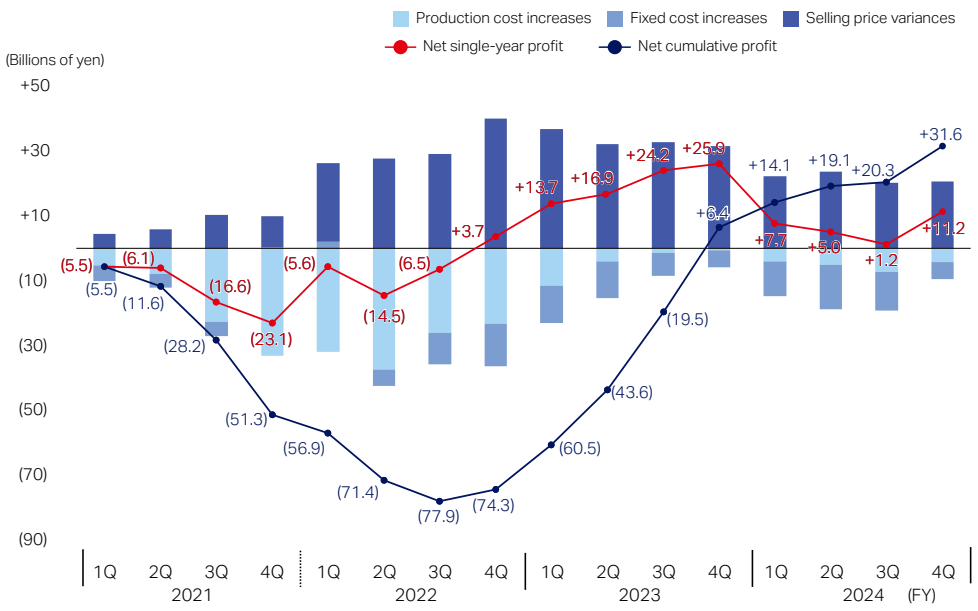
1) Improved selling prices

We began the first fiscal year of the previous mid-term plan with an economic recovery from the pandemic and the global supply chain disruption caused by the situation in Ukraine. We also saw significant increases in materials and logistics costs. Komatsu began raising selling prices to counter rising material prices, and, by late fiscal 2022, the increase in selling prices had come to surpass increases in production costs and fixed costs. For the first time since fiscal 2021, selling prices in the fourth quarter of fiscal 2023 exceeded the increase in cost of sales and fixed costs in terms of cumulative income (Figure 3).

In fiscal 2023, we began visualizing consolidated profit and loss by region and destination, fostering comparability under identical conditions. This practice has incentivized group companies to improve selling prices further. In the past, we managed profit and loss with a focus on individual companies. This new approach overcomes the disadvantage of significant fluctuations in the profit of individual companies depending on intra-group transfer pricing. In fiscal 2024, we linked the compensation of the top management of group companies to the consolidated performance of each region, further ensuring improvement in selling prices.

Figure 3: Improvement in selling prices and increased production costs, fixed costs

Improvements in selling prices outpaced increases in production costs and fixed costs



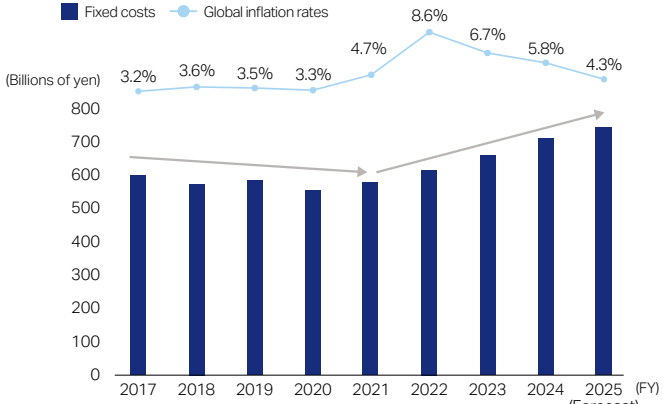
2) Controlled fixed costs

Komatsu managed to keep fixed costs flat between fiscal 2017 and 2021, despite changes in the business environment and sales fluctuations, by following a basic policy of separating growth from costs and executing structural reforms for efficiencies during our sales growth phase (Figure 4).

However, we experienced rapid increases in personnel and other expenses amid global inflation during the previous mid-term plan. In addition, we prioritized strategic investments in electrification development, automation development, and other technologies toward becoming carbon neutral. As a result, fixed costs increased, despite our ongoing efforts in structural reform and cost savings. Our decisions on the level of fixed costs every year are based on a careful consideration of inflation and other external environmental factors, investment cost-effectiveness, our break-even point, and contribution margin ratios.

Figure 4: Fixed costs and global inflation rates

We kept fixed costs flat between FY2017 and FY2021. Fixed costs increased after FY2022 due to growth investments and inflation



(Global inflation rates: From the International Monetary Fund)

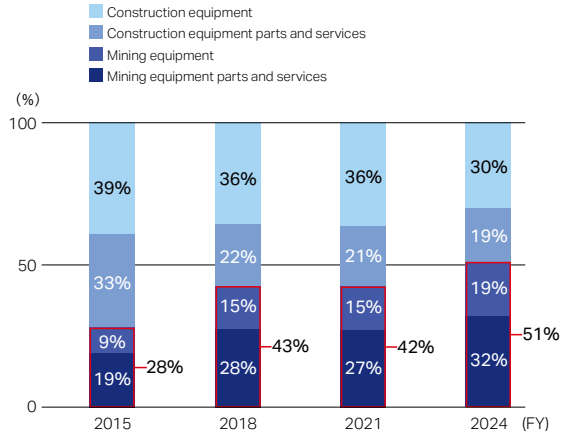
3) Expanded mining equipment sales

Demand for construction, mining and utility equipment declined over the course of the previous mid-term plan; however, the share of mining equipment sales rose significantly, accounting for more than 50% of construction, mining and utility equipment sales for the first time in Komatsu history (Figure 5). This performance was supported in part by soaring prices for minerals and resources.

Mining equipment is used at many jobsites and for long hours of continuous operation. As a result, we maintain stable sales volume and high profitability, with parts and services contributing approximately two-thirds of total mining equipment sales. This profit structure is more resilient to fluctuations in demand for new equipment while allowing us to reduce capital costs.

Figure 5: Construction, mining and utility equipment sales composition

Mining equipment sales exceeded 50% of total segment sales for the first time in FY2024



Strategic Growth Plan (FY2025-FY2027) management targets and corporate value enhancement activities

Now, I will explain how the management targets of our new Strategic Growth Plan, "Driving value with ambition" (SGP), tie to improved corporate value (Figure 6).

Komatsu breaks down Price-to-Book Ratio (PBR) into Price-earnings Ratio (PER) and Return on Equity (ROE). We then break down PER into its components: 1) Cost of capital and 2) Expected cash flow growth rate. We break down ROE into 3) Net income ratio, 4) Total asset turnover, and 5) Financial leverage. Finally, we compare each item with competitors to discuss and implement measures to improve PBR.

At the same time, SGP includes five financial targets: 1) Growth, 2) Profitability, 3) Efficiency, 4) Retail finance business, and 5) Shareholder returns. Growth is linked closely with 2) Expected cash flow growth rate, while Profitability is linked closely to 3) Net income ratio, and Efficiency is associated most closely with 4) Total asset turnover. Our Retail finance business management targets are linked closely with with 3) Net income ratio and 5) Financial leverage. Shareholder returns is associated with 1) Cost of capital and 5) Financial leverage. We address all management targets through corporate value enhancement activities.

P.34 Management targets Non-financial

Figure 6: SGP management targets and corporate value enhancement activities

All management targets are tied to corporate value enhancement activities

Area	Previous mid-term management plan			Strategic Growth Plan		PBR components (indicators of increased corporate value)
	Indicator	Management targets	FY2024	Indicator	Management targets	
Growth	Sales growth rate	Growth rate above the industry average	6.2%	Sales growth rate	Growth rate above the industry average	2) Expected cash flow growth rate
Profitability	Operating profit ratio	Top profit ratioin the industry	16.0%	Operating profit ratio	Top profit ratio in the industry	3) Net income ratio
				FCF	3-year total: 1 trillion yen (excluding M&A-related expenditures)	4) Total assets turnover
Efficiency	ROE	10% or higher	14.2%	ROE	10% or higher	4) Total assets turnover
Financial position	Net D/E ratio	Top-level financial position in the industry	0.24	-	-	-
Retail finance business	ROA	1.5%-2.0%	2.2%	ROA	1.5%-2.0%	3) Net income ratio
	Net D/E ratio	5 times or less	4.51	Net D/E ratio	6 times or less	5) Financial leverage
Shareholder returns	Consolidated payout ratio	• 40% or more • Keep a fair balance between investment for growth and shareholder returns (incl. share buybacks), while placing main priority on growth investment	40.1% Share buybacks ¥100.0 billion	Consolidated payout ratio	• 40% or more • Timely share buybacks based on an overall balance of financial soundness, shareholders' equity ratio, and other factors	1) Cost of capital 5) Financial leverage

$$\text{PBR} = \text{PER} \times \text{ROE}$$

$$\text{PER} = \frac{1}{\text{1) Cost of capital} - \text{2) Expected cash flow growth rate}}$$

$$\text{ROE} = \text{3) Net income ratio} \times \text{4) Total assets turnover} \times \text{5) Financial leverage}$$

1) Growth

As in the previous mid-term plan, our goal is to achieve a growth rate above the industry's average. This is an aggressive and challenging goal for management leadership, and reflects our strong will to grow through strategic M&A in addition to organic growth. To accelerate growth, we allocate management resources emphasizing research and development investments, capital investments, and M&A.

Komatsu has long utilized M&A actively as one of the more important means to achieve the future vision of our business portfolio. Today, approximately 30% of consolidated net sales come from M&A activities conducted to date (Figure 7). At the moment, the principal targets for M&A activities are solutions business, the underground hard rock mining business, the forestry machinery business, and electrification and other components (Figure 8).

Post-merger integration consists of deepening a mutual understanding while converting the acquisition target to the Komatsu business management system. We regularly monitor contributions to corporate value by checking the status of Economic Value Added (EVA®), or after-tax operating profit less the cost of capital. We also look at the synergistic effect on consolidated financial performance.

Figure 7: Sales of companies acquired by Komatsu

Companies acquired since 1993 accounted for roughly 30% of consolidated net sales in FY2024

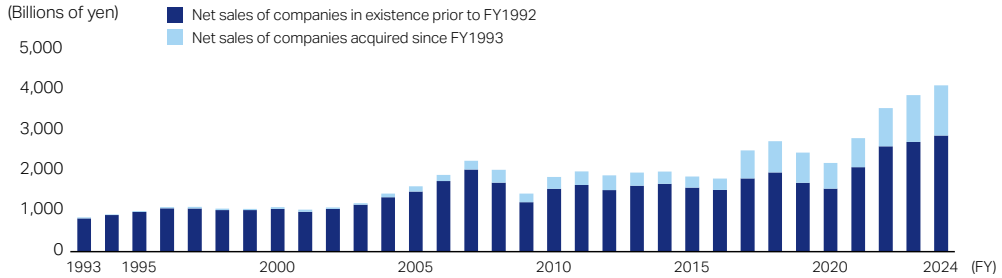


Figure 8: M&A mapping

Actively utilizing M&A to achieve the future vision for our business portfolio

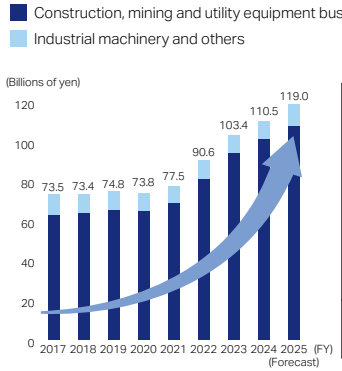
	Construction and mining equipment				Forestry machinery
	Solutions business	Underground hard rock mining equipment	Components including electrification	Distributors	
FY2019	Immersive Technologies	Timberock International			TimberPro
FY2020					
FY2021				Tramac	
FY2022		GHH Group *			Bracke Forest
	Mine Site Technologies				
FY2023	iVolve		American Battery Solutions		
FY2024	Octodots Analytics			UMW Komatsu Heavy Equipment	

*Acquisition completed in 2024

In terms of R&D investment, Komatsu set management targets of reducing CO_2 emissions by 50% by 2030 (compared to 2010) and becoming carbon neutral by 2050 (stretch goal). To realize these goals, we intend to accelerate development toward the future over the term of SGP. This development will include more advanced automation and remote operations of construction and mining equipment, as well as compatibility with various power sources, including electric power (Figure 9).

We manage these important investment projects separately as SGP projects. Budgets are allocated on a priority basis to avoid potential impediments to future growth if we applied conventional cost management resulting in a reduction of scale for these projects. The SGP calls for maximizing the value we provide to customers and improving the expected growth rate of cash flow further by expanding projects included in the SGP and creating greater innovation.

Figure 9: R&D expenses and major R&D themes
Allocating budgetary resources to important research and development investments



Major R&D themes

Construction and mining equipment	Diversified power sources (fuel cells, hydrogen engines, carbon-neutral fuels, etc.)
	Automation and remote operation
	Charging and power storage solutions
	Mining open technology platform
Industrial machinery and others	Providing support for excimer laser oscillation frequency and output power increases

2) Profitability

In addition to the target of industry top-level profitability carried forward from the previous mid-term plan, we set a new numerical target for profitability to generate Free Cash Flow (FCF) of ¥1 trillion over three years (excluding M&A-related outlays). This new target will help secure earnings and continued investments for growth. FCF improvement is related closely with the topic of the next section, *Efficiency*, and I will discuss this area in greater detail later.

The direct costing method, which we call Standard Variable Margin (SVM; adopted in fiscal 2002) control, plays an important role in improving profitability. SVM control allows us to unify the definition of variable costs and fixed costs (Capacity Cost: CC) globally, and to compare profitability across different regions of the world. This method forms the basis of our global cross-sourcing system that results in products of the same specifications and quality at any production site. This method also makes it easier to see the target level of fixed costs to achieve profit ratios, helping us take action quickly in response to sales fluctuations.

We standardized KPIs to be as simple as possible, given that approximately 70% of our employees work outside of Japan and an increasing number of local national employees serve at the top of our overseas subsidiaries. We want these indicators to be understood intuitively by employees of diverse nationalities and non-accounting positions, as well as to improve selling prices, promote cost reductions, and focus on detailed fixed cost management.

3) Efficiency

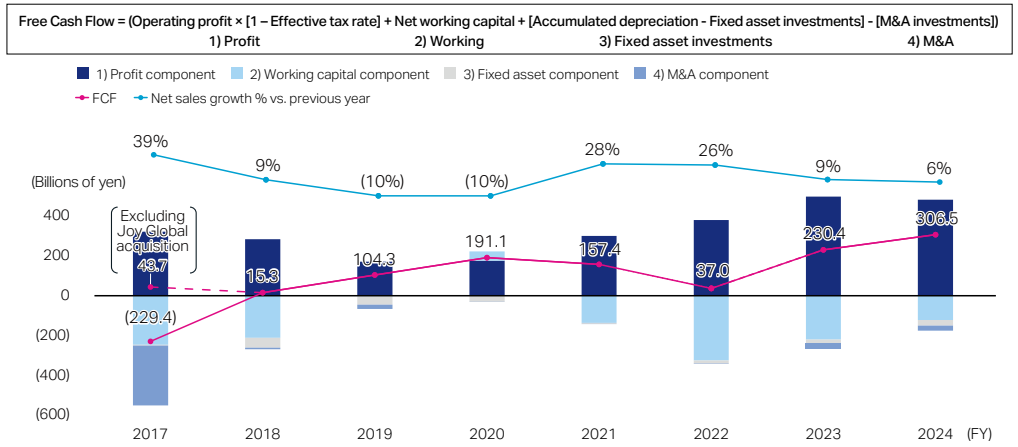
The SGP continues to emphasize ROE, a comprehensive indicator that covers profitability, asset efficiency, and financial leverage. Accordingly, estimating that our cost of equity is around 8% on a global level, we have set an ROE of 10% or higher as a management target, which exceeds the estimated cost of equity. To expand equity spread (ROE – cost of shareholders' equity), Komatsu works to both improve ROE and reduce the cost of shareholders' equity.

At the same time, using ROE as a common management indicator for all group companies is unfair, as capital level differences arise due to differences in the type of business and regulations in each country. Further, the construction, mining and utility equipment business is subject to large fluctuations in demand, which makes managing accounts receivable and inventories extremely important.

In fiscal 2017, we adopted Return on Invested Capital (ROIC) as an internal management indicator to complement SVM. We define the ROIC formula as operating profit divided by the sum of working capital and property, plant and equipment (use of invested capital). ROIC helps us identify problems and the degree of improvement in profitability and asset efficiency at each Group company in a timely manner. We monitor Group companies monthly based on ROIC. However, ROIC is impacted significantly by earnings, and if earnings improve, ROIC improves, even if asset efficiency worsens. In addition, indicating results as a ratio makes it difficult for business units to see improvement directly. These two disadvantages make ROIC difficult to link directly to improvement.

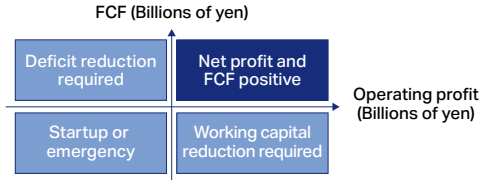
Therefore, we introduced FCF as a management indicator for all Group companies in fiscal 2023 to facilitate further improvements in consolidated ROIC. The goal of this move was to make group companies more conscious of changes to their asset efficiency in terms of amounts over rates. By adding certain elements to the regular cash flow statement, we can break down the sources of FCF generation into four categories: 1) Profit, 2) Working capital, 3) Fixed assets (depreciation - investment), and 4) M&A. Clearly identifying and addressing the elements and absolute numbers we must improve directly helps us maximize future cash flows as we aim to achieve the management target of generating ¥1 trillion in FCF over three years (Figure 10).

Figure 10: Free Cash Flow
Breaking down FCF into profit, working capital, fixed assets, and M&A to use as a management indicator for Group companies



We press top management in each region to feel a sense of urgency by showing the position of each company in the four quadrants based on FCF and profit, driving cash flow generation (Figure 11). In fiscal 2024, we generated FCF of ¥306.5 billion, representing a record high.

Figure 11: Four quadrant Free Cash Flow by company
Presenting the position of each Group company across four quadrants of FCF and profit to encourage FCF generation



4) Retail finance business

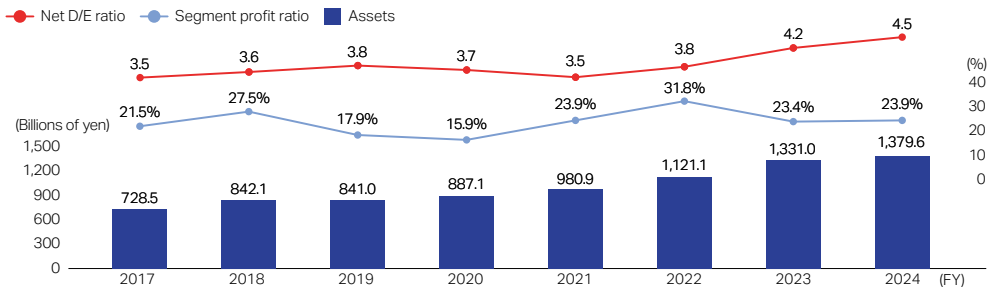
Komatsu regards the retail finance business as an important sales tool for construction and mining equipment. We have expanded our operations progressively in strategically important regions while leveraging our strength in Komtrax (equipment operation management system) to protect receivables. During the previous mid-term plan, we expanded coverage in Northern Europe, Africa, and other regions. As a result, we increased asset scope by 1.4 times over the past three years, while achieving management targets of ROA of between 1.5% and 2.0% and net D/E ratio of 5 times or less (Figure 12).

The retail finance business is more profitable than other segments. The net D/E ratio of this business is higher than that of the construction, mining and utility equipment business due to the nature of finance. The business improves ROE in two ways to create enhanced corporate value: By increasing net income ratio and by expanding financial leverage.

In addition, the retail finance business secures stable interest income over an average financing period of approximately four years. This factor provides the same impact as parts and services in that we equalize profits and achieve a profit structure that is more resilient to demand fluctuations.

To date, our focus in the retail finance business has been on soundness and a target net debt-to-equity ratio of less than 5 times. However, in light of our policy to expand the retail finance business further under SGP, as well as our accumulated knowledge and expertise in risk management, we raised the net D/E ratio target to 6 times or less. We will continue to expand our retail finance business while monitoring operational soundness.

Figure 12: Retail finance segment financial performance
Expanding asset size while controlling net D/E ratio



5) Shareholder returns

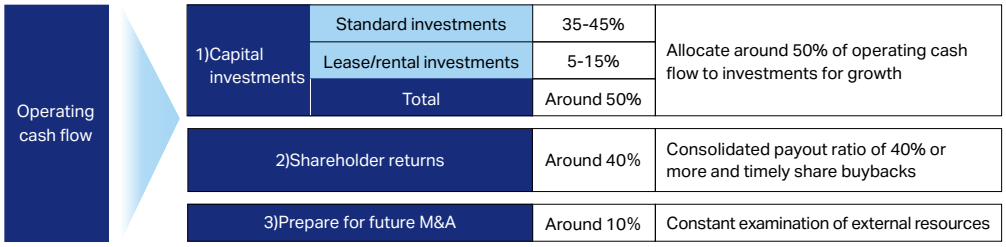
Over the past four mid-term management plans (FY2013-FY2015; FY2016-FY2018; FY2019-FY2021; FY2022-FY2024), we allocated approximately half of operating cash flow to capital investment, which has been the driving force for enhancing corporate value. Shareholder returns have also grown significantly over the course of the previous mid-term plans, reaching approximately three times the size of the FY2013-FY2015 mid-term plan (Figure 13).

Figure 13: Operating cash flow allocation
We allocated roughly 50% of operating CF to capital expenditures as an investment for growth; shareholder returns tripled over the past four mid-term plans

(Billions of yen)	Mid-term plans								FY2013-FY2024 aggregate total			
	FY2013-FY2015		FY2016-FY2018		FY2019-FY2021		FY2022-FY2024				Excluding Joy Global acquisition	
	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount
Investments/ sales	(51%)	(497.9)	(115%)	(698.2)	(52%)	(497.6)	(50%)	(584.6)	(62%)	(2,278.3)	(53%)	(1,962.2)
Shareholder returns	(19%)	(190.6)	(35%)	(209.5)	(25%)	(234.4)	(45%)	(519.2)	(31%)	(1,153.6)	(31%)	(1,153.6)
Increase/decrease in debt, other	(30%)	(294.2)	50%	300.6	(23%)	(218.3)	(5%)	(54.6)	(7%)	(266.6)	(16%)	(582.7)
Operating cash flow allocation	(100%)	(982.7)	(100%)	(607.1)	(100%)	(950.3)	(100%)	(1,158.4)	(100%)	(3,698.5)	(100%)	(3,698.5)

We allocate operating cash flows to one of three uses in accordance with existing policy: (1) Capital investment (investment for growth), (2) Shareholder returns, and (3) Balance sheet improvement (preparation for future M&A) (Figure 14).

Figure 14: Basic cash allocation policy under SGP
Continuing to allocate roughly 50% of operating CF to capital investments as growth investments



Investments for growth are imperative to our ability to continue issuing consistent shareholder returns. For this reason, our basic approach is to allocate around 50% of operating cash flow to capital investments, while continuing to prepare for future M&A.

While maintaining a consolidated dividend payout ratio of 40% or higher to ensure shareholder returns, we also established new targets related to timely share buybacks in consideration of financial soundness, shareholders' equity ratio, and other factors.

The Board of Directors discusses share buybacks in detail to avoid unbalanced or unsustainable decisions,

establishing criteria when considering buybacks (Figure 15). In addition to the two mandatory criteria of credit rating and shareholders' equity ratio, we have added ROE, consolidated FCF, net cash position, dividend payout ratio, and PER as other criteria. In fiscal 2025, we have decided to implement a share buyback program with an upper limit of ¥100 billion, as well as fiscal 2024, after comprehensively considering factors such as fulfillment of the relevant criteria (Figure 16).

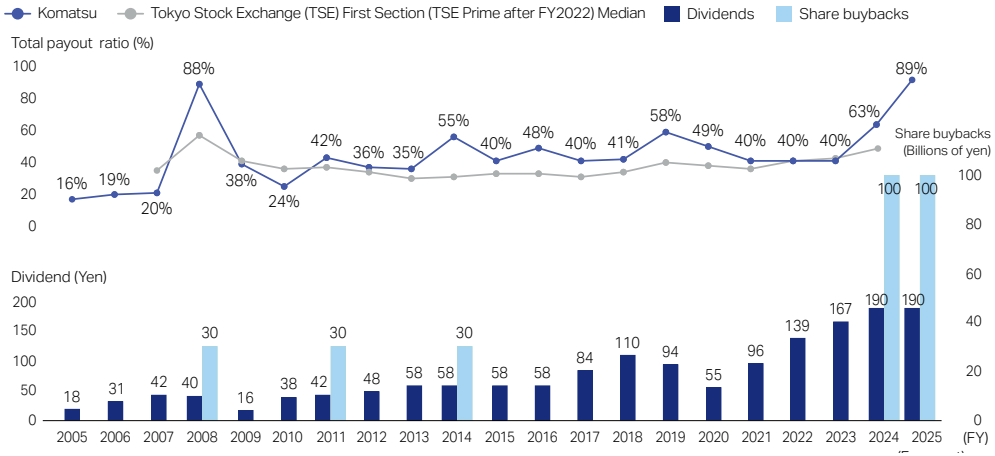
Figure 15: Criteria for share buybacks

Two mandatory criteria and five supplementary criteria

	Item	Criteria
Mandatory criteria	1) Financial soundness	Rating
	2) Availability of funds	Shareholders' equity ratio
Supplementary criteria	1) Efficiency	ROE
	2) Ability to generate source of funds (projection)	Consolidated FCF
	3) Ability to generate source of funds (current situation)	Net cash
	4) Dividends	Dividend payout ratio
	5) PER	Same as left

Figure 16: Dividends, share buybacks,and total payout ratio

Conducting ¥100 billion in share buybacks over the two consecutive years beginning 2024



We conduct a wide range of investor relations activities primarily in Japan, North America, and Europe, in line with the regional disposition of shareholders. Each year, top management holds direct dialogues with nearly 100 overseas institutional investors to explain Komatsu's current situation and growth strategy. Most recently, our activities have focused on the Middle East and Asia, and we continue to provide fair and timely disclosures to shareholders, investors, and other stakeholders in our efforts to enhance corporate value.

In addition, we removed the net D/E ratio from management targets, as we believe we have already established a stable financial base ensuring sufficient financial soundness.

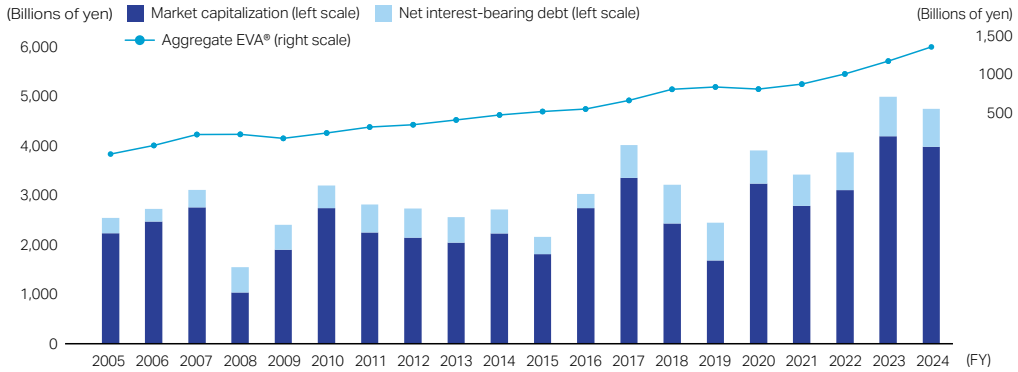
■ Verification of corporate value

1) Monitoring corporate value

Komatsu regularly examines the improvement of corporate value from two perspectives. The first is the increase in the total of market capitalization and net interest-bearing debt with a focus on invested capital. The second is the difference between ROIC and WACC focusing on aggregate EVA®. In both cases, we have seen significant improvements over the medium to long term (Figure 17).

Figure 17: Corporate value and EVA®

Corporate value increasing over the medium to long term



2) Quantifying non-financial impact

The trend toward quantitatively visualizing non-financial impacts continues to gain speed. Komatsu joined other companies in using impact-weighted accounts*, as encouraged by the International Foundation for Valuing Impacts (IFVI), to calculate the social impact of Autonomous Haulage System (AHS) on a global basis. AHS was a priority initiative under the previous mid-term plan. In calculating this figure, we also refer to the framework proposed by Harvard Business School, the predecessor to IFVI. We calculated the social impact generated by AHS in one year worldwide at approximately ¥360 billion, confirming that Komatsu's efforts have had a significant positive impact, including eliminating labor shortages and reducing the risk of accidents (Figure 18). In the next fiscal year and beyond, we plan to continue our efforts to select and calculate the impact of priority initiatives, as stated in SGP.

We have assigned the finance and accounting-related departments the role to drive solutions to social issues by visualizing non-financial impacts in this manner, linking solutions to the future enhancement of corporate value.

Figure 18: Example of AHS impact-weighted accounting logic

AHS generates approximately ¥360 billion in social impact per year worldwide

Impact type		Calculation details
Access	Affordability	Affordability of AHS compared to standard Komatsu products
Quality	Basic needs	Labor value offered to countries through AHS
	Effectiveness	Workers' compensation reduced through AHS accident risk reduction
		Labor losses avoided through AHS accident risk reduction
Environment	Use	CO_2 cost emitted using AHS
	Post-use	CO_2 cost emitted when disposing AHS
Total		¥360.0 billion

* Analyses conducted jointly with ABeam Consulting Ltd.
Impact-weighted accounts has evolved from the Harvard Business School's Impact-Weighted Accounts Initiative to the International Foundation for Valuing Impacts (IFVI).

Research and development strategy

Our Strategic Growth Plan shows the direction of our efforts to develop solutions that contribute to improving safety and productivity at customers' sites, along with our response to diverse power sources to become carbon neutral. In this section, we will introduce technological developments such as development reforms using AI, more advanced automation and remote operation, and models based on the SDV* concept.

* Abbreviation for Software Defined Vehicle. It refers to a vehicle that is defined and managed by software. SDV is characterized by the ability to flexibly update and change vehicle functions and performance by updating the software

■ Medium- to long-term R&D (research and development) policy

Komatsu is taking on the challenge of co-creating value through innovation with our customers as a collaborative partner committed to optimizing safe, productive, and clean workplaces, while passing on our founding DNA of a commitment to Quality and Reliability and manufacturing and technology innovation. The activities that form the core of this challenge are innovative manufacturing of products and solutions for carbon neutrality and on-site installation optimization for customers, and we are working on technological development to respond to diverse power sources and achieve more advanced automation and remote operation. These new technologies must be tailored to customer jobsites with their diverse power sources and communication infrastructures, and we are therefore conducting research and development in various regions of the world in partnership with our customers.

■ Global R&D structure

In order to efficiently research and develop construction and mining equipment and solutions that can be used at various sites around the world, we have established global research and development departments and are encouraging activities while expanding personnel exchanges and joint development. To create technologies that will be the starting point for innovation, Komatsu is also proactively cooperating and collaborating with universities all over the world, research institutes, and companies that have cutting-edge technologies in promising fields and striving to accelerate technological innovation achieved by merging core Komatsu technologies with external insight (Open innovation). To protect the technologies we have created in this way and to turn them into competitive products, services, and solutions, we apply for and obtain patents on a global basis.

The speed of technological development in the wake of DX and AI advancements is remarkable, and the competitive environment surrounding Komatsu is becoming increasingly severe. As differentiation from technology becomes increasingly important, research and development departments bear tremendous responsibility, and in order to accelerate technological innovation, we must also evolve the way we conduct our own research and development. For example, we believe that the evolution of AI can revolutionize not only the products themselves, but also the way all work is done. Since the advent of ChatGPT, generative AI has evolved rapidly and is said to have exceeded the average person's IQ by the end of 2024, and is expected to eventually become part of social infrastructure, similar to electricity, water, and the Internet. In Komatsu's research and development, AI will be used to stimulate rapid development, support for automation, remote operation, and electrification, and encouraging utilization of digital technologies.

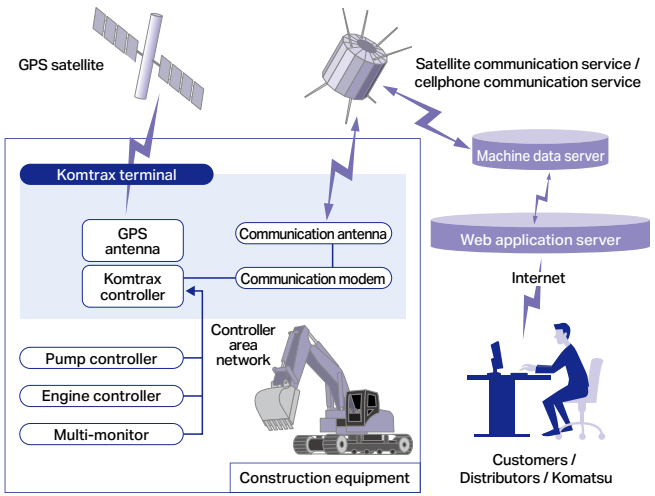
■ Development reforms using AI

In order to use generative AI to create products, services, and solutions, we are first promoting its use to improve the efficiency of business processes. We have established a global usage policy for the appropriate internal use of generative AI, and are building an IT infrastructure to stimulate information sharing and collaboration on use cases at each overseas subsidiary, including compliance with laws and regulations in each country and region. This activity is conducted under the purview of the Office of CTO and led by the CTO. A global working team has been formed in cooperation with overseas subsidiaries to train human resources, build a development infrastructure, strengthen development capabilities, and promote the use of generative AI on a global scale.

Another example of its use in the value chain is through Komtrax units equipped on new generations of hydraulic excavators and wheel loaders introduced to the market in 2024, allowing for more detailed data on the components and how they are used. The data obtained from Komtrax is not only used to improve the quality of our products, but is also used in the service operations of our distributors to ensure that our customers' machines are in optimal condition. The Development Division and the Solution Division, which supports the business reform of dealers, are collaborating to develop applications such as component service life prediction, abnormality and failure detection, and optimal overhaul timing detection. AI is being applied to this kind of predictive maintenance.

The generative AI global working team in action

How Komtrax works



Automation and remote operation in mining equipment

At mine sites, which require continuous operation for long hours in harsh environments such as high altitude and low temperature, improving safety, maximizing production, and reducing greenhouse gas (GHG) emissions are common issues for our customers. Aiming to contribute to sustainable mining operations, Komatsu is working to develop technologies for product automation, remote operation, and decarbonization, as well as developing solutions for optimal fleet management at mine sites.

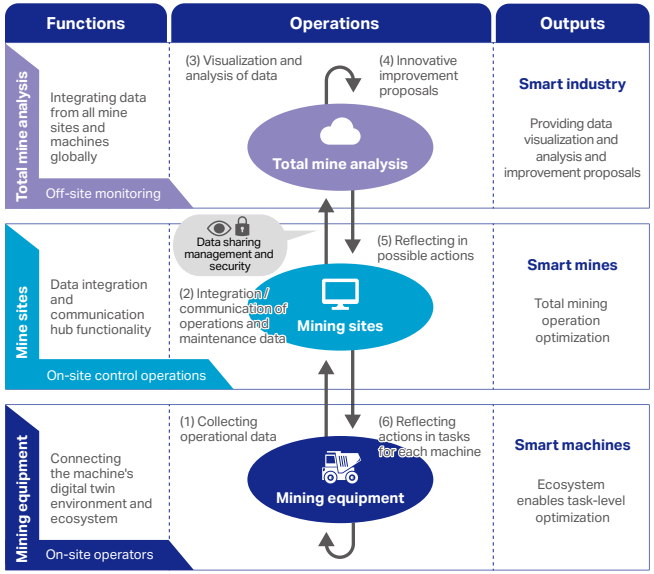
In product development, Komatsu aims to improve productivity and efficiency of mining equipment, including through automation, remote operation, and unattended operation; we are also developing various power sources, such as electrification, fuel cells, and hydrogen utilization, as well as compatibility with ethanol-blended fuel by utilizing existing internal combustion engines, or developing machines with energy regeneration technology from internal combustion engines to reduce GHG emissions. In solution development, we are progressively working to optimize overall mining operations through system integration of equipment and infrastructure in the mine. This enables businesses to visualize operations, assist operators, optimize and automate each process, reduce waiting time between processes, and so on.

In the area of automation technology, Komatsu pioneered the commercial introduction of Autonomous Haulage System (AHS) for mining in 2008. Currently, 896 such units have been introduced at 25 mines in five countries (as of June 30, 2025). When compared to manually operated dump trucks, AHS provides significantly higher safety, improved productivity, and reduced rapid acceleration through efficient in-pit operation with optimal driving control, contributing to GHG reductions. In the area of remote operation technology, we have also partnered with Anglo American to introduce large ICT bulldozers with remote operation specifications at the Minas-Rio iron mine in southeastern Brazil starting in 2023. This has enabled remote operation on dangerous mine stockpile slopes in a safe and comfortable environment. Furthermore, the machine is equipped with Komatsu's proprietary automatic blade control technology integrated with the ProVision machine guidance system, enabling operation from a remote location and easy operation even for inexperienced operators.

Based on DISPATCH, its industry-leading fleet management system (FMS), Komatsu announced a Modular Ecosystem in 2024 that enables data analysis for vehicle management, mine site operations management, and even the entire mining operations of its customers. This is a comprehensive framework for providing mining solutions, consisting of three layers of data analysis across equipment, mine sites and mining operations (see figure). This ecosystem uses an open architecture design, enabling connection to all mine site operations, including data not only from Komatsu products but also from third-party vendors and other manufacturers' equipment to leverage big data on equipment status and operating conditions to support more efficient decision making. This allows us to offer unparalleled value to the mining industry.

In addition, in September 2024, Komatsu acquired Octodots Analytics, a company that provides technology to optimize and streamline mining processes. Octodots leverages AI to analyze and optimize complex decisions made by skilled FMS operators on the system in real time. Through integration with Komatsu's DISPATCH, it will maximize the capabilities of existing solutions.

Modular Ecosystem



Automation and remote operation in construction equipment

In construction equipment, we are also promoting research and development of automation and remote operation. In the area of automation, in December 2024, we launched the PC200i-12 hydraulic excavator in Japan, equipped with standard 3D machine control. This machine is equipped with a 3D machine guidance function as standard, which enables accurate understanding of machine and work equipment positions relative to the drawing by importing 3D design data into the construction equipment and using global navigation satellite systems (GNSS). Switching to 3D machine control is also possible, which supports automatic stopping of the work equipment and automatic operation according to the drawing. This allows construction according to the drawings regardless of the operator's skill level. In addition, some of the Smart Construction construction management applications are included as standard, making it even easier for customers to support ICT construction. This features the industry's first auto-swing function and a 3D boundary control function, which detects potential collision zones and automatically stops the machine.

P.24 Special feature 1 Project story (New-generation hydraulic excavators)

P.56 Enhancement of product safety

In the area of remote operation, we have finished the development of remote operation, models of a hydraulic excavator equipped with semi-automatic control functions for work equipment and a bulldozer with automatic blade control functions, and research and development toward unattended construction is underway. In 2024, Komatsu launched sales of Smart Construction Teleoperation, a remote operation, system for construction equipment jointly developed with EARTHBRAIN Ltd. The system can switch between multiple construction machines from a single cockpit, helping to resolve issues faced by customers who are faced with improving safety and productivity in addition to labor shortage. A mobility office that incorporates this system's functions, has also been launched. It has enhanced maneuverability and offers promising use cases in disaster recovery and other areas.

HIROSE CO., LTD.'s system-compatible hydraulic excavator (left) and the Smart Construction Teleoperation cockpit provided to the company (right)

Intellectual property activities and promotion structure

Komatsu's Intellectual Property Department is responsible for filing patent and design applications to protect the technologies created by research and development departments and to keep products, services and solutions competitive, as well as filing trademarks to build and protect brands. Intellectual Property Division staff are assigned to business locations with R&D departments to ensure that technologies and ideas of the R&D departments are properly secured as intellectual property rights. Through this system, we are working to keep an eye on the budding seeds of innovation through collaboration from the planning stage of R&D and by broadly and closely monitoring the progress of domestic and international industry-government-academia collaborations.

Meanwhile, we are also actively communicating with related departments regarding intellectual property, such as trademarks, that are created in close proximity to business units, such as branding, to ensure that we can cultivate our global business advantageously.

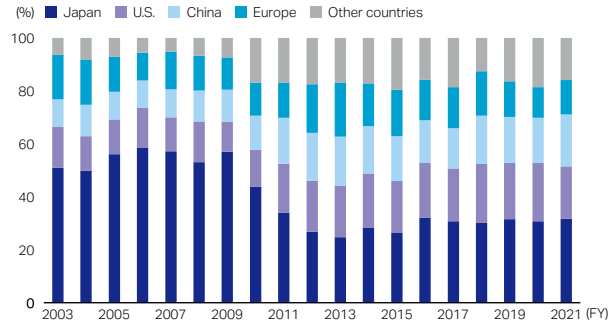
Acquiring global patent rights

Through intellectual property activities tailored to R&D departments, we can identify key technologies being worked on from a medium- to long-term perspective and file patent applications for inventions quickly and robustly. As a result of these activities, Komatsu has a high implementation rate of over 60% of our acquired patent rights*.

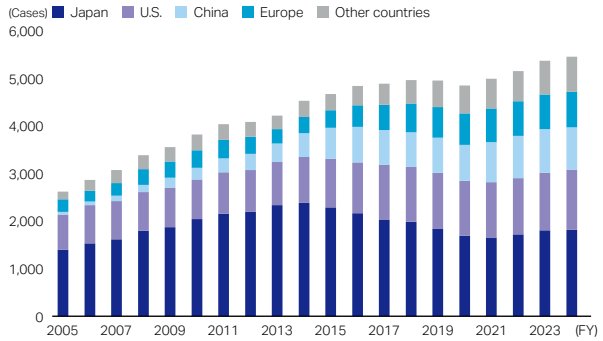
In addition, in order to support global production and sales, we have been working to optimize the portfolio of countries in which we hold patent rights. In particular, since fiscal 2010, we have been promoting activities aimed at generally obtaining rights in Japan, the U.S., China, and Europe (mainly Germany) for technologies related to construction equipment. Although we have traditionally focused on applications filed in Japan, we have endeavored to achieve an equal application ratio in the aforementioned countries and regions. We also review our holdings of registered rights as necessary, and as of the end of fiscal 2024, we have built a globally balanced portfolio of patent rights in those countries and regions.

* According to Japan Patent Office research, the utilization ratio of patent rights in Japan is around 50%.

Share of applications by country



Patents held by country

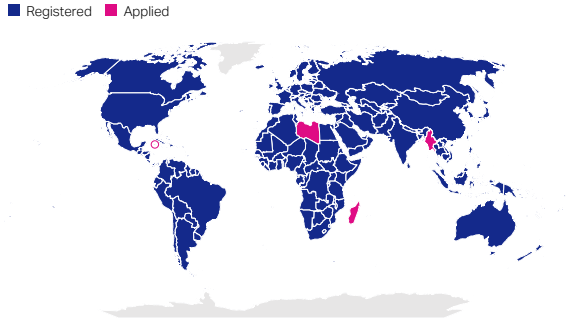


Branding and anti-counterfeiting

We work to obtain trademark rights at the corporate level for branding. Regarding trademark rights for product and technology names, Komatsu acquires rights to names deemed to enhance the attractiveness of Komatsu. The Komatsu logo has already been granted rights in countries with stable trademark laws in the classification of crawler-type construction machinery. For the new visual identity established in 2024, we have already obtained trademark registrations in several countries, although in some countries the trademark rights cannot be obtained due to legal requirements.

In addition, counterfeit Komatsu parts have been seen on some e-commerce sites, but we are working with Marketing Division to handle these appropriately so as not to damage the Company's brand image.

Komatsu logo application/registration status



Our new visual identity

Web About the new visual identity

External recognition

Komatsu has been named a Top 100 Global Innovator 2025 by Clarivate, one of the world's leading information services providers (for the 11th consecutive year, 2015-2025). Since 2012, Clarivate has selected the world's top 100 innovation leaders from among more than one million companies evaluated worldwide, taking into account factors such as patent impact (degree of influence on the ideas of others) and the level of geographic investment in the invention.

Previous Top 100 Global Innovator plaques from Clarivate

Special feature 2 Priority initiatives in the Strategic Growth Plan

Komatsu's vision of the future of manufacturing:

Production DX strategy

Komatsu has stayed true to our founding principles by overcoming challenges and creating value through manufacturing and technology innovation. Advancing digital technology is driving major changes in manufacturing around the world. In our new Strategic Growth Plan, we improve the efficiency of our systems and processes by using AI and DX. Under this plan, we build a global production system that can adapt to environmental changes. This special feature introduces DX initiatives underway at production sites.

Senior Executive Officer
President, Production Division
Responsible for Logistics
Korekiyo Yanagisawa

Komatsu's production strategy and manufacturing strengths

The Komatsu Way outlines the seven ways for creating value as specific guidelines to help Komatsu Group employees strengthen their on-site skills and create new value through technological innovation. Manufacturing is Komatsu's foundation. We have built a competitive production system by continually improving our operations. I believe Komatsu has four main strengths in production. The first is developing and producing key components in-house. By developing and producing the key components that determine construction and mining equipment performance in-house, we achieve product differentiation and ensure the same quality of products worldwide. Next is the mother plant structure, where nine of the 62 global plants for construction, mining and utility equipment serve as mother plants that integrate both development and production. The mother plant optimizes QDC (quality, delivery, and cost) for its products and provides support and guidance to overseas plants that produce the same models. The third is a cross-sourcing system. The construction machinery industry is easily affected by economic fluctuations, and it is extremely important to respond to sudden increases and decreases in demand. To manage this, we have built a flexible supply system where plants making the same model can support each other. We procure parts from suppliers in multiple regions to stay prepared for natural disasters and geopolitical risks. The fourth strength is our strong relationships with suppliers. Komatsu works closely with Midori-kai, an important group of suppliers, to build strong partnerships by cooperating on safety, quality, productivity, and human resources development.

DX of production for our next generation manufacturing

Komatsu uses AI and DX to connect data across the entire value chain, from market to development and production, to create new value. We manage data on the usage and repair history of each unit of construction and mining equipment on the market and feed that information back into development and production. This approach helps us improve product quality through a PDCA cycle and provide products and services that meet customer needs.

Under this policy, the Production Division works to build a cost-efficient plant that stays operational and adapts well to environmental changes. We are building a stable supply chain by using AI to create optimal production plans, such as making autonomous decisions to switch production lines or arranging alternative parts during disasters or geopolitical risks. In addition to automating processes, we are steadily improving productivity by using digital tools such as KOM-MICS to connect the entire supply chain with data, visualize processes, and make parts supply just in time. These initiatives aim to create an environment where people can focus on more creative and value-added work.

Speed up data collaboration and centralized management through strategic investments

The key to achieving these goals is connecting and using data effectively. KOM-MICS builds an environment where teams can use data more effectively by bringing together data that was previously scattered across different sites and departments. At the Osaka Plant, which is currently the focus of investment and serves as a DX pilot site, we test autonomous production planning and automated logistics in a plant area. We plan to accumlate such expertise and transfer it to global bases.

At the same time, we take steps to prepare for risks such as cyber-attacks. In addition to the CSIRT (Computer Security Incident Response Team), we established an FSIRT (Factory Security Incident Response Team) to strengthen information security monitoring and incident response at the plant level.

We manage and implement the allocation of people and funds needed to carry out the DX strategy on a global scale. We set up a dedicated cross-functional team among our plants and accelerate DX research by incorporating external knowledge.

Since the short-term effects of DX-related investments are sometimes difficult to measure, we implement them carefully as part of a strategic investment framework. Through these initiatives, Komatsu moves toward our vision of the ideal plant steadily and quickly.

Special feature 2 Priority initiatives in the Strategic Growth Plan: Production DX strategy

Osaka Plant DX project

Achieving unmatched productivity and competitiveness at a next-generation DX plant

The Komatsu Osaka Plant (Hirakata City, Osaka Prefecture), serves as the mother plant for large bulldozers, medium and large-sized hydraulic excavators, and environmental recycling machines. The plant is also one of the main production sites for gearboxes, which are a key component. After more than 70 years of operation, a project began in fiscal 2023 to reorganize the production line for medium-sized hydraulic excavators. This project will address recent social issues like carbon neutrality and labor shortages. Construction completion and operations will begin in stages starting in fiscal 2026.

This project will become a next-generation DX plant focused on achieving unmatched productivity and competitiveness. Previously, plants managed 4M data (man, machine, material, and method) separately for each process and did not fully use it. Currently, KOM-MICS, a common platform developed by Komatsu, collects and organizes data in real time and manages it centrally in the plant cockpit. With this, the new line will achieve the following results.

1) 1.5 times increase in productivity
We will use the collected data to automate the transportation of parts and finished products with AGVs (Automated Guided Vehicles) and boost productivity by 1.5 times.

2) Improving efficiency in administrative operations
We use digital tools to automate indirect tasks like inventory planning and progress management, which were previously done manually. This aims to cut administrative work by 30% and reassign people to more strategic roles.

3) Production line's digital twin
We are also working to create a digital twin of the production line by connecting the collected data with 3D models. This initiative allows us to visualize how each process is progressing. Up to now, we tracked process progress using numbers and graphs, which only skilled workers could interpret to identify stuck parts or process delays. By using 3D models, anyone can understand the situation intuitively, allowing us to detect and respond to issues earlier.

By collecting plant operating data in real time, we can speed up the PDCA cycle and make improvements in areas such as cost reduction and process and inventory planning.

We not only improve the efficiency of current operations, but also run proof-of-concept experiments to explore more advanced uses of AI. For example, in pre-shipment inspections for emission regulations, AI identifies decals on the machine and automatically checks them against the machine's information on a serial number basis.

In the new plant building, we also work to create a zero-environmental-impact plant by using renewable energy and introducing new production technologies.

[Project team initiatives]

Although this project is led by the Osaka Plant, manufacturing engineering staff from other plants are also involved. The staff are working together to research and introduce DX technology by sharing their knowledge and expertise. On the component assembly line, where DX technology is being tested, we have already seen some results. These results include automated transport using AGVs and more efficient indirect works. We will continue making improvements and aim to roll out established technologies globally.

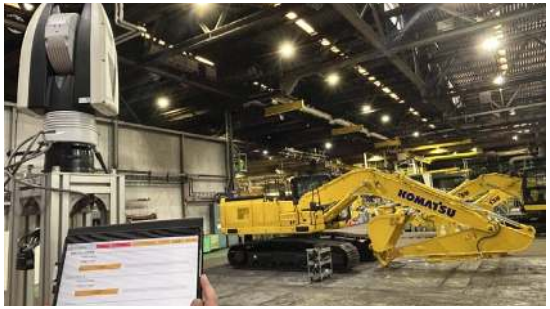
The project plans to complete construction of the sheet metal welding and painting line for medium-sized hydraulic excavators in fiscal 2026 and the assembly line in fiscal 2029. The assembly line is expected to expand its SDV lineup in the future, as represented by the PC200i-12 launched in the Japanese market in December 2024. On the production side, the number of controllers and software-related tasks will increase significantly. To respond to this, we are considering measures such as improving the efficiency of calibration work to adjust the motion accuracy of the machine, which was previously done off the line. We will continue to explore building optimal production lines with the evolution of construction equipment.

The Osaka Plant, implementing a pilot project for production DX reform, aims to become a cost-efficient plant that adapts to workload fluctuations. By utilizing advanced DX and AI technologies, the plant drives innovative changes to enhance productivity and flexibility. From here, we will further boost the manufacturing competitiveness of the entire Komatsu Group and help create more customer value.

Centralized data management via plant cockpit

Automated transport by AGV

AI recognizes images of emission control decals and automatically inspects them


Calibration work in progress

Special feature 2 Priority initiatives in the Strategic Growth Plan: Production DX strategy

Example of overseas plant (Bangkok Komatsu Co., Ltd.)

Promoting the BKC DX activity to transform this plant with digital technology

Bangkok Komatsu (BKC) produces and exports medium-sized hydraulic excavators to Asia, Oceania, and North America, serving as a cross-source base beyond the domestic Thai market. Since 2020, we have increased the number of production models. However, assembling machines that differ significantly in size and structure on the same line has lowered production efficiency. In addition, as price competition with other companies intensified, we saw an urgent need to improve costs by enhancing productivity across the entire plant. This led us to launch the BKC DX activity. This activity drives plant-wide innovation through digital technology by leveraging the strength of our in-house programmers. We created a DX human resource development roadmap in 2022 and began training key DX personnel in each workplace, along with programmers, to build a system that strongly promotes DX across the company.

To improve safety, which forms the foundation of productivity enhancement, we developed Mark white, a mobile app that lets employees instantly report hazardous areas and unsafe actions they notice in the plant. This app raised employee awareness of safety, and the number of registered risks is now over four times higher than before. The app has helped us detect and address risks earlier.

To improve productivity, we installed a new assembly line with AGV in 2023 instead of traditional conveyor system. This change improved productivity by 15% and made it easier to adapt to future changes in production models and volume.

Starting in 2024, we began using AMRs (Autonomous Mobile Robots) to automate the transfer of assembly parts between plant buildings, which was previously done by forklifts. We are working to share the production plan with the automatic warehouse, AMRs, and AGVs on the assembly line. This plan will allow autonomous delivery of parts based on production progress to further enhance productivity.

We manage procured parts in one system, covering everything about parts transportation from supplier to our warehouse receiving and shipping at the plant. This system allows us to track parts inventory in real time and enhance efficiency in management tasks like delivery scheduling and monitoring warehouse activity. Next, we use the centrally managed data to improve efficiency further by optimizing pickup timing and increasing loading efficiency.

BKC has worked closely with its mother plant, the Osaka Plant, to become a leading example of DX within the Komatsu Group. We will keep promoting activities that enhance efficiency and contribute to Komatsu's growth.

Exterior view of Bangkok Komatsu

AGVs operating on an assembly line

Unattended transport of parts using AMR

Examples of joint development by the suppliers and Komatsu (Automation of hammer forging line)

We automated the dangerous and labor-intensive hammering process

The hammer forging process shapes large, durable parts such as bucket teeth, gears, and engine shafts used in construction and mining equipment. Hammer forging is a traditional method dating back to the 1800s, where a red-hot block of steel is placed into a die and struck with several tons of force. In this process, a large hammer drops when the operator steps on a foot pedal. Because of the loud impact noise and the risk of the hot steel flying off, only skilled and physically strong workers have handled this task previously. However, a labor shortage put the transfer of skills at risk. To address this, Komatsu's Manufacturing Engineering Development Center partnered with the supplier, Hokuriku Kogyo Co., Ltd. in Niigata Prefecture, a forged parts manufacturer, to develop automation technology for the hammer forging process.

First, the team created a special control panel that replaced the traditional foot-operated hammer with an automated, numerically controlled system. The team also launched a production line where robots transport the molded products. During development, the team adjusted the striking force to prevent the workpieces from shifting or popping out of place when hit too hard. Furthermore, we have installed a function to detect misaligned workpieces and began operating that in February 2025.

In addition, Komiyama Co., Ltd. (Nagano Prefecture), another supplier that manufactures forged parts, provided data on hammer operations performed by skilled workers. Using that data, we developed a VR training simulator in collaboration with Waseda University. This enables hammer operators to be trained in a short period, instead of taking 5 to 10 years to become fully qualified.

Robotic Automation

Web Hammer forging process before automation (Hokuriku Kogyo HP)

Web Hammer forging process after automation

Sustainability

Sustainability management 50

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Addressing global environmental issues 58

A D85MS-15 anti-personnel landmine clearance machine operating in Cambodia

Sustainability management

Komatsu works to solve social issues under our Sustainability Policy by providing high-quality, high-efficiency products, services, and solutions that take the environment and safety into consideration. We will continue to pursue sustainability-focused management and aim for sustainable growth by creating a positive cycle of solving social issues and improving profitability through new customer value creation.

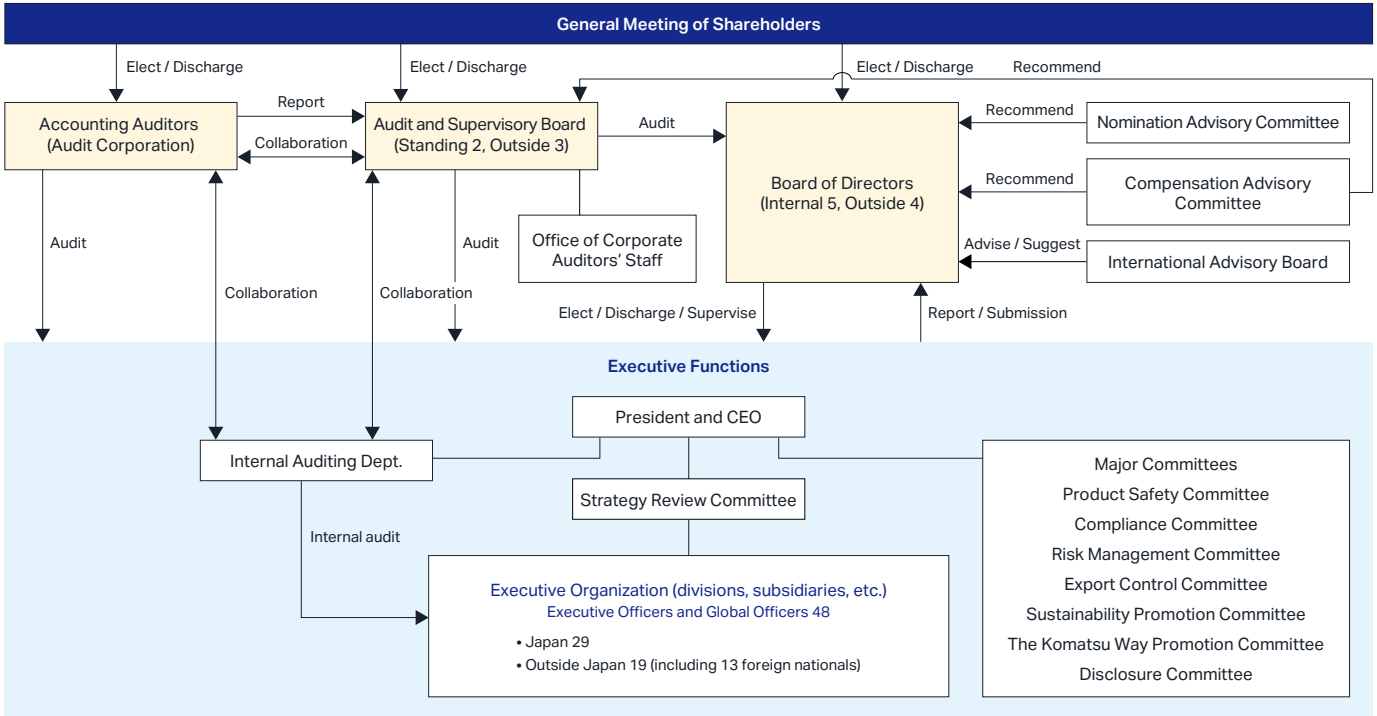
Structure for promoting sustainability

Based on our Sustainability Policy, we established committees chaired by the president or the director in charge, and composed of persons responsible for each business and function, to deliberate, decide on, and promote group-wide policies and measures in the areas such as human resources, occupational safety and health, compliance, human rights, and environment affairs. For example, the Komatsu Way Committee reviews personnel and educational measures, and the Sustainability Promotion Committee deliberates on measures related to the environment and human rights. In addition, the Strategy Review Committee deliberates on business strategies for carbon neutrality and decarbonization.

The deliberations by the above-mentioned committees and business strategies are regularly reported to and discussed by the Board of Directors.

The Strategic Growth Plan sets activity themes and key performance indicators (KPI) solving significant social issues based on our materiality. We disclose progress of these KPIs in our integrated report and link results to executive compensation, creating a structure that steadily advances sustainability.

Sustainability promotion structure (as of June 30, 2025)



Main sustainability agenda items in fiscal 2024

Committees	Month	Main agenda
Board of Directors	April	• Reports from the Sustainability Promotion Committee
	October	• Sustainability targets in the Strategic Growth Plan • Progress of HR department activities in the previous mid-term management plan/Targets for the Strategic Growth Plan • Human capital management initiatives
Strategy Review Committee	As needed	• Examination of business strategies related to climate change (R&D of low-carbon and electrified equipment etc.)
Executive Officer Meeting	January	• Management of progress related to management targets • Lectures on human capital by outside experts
Compliance Committee	September	• Status of compliance activities
	February	
Risk Management Committee	As needed	• Identification and organization of corporate risks
The Komatsu Way Promotion Committee	September	• Progress of HR department activities in the previous mid-term management plan • Challenges and solutions for global human resources
	January	• Progress of HR department activities in the previous mid-term management plan • Challenges and solutions for the HR department, primarily in Japan
Sustainability Promotion Committee	August	• Management targets in the Strategic Growth Plan • Human rights and environmental management actions
	January	• Progress of initiatives in the previous mid-term management plan • Sustainability disclosures
	March	• Progress of climate change-related initiatives in the previous mid-term management plan

P.6 Sustainability approach
P.35 KPIs for solving social issues

With people

Human capital

Komatsu believes that human resources are one of the most precious assets for creating new value. We invest continuously in human resources, believing that maximizing the abilities and individuality of our diverse talent leads to innovation and sustainable corporate value enhancement. At the same time, we endeavor to strengthen human capital management by developing measures that align more closely with management strategy.

Web Global HR policy (ESG Databook P.47)

Role of HR and management strategies

Based on our purpose, Komatsu believes that our social responsibility is to support the growth and improvement of our communities and society in general through our business activities. Our Sustainability Policy defines our corporate stance toward the realization of a sustainable society and business growth, and within this policy, our global HR policy is to realize an environment in which diverse human resources worldwide can contribute to business growth as a team. Under this policy, from the Company's perspective, the role to be played by the human resource function in realizing management strategies is clearly defined, and from the individual's perspective, the core of our long-term human resources strategy is a relationship in which companies and employees continue to grow together by matching the value and growth opportunities that each employee wishes to gain through his or her work experience at Komatsu. In order to adapt to the drastically changing business environment, Komatsu analyzes the Strategic Growth Plan, one of our management strategies, and the external environment surrounding Komatsu from a human resources perspective, and through repeated dialogue with management, formulates medium-term human resources strategies and human resources/HR development measures.

Role of our purpose

Structure for promotion

The Komatsu Way Promotion Committee, our human resources strategy committee chaired by the President, includes Executive Officers and Global Officers. The committee discusses future global human resources and HR development measures. We also hold a regular Global HR Meeting in which the HR General Managers from major group companies share and discuss issues and measures common across our global operations. Through these activities, we exchange opinions actively beyond regional boundaries, linking the outcomes to carrying out various policies.

Approach to human capital investment in the new Strategic Growth Plan

The title of our new Strategic Growth Plan, "Driving value with ambition," which began in fiscal 2025, expresses not only our will to boldly create new value and achieve Group-wide growth, but also our expectation that each and every employee of the Group will continue to take on challenges and proactively drive reforms with a mindset that is not bound by past successes or conventional wisdom. Based on this belief, one of the three pillars of our growth strategy, transform our business foundation, includes acquiring and enabling the success of talent needed to support business growth. Within this, creating workplaces where all individuals can shine as their authentic selves, wherever they are is a priority initiatives for our human resources and HR development divisions. As we expand our business globally, our goal is to create an environment in which all of our employees, including those who at our gemba (field offices and sites), as well as those who are active across national and regional borders, can maximize their abilities. To achieve this goal, we are developing and promoting various measures not only from the perspective of company management, but also from the viewpoint of employees. Specifically, in order to maximize a uniquely Komatsu employee experience through a uniquely Komatsu employee journey (career development), we are systematically deploying measures based on the following four elements: 1) joining an attractive workplace, 2) taking on a challenging and/or meaningful job, 3) having continuous personal growth and evolvement, and 4) receiving a rewarding compensation and recognition. As a mechanism to support these efforts, we conduct regular engagement surveys to gain a quantitative understanding of employee awareness and the workplace environment, and formulate and implement action plans according to the results for each region and division, continuously making improvements that reflect employee feedback. By improving engagement, we will maximize employee output and create a positive cycle of company and employee growth to further enhance corporate value.

Key activities based on our new Strategic Growth Plan

Enhancing corporate value and stakeholder confidence

▲

Positive cycle of employee and company growth through higher engagement

▲

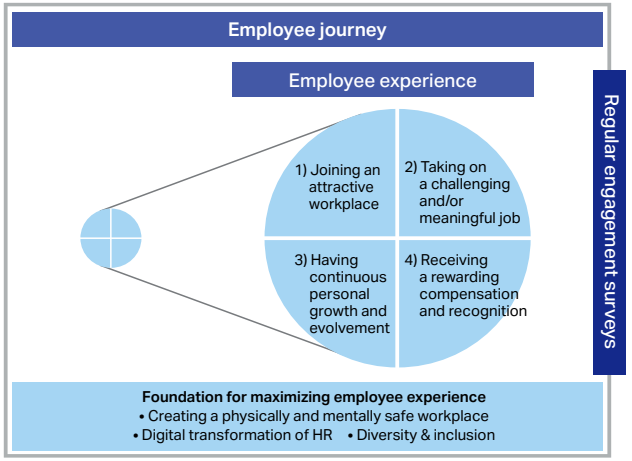
Management strategy: Strategic Growth Plan (human resources/HR development divisions)

Growth strategies	Transforming our business foundation: Acquire and enable the success of talent needed to support business growth
Priority initiatives	Create workplaces where all individuals can shine as their authentic selves, wherever they are

We will create an environment in which all of our employees, including those who work at our gemba (field offices and sites), as well as those who are active across national and regional borders, can maximize their abilities.

Key activities	Maximize the employee experience through the employee journey

We will promote human capital investment based on the elements 1) through 4) listed on the right to enhance the employee journey (career development) in line with the style of Komatsu and maximize a uniquely Komatsu employee experience.



Human resources strategy measures

(1) Talent acquisition and retention

In order to acquire the talent necessary for our business growth, we have created the Komatsu EVP* Playbook to verbalize and visualize the value we provide to our employees and share it globally, while developing talent acquisition and retention measures in each country and each company according to their own circumstances. We are also taking efforts to increase recognition of the Komatsu brand, including our partnership with the F1 Atlassian Williams Racing team and other measures to enhance our ability to attract and acquire employees in each country. In Japan, we are deploying recruitment methods adapted to diversifying values and enhancing onboarding measures, such as promoting understanding of our company and supporting networking, so that new employees can adapt and play an active role as soon as they join us.

*EVP (employee value proposition): Represents the values that our company provides to employees, including our mission and vision, corporate values and culture, human resources development system, career development environment, work environments, compensation and benefits, and more.

(2) Human resources development and utilization

1) Development of executive candidates

For the Komatsu Group, which conducts business worldwide, with overseas sales accounting for approximately 90% of total sales and approximately 70% of employees working outside of Japan, the development of global leaders is a key to growth. At overseas subsidiaries, local national talent often handle management as members of top management. Beyond this, some of these executives at major overseas subsidiaries are appointed as Global Officers, who are responsible not only for the region but also for part of the Group's consolidated management. In addition, we have appointed key management personnel from among our Global Officers to serve as Komatsu's Executive Officers. In addition, approximately 700 key positions in and outside of Japan are positioned as Global Key Positions (GKPs), and success plans are formulated and updated annually in accordance.

Global Management Seminar (GMS)

To promote the systematic development of the next generation of leaders on a global basis, we hold regular GMS sessions for management and management candidates. The purpose of the program is to deepen an understanding of global management strategies through discussions with management and among participants, and to develop global leaders who embody management rooted in the Komatsu Way. In sessions held in fiscal 2024, a new part for learning management theory through the case study method by an external business school lecturer was added to strengthen business perspectives, and opinions were exchanged on Komatsu's future vision. Through these measures, we promote the systematic development of the next generation of leaders on a global basis.

2) Development of human resources to foster innovation

For the development of digital talent, we have established an integrated education system, covering all elements from basic education for all Komatsu employees to selective practical programs, based on a defined ideal of our desired human resources to create through education. For example, we have created an e-learning program aimed at improving the digital transformation (DX) literacy of all employees in the Group, with the end goal of promoting DX and improving operational efficiency through the use of generative AI.

This program aims to deepen understanding of the company culture essential for DX promotion, learn the basics of generative AI, and link this to operational applications, and is being expanded to the entire Komatsu Group. In addition, we are continuing our efforts to develop human resources who learn and practice design thinking on a global basis by launching the selective Global Innovators' Program in fiscal 2023 and conducting follow-up sessions for participants in fiscal 2024.

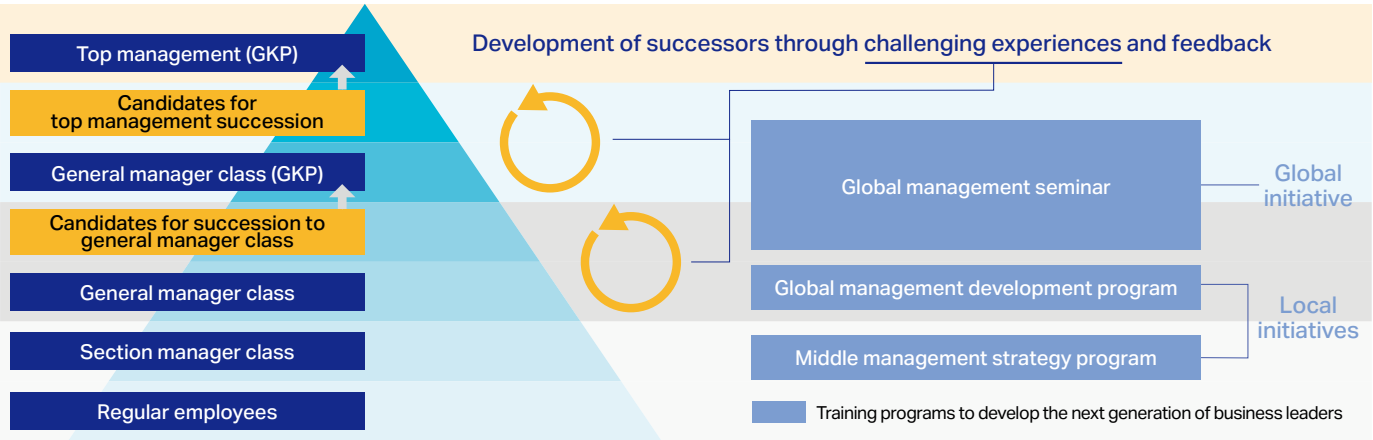
3) Global mobility

We promote global mobility (international personnel transfers) to assign the right talent to the right jobs in a borderless fashion. In fiscal 2024, a new training program, the Global Mining Talent Program, was launched to develop the next generation of talent in the mining equipment business.

The program provides opportunities for cross-border on-the-job training for the future leaders of each region. In the first program, three participants from Chile, the U.S., and Australia were sent to Japan, and two from Chile were sent to Australia to gain practical experience at their respective sites. These efforts will contribute to the further promotion of global mobility in the mining equipment business and are positioned as important activities to develop global talent and strengthen the competitiveness of the overall business.

Global Mining Talent Program participants

Integrating succession planning with human resource development



(3) Infrastructure supporting global HR initiatives

1) Promotion of HR digital transformation (DX)

We are promoting the automation, computerization, and visualization of talent management operations (via HR DX) to not only improve productivity, but also to enhance the employee experience. In order to promote the visualization of human resources information worldwide and to promote human capital investment using this data, we have introduced Global K-HRIS as our globally-shared system. In Japan, we have introduced K-Mobile, which can be viewed from personal devices, to provide employees with quick access to necessary information. We will continue to develop infrastructure for promoting various measures while utilizing HR technology.

2) Promotion of Diversity and Inclusion (D&I)

Komatsu regards D&I as the driver of innovation. We create workplaces with high psychological safety where diverse human resources engage in lively and constructive discussions respecting each other's individuality and talents. We believe making these efforts will enhance the improvement of employee engagement and the transformation of corporate culture, which in turn leads to the creation of innovation and growth of the overall company. With this understanding, we endeavor to create an environment in which diverse human resources, including global talent, different genders, LGBTQ, people with disabilities, and seniors, can play active roles. In addition, we are conducting a variety of measures such as the enrichment of our human resources systems and a systematic approach to human resource development and training.

We also engage actively in activities to promote employee awareness of D&I. Since fiscal 2022, activities have included a message from top management and 17 PR videos, including best practices from around the company, available in 13 languages. In fiscal 2024, e-learning to derive the relationship between D&I and innovation via the Komatsu Way is being developed on a global basis to further expand understanding.

3) Global engagement survey

In order to enhance Komatsu's corporate value and the confidence of our stakeholders, it is essential to create a positive cycle with sustainable growth for both the company and the individual through enhanced employee engagement. Our first global engagement survey was conducted in fiscal 2021 to improve employee engagement. In the second survey conducted in fiscal 2023, many categories earned higher scores than in the previous survey, both for the Group as a whole and for Japan. However, we recognize that there is room for improvement in categories we emphasize, such as innovation and talent management. Therefore, we carried out activities to further enhance strengths and improve issues based on action plans formulated by country and function.

In June 2025, the third survey was conducted, and the global score for sustainable engagement as defined in the KPI was 81 (target: 85 or higher), while the Japanese score was 71 (target: 75 or higher). Going forward, we will conduct detailed analyses in each country and division, and formulate and implement action plans accordingly to further improve engagement.

Engagement survey overview

Respondents/ response method	Online anonymous survey of approximately 70,000 Komatsu and Group company employees (response rate: 81%)
Purpose	Visualizing strengths and issues from measured results of human capital investments to improve employee engagement, and developing and implementing action plans
Questions	60 questions related to employee engagement and the factors that influence engagement, including vision (values, management policies), strategy and competitive advantages (goals, policy initiatives), leadership, and well-being (company culture, work environment, satisfaction, happiness, purpose, motivation, and mental and physical health)

Action plan case study

Based on the results of the fiscal 2023 engagement survey, Komatsu Brasil International Ltda. has identified the issues of developing leadership skills to strengthen and promote teamwork, and of developing competitive compensation and benefit programs to attract and retain the talent. As measures to rectify these issues, we held regular leadership training sessions with Komatsu Group companies in Brazil, as well as revised the bonus system and introduced a pension system. We are also working to create opportunities for communication with employees by discussing measures we have carried out at company-wide and individual workplace meetings. Going forward, we will continue to develop activities aimed at further improving employee engagement by continuing the positive cycle enabled by engagement surveys of analyzing current conditions and improving issues.

A townhall meeting

Sustainable engagement score trend

Global

2021	2023	2025 (FY)
79	80	81

Japan

2021	2023	2025 (FY)
69	69	71

The Komatsu Way (4th edition)

The Komatsu Way is Komatsu's DNA. It sets forth what our predecessors have built: the company's strengths, the beliefs supporting the strengths, basic mindset and perspectives, and behavior to demonstrate those strengths, beliefs, and mindset into action. The Komatsu Way consists of three chapters—Management, Brand Management, and Seven ways for creating value —to provide guidelines for employees' actions.

Since its establishment in 2006, we have periodically revised The Komatsu Way in light of changes in the internal and external environment. The fourth edition, issued in January 2025, is the first revision in six years. This revision clarifies how The Komatsu Way relates to our purpose and values, established on Komatsu's 100th anniversary in 2021, and emphasizes the commitment of all employees to create new value from the customer's perspective.

We are continuously promoting The Komatsu Way to our diverse employees as a shared set of values. To ensure that our global employees understand The Komatsu Way, it is available in 13 languages. We have also created a short video in multiple languages to introduce The Komatsu Way to those who have recently joined the Komatsu Group.

The Komatsu Way, 4th edition

Safety and health policy and promotion structure

Komatsu makes decisions prioritizing the principles of Safety and Health, Law, Quality, Delivery, and Cost, clearly stating in our code of business conduct that safety and health take precedence over all other priorities, and has made these priorities known to employees. In addition, Komatsu has issued the Message concerning Occupational Safety and Health by the President and the Komatsu health declaration to ensure healthy and safe work environment and to maintain and promote the health of employees throughout the Komatsu Group. In the Strategic Growth Plan, we will aim to realize a safe and secure work environment by continuously reducing the frequency rate of lost work time accidents (per million hours) as a KPI.

The system for health and safety management is led by the President and the Executive Officer supervising safety and health, under which Komatsu Group offices, cooperating businesses (suppliers), and dealers work together to share information in a timely manner on a global basis. In the event of a particularly serious accident, the accident is immediately reported to management and other relevant departments, each cause is thoroughly analyzed, and measures to prevent recurrence are laterally deployed throughout the Group to ensure that similar accidents do not occur again.

Web Frequency rate of lost work time accidents (ESG Databook, P.82)

Support activities for safety patrols at a subsidiary, Komatsu Brasil International Ltda.

Health and safety initiatives

As part of our efforts to reduce the risk of occupational accidents and prevent them from occurring, we are taking actions to acquire certification based on the ISO 45001 standards for occupational health and safety management systems. We are also engaged in activities to improve health and safety at Group companies outside of Japan, including occupational health and safety audits conducted via a system that includes outside experts. We use feedback on audit results in striving to continuously improve health and safety.

Health management initiatives

In Japan, under the mid-term health management plan, we are working to improve health literacy among employees so that they themselves gather information and engage in practices to lead healthier lives. Under the Komatsu health declaration, we also provide information that helps employees improve their health and hold various events, including walking events, to improve their exercise habits. Furthermore, we conduct an annual questionnaire to confirm the effectiveness of these initiatives and identify issues, which are then used to formulate new measures. In fiscal 2024, as part of the mid-term health management plan, a health management study session was held for the first time for suppliers. By maintaining this support activity for our cooperating businesses, we will work together toward better health. We are also taking actions for overseas group companies, including information sharing to provide health-related support for the improvement of well-being.

An employee health seminar at a subsidiary, PT Komatsu Undercarriage Indonesia

With people

Business and human rights

In September 2019, Komatsu established our human rights policy (revised in September 2023), declaring our endeavors to conduct business with respect for human rights in accordance with international standards, including the United Nations Guiding Principles on Business and Human Rights, throughout our global organizations. This policy applies to all Group business activities, and Komatsu encourages our business partners, including suppliers and distributors, to engage in their respective business activities based on this policy.

Human rights due diligence

To fulfill our corporate social responsibility, Komatsu establishes and operates a human rights due diligence process to identify and assess risks that may arise from our business activities. Through this process, we will also take appropriate corrective measures should concerns arise regarding negative impacts on human rights.

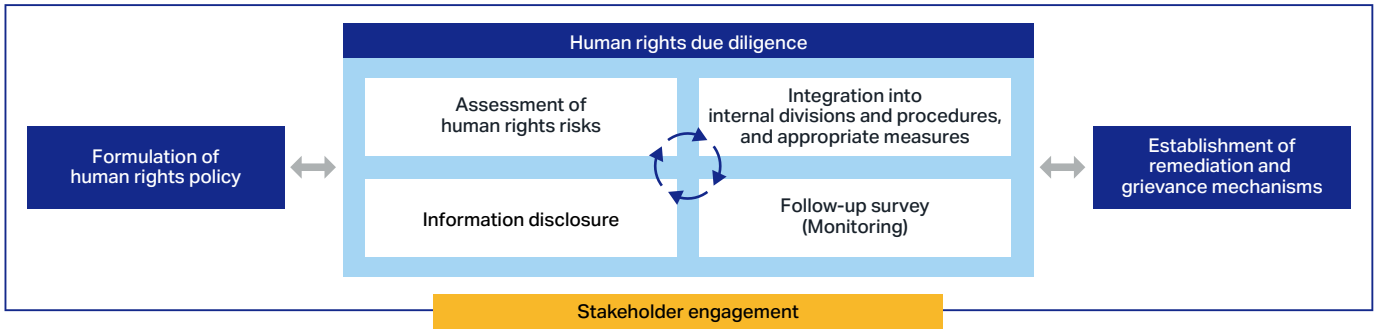
Web Business and human rights initiatives (ESG Databook, P.85)

Stakeholder engagement

Komatsu is committed to stakeholder engagement as part of our human rights and environmental due diligence process, which includes assessing negative impacts, setting priorities, and developing preventive plans. We maintain close communication with our distributors on sustainability issues. In September 2024, we held a dialogue with a distributor serving the West Africa region and other countries. The discussion helped build a shared understanding of key issues and values, deepening mutual trust.

Dialogue with a distributor serving the West Africa region and other countries

Human rights due diligence process



Major human rights initiatives

2014	• Conducted assessments with the assistance of external specialist Business for Social Responsibility (BSR) to evaluate human rights risks pertaining to the construction and mining equipment business, as well as the forestry machinery business, both of which we develop on a global scale.
2017	• Conducted the second human rights risk assessment with the assistance of BSR. Carried out assessments in reference to the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights.
2019	• Established human rights policy.
2020	• Conducted a systematic human rights risk assessment on a global scale with support from external specialist CSR Europe targeting our downstream operations (machinery and spare parts sales) of the construction and mining equipment business, as well as the forestry machinery business. • Assessed relevant risks pertaining to discrimination based on race, ethnicity, or country of origin; forced labor; freedom of association; and fair work conditions, in light of the characteristics of our businesses. Identified potential issues and priorities by business and by region.
2021	• Prioritized the human rights issues facing Komatsu, and approved plans to administer written questionnaires to Komatsu Group companies and suppliers, and perform an on-site impact assessment of downstream operations.
2022	• Conducted a human rights web survey targeting the Komatsu Group and major suppliers. • Performed an on-site impact assessment of downstream businesses in South Africa.
2023	• Revised human rights policy to incorporate our purpose and Sustainability Policy. Explicitly stated the prohibition of forced labor and child labor, and the rights to collective bargaining and freedom of association, which were previously only stipulated in a list. • Conducted basic training on business and human rights for all Group employees, as well as supplier human rights training for procurement staff within the Group. • Held open discussions with Komatsu headquarters marketing representatives in charge of each region. • Visited suppliers in Japan and exchanged opinions on the status of their initiatives and the new draft of the human rights guidelines.
2024	• Continued basic training on business and human rights for all Group employees, as well as supplier human rights training for procurement staff within the Group. • Developed drafts of guidelines that cover both human rights and the environement. • Joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which provides a platform for redressing grievances.

With business

Enhancement of product safety

It is our primary responsibility to provide safe and reliable products that customers can use with confidence. Through our commitment to Quality and Reliability in the Komatsu Way, we aim to create value that improves the safety of customer jobsites with a combination of solutions to optimize operational processes and products that are compatible with these solutions.

Web Enhancing safety through products and solutions (ESG Databook P.95)

Enhancing safety through products and solutions

The Strategic Growth Plan refines our vision of becoming a collaborative partner committed to optimizing safe, productive, and clean jobsites. In particular, one of our key social issues is improving safety at customer jobsites where Komatsu equipment operates. To this end, we position the planning, development, and implementation of safety devices as one of our KPIs for solving social issues, and continue our active efforts to develop products and solutions that enhance safety.

(1) Evolution of collision mitigation system

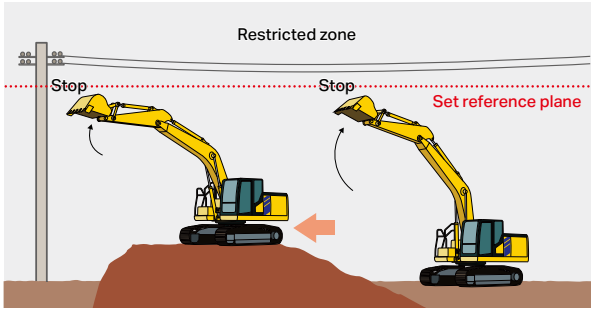
Komatsu developed KomVision, a system that combines machine-mounted cameras with an operational system to detect and warn operators when people approach equipment in operation. We began installing KomVision in hydraulic excavators in 2019.

The PC200i-12 hydraulic excavator, launched in December 2024, features an enhanced version of KomVision. This version introduces a people and object detection mode that senses not only people but also forklifts, vehicles, and other objects. We also equipped the PC200i-12 with a quasi-millimeter-wave radar, which improves detection accuracy significantly.

KomVision warns the operator by displaying nearby people or objects on the in-cab monitor during travel or swing operations. The system also controls the machine to stop movement during low-speed travel when detection occurs. These functions prevent on-site machine collisions with people or objects.

(2) 3D boundary control

The PC200i-12 hydraulic excavator features a newly equipped 3D boundary control that creates a virtual operating boundary around the machine. This feature causes the machine to stop automatically when the body or attachment approaches the restricted zone during operation. The system also reads elevation data, relieving operators of the need to reset the boundary when working on embankments or uneven ground. The feature in turn helps avoid damage to overhead power lines, residential walls, and underground piping, while also eliminating the need for on-site safety lookouts. As a result, overall safety at the jobsite improves.



The system automatically adjusts the restricted range based on height detection.

P.24 Special feature 1: Project story (New-generation hydraulic excavators)

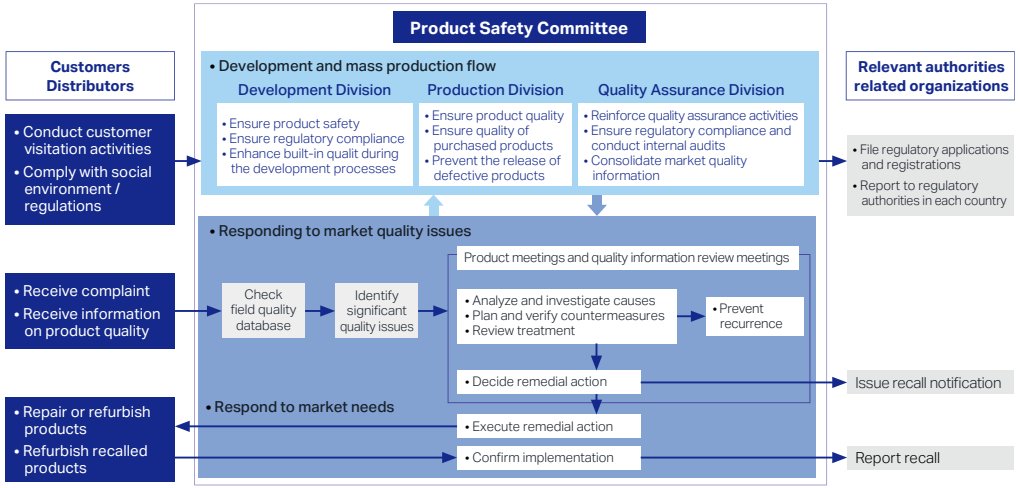
Quality assurance system

All Komatsu divisions, from product planning to development, production, sales, and services, work together as one team to create safe and creative products. We conduct review and evaluation meetings at each step of development and production, ranging from product planning to the mass-production stage. Through such processes, we evaluate conformity with required quality standards and design new products to achieve specific goals. In this way, our quality assurance activities ensure conformance with Komatsu brand quality levels. Furthermore, we comply with international standards and the laws and regulations of each country, and strive to provide eco-friendly products and services.

Information system for product safety

Komatsu places the highest priority on safety and security in quality assurance activities. We established a system to detect product safety problems promptly in the market and respond appropriately. We also established a system, mainly through the Product Safety Committee, and continue to improve to ensure employees and top management implement the following improvement measures and decisions properly: 1) analysis and treatment of the causes of accidents, 2) notification to authorities, and 3) recalling products in the market.

Information system for product safety

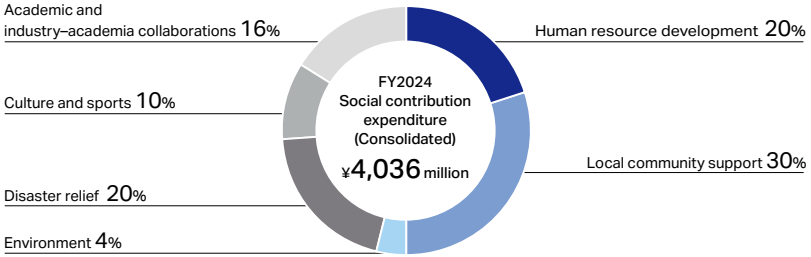


With business

Social contribution activities

Undertaking social contribution activities in the communities where we operate is one of our important corporate responsibilities. Based on our Sustainability Policy, we recognize that contributing to society through business activities is our corporate social responsibility. We leverage the characteristics of our business and seek to contribute to local communities.

Social contribution activities in fiscal 2024



Social contribution expenditure by type

Cash donations	Time donations	In-kind donations	Expenses	Total
¥1,551 million	¥1,055 million	¥1,284 million	¥146 million	¥4,036 million

■ Anti-personnel landmine clearance and community development activities

Komatsu has supported community development in areas afflicted by anti-personnel landmines since 2003. Our efforts range from demining to reconstruction, primarily through Official Development Assistance (ODA). Komatsu also developed demining machines by combining technical expertise and knowledge in manufacturing. Leveraging these machines and construction equipment, we launched activities in Cambodia in 2008 in partnership with the authorized NPO Japan Mine Action Service (JMAS). Our community reconstruction efforts focus on three categories: clearing anti-personnel landmines, developing agricultural fields and infrastructure, and constructing schools.

Children who attend a school built by Komatsu

Demining machine D85MS-15

Results of activities in Cambodia (Cumulative as of March 31, 2025)

Landmine clearance area	5,016ha
Road construction and maintenance	111km
Rice field leveling	203ha
Elementary schools built	10

■ Support for victims of the Noto Peninsula earthquake and torrential rain

As a company founded in Ishikawa prefecture, Komatsu donated relief funds immediately after the earthquake that struck the Noto Peninsula in Ishikawa Prefecture in January 2024, as well as the heavy rain damage that followed in the same region in September (¥500 million to Ishikawa Prefecture and ¥100 million to Toyama Prefecture). We also lent construction equipment, forklifts, and other equipment free of charge to municipalities and aid organizations for emergency rescue, recovery, and reconstruction activities, providing over ¥1.3 billion in total support as of March 2025.

Hydraulic excavator at work in the disaster-stricken area in Wajima City, Ishikawa Prefecture
* Image courtesy of V-Net/Japan Platform

■ Rehabilitation program for low-level criminal offenders in Chile in partnership with Cummins Inc. (U.S.)

Komatsu partners with Cummins Inc. (U.S.) to support a rehabilitation program for low-level criminal offenders in Chile operated by the Reinventarse Foundation. The program provides vocational training to young individuals on probation or under supervision to support their reintegration into society. In fiscal 2024, we expanded the scope of our activities and carried out 10 projects. More than 10 years have passed since we began offering support. Now, public institutions and private organizations in Chile recognize the Reinventarse Foundation's efforts, which have become a model for supporting the reintegration of young individuals with criminal records.

Reinventarse Foundation vocational training for social reintegration

With the planet

Addressing global environmental issues

Komatsu believes that natural capital is an essential element for creating a positive cycle of solving social issues and improving profitability through our growth strategies, and for achieving sustainable growth. In order to pass on a healthy planet, the only one we have, to the next generation, we consider environmental conservation activities as one of our top management priorities and work to protect the environment in all of our business activities.

Web Komatsu earth and environment policy (ESG Databook, P.152)
Web Komatsu declaration on biodiversity and guidelines (ESG Databook, P.184)
Web CSR procurement guidelines (ESG Databook, P.108)

Basic approach to global environmental issues

Komatsu established the Komatsu earth environment charter (currently known as the Komatsu earth and environment policy) in 1992, and has been rigorously engaged in environmental conservation activities as an issue of utmost priority in management, proactively addressing climate change and other environmental issues a step ahead of our peers. Furthermore, recognizing the impact of our business activities not only on climate change but also on ecosystems, we established the Komatsu declaration on biodiversity and Biodiversity Guideline in 2011. We have also been engaged in global activities to preserve biodiversity, such as taking biodiversity into consideration when using land for plant construction, developing one-site, one-theme activities that take into account ecosystems specific to each region, and contributing to restoration activities at former mine jobsites.

In addition, Komatsu has established the CSR procurement guidelines and Komatsu green procurement guidelines to promote global efforts to reduce environmental impacts in the supply chain.

Climate change initiatives (Disclosure based on TCFD recommendations)

In April 2019, Komatsu announced our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We advance climate change response measures through climate change risk and opportunity assessments and scenario analyses based on these recommendations, as well as through healthy dialogue with stakeholders.

At the 26th United Nations Climate Change Conference (COP26) held in the United Kingdom in November 2021, an agreement was reached to work toward limiting the average rise in global temperatures to 1.5°C above pre-industrial levels. Furthermore, at COP28, held in November and December of 2023 in the United Arab Emirates, it was agreed to accelerate emission reductions to achieve the 1.5°C target.

Komatsu previously conducted scenario analyses based on scenarios projecting average rises of 2°C or 4°C. However, in light of these global trends and following discussions by the sustainability promotion committee, discussions by the strategy review committee, and reports submitted to the board of directors, we decided that the Company would also perform analyses of a scenario projecting a rise of 1.5°C beginning in fiscal 2022. We disclose the results of these analyses annually.

Nature-related initiatives

In December 2022, the United Nations Biodiversity Conference of the Parties (COP15) to the UN Convention on Biological Diversity (CBD), held in Canada, adopted the goal of a nature-positive world by 2030 (halting and reversing biodiversity loss). Komatsu has newly designated being nature-positive as one of its priority initiatives in our new Strategic Growth Plan that started in April 2025, and is working to reduce the environmental impact of its products, services, solutions, and the entire value chain, as well as to strengthen its activities to conserve natural capital.

Examples of climate change and nature-related initiatives

<Converting waste heat from factory equipment into electricity>

In April 2025, KELK Ltd. began selling the KELGEN G-Unit KSGU400, a thermoelectric power generation unit that converts waste heat from factory equipment into electricity. This solution can effectively utilize a large amount of unused heat discharged during the operation of casting and forging processes and heat treatment furnaces as electric power, and has improved power generation output during waste heat recovery by 60% compared to conventional products, enabling output up to 400W*. It contributes to reaching carbon neutrality for customers in the steel and other industries. Taking advantage of its compact size at approximately 29 cm by 29 cm, the unit can be installed in small spaces, and the number of units installed can be adjusted according to the scope of the equipment's waste heat, making it flexible enough to be used for equipment where had previously been difficult to install a waste heat reuse system due to installation space or other reasons.

KELGEN G-Unit KSGU400

*Rated power output: Temperature conditions: Heat receiving plate 260°C; Coolant intake temperature 20°C, at flow rate of 10 L/min

<Komatsu Edupark, a facility for learning about environmental conservation, breaks ground in Nusantara, Indonesia>

Based on the concept of "creating value through manufacturing and technological innovation to realize a sustainable future", PT Komatsu Indonesia is constructing Komatsu Edupark, a facility that will address the importance of environmental conservation and the development of environmentally friendly technologies through various educational programs and hands-on activities.

It has three areas: the Education Zone, where visitors can learn about nursery and compost management; the Recreation Zone, where visitors can relax and enjoy nature (including a children's play area and a green open area); and the Environmental Conservation Zone, which will also be used for research and development on biodiversity conservation on Kalimantan Island. During the groundbreaking event in November 2024, Bornean ironwood and meranti trees were planted, both native to Kalimantan Island.

Rendering of the Komatsu edupark

With the planet: Addressing global environmental issues

■ Climate change initiatives

(1) Governance

The Komatsu Group recognizes climate change and nature-related initiatives as an important management issue, and targets for combating climate change and supporting nature have been incorporated into our business strategies and are discussed at respective committees. The roles and discussions of each committee are described in this report under sustainability management.

P.50 Sustainability management

(2) Strategies

1) Risk and opportunity identification

In identifying climate change-related risks and opportunities pertaining to the Komatsu Group's business, we referenced the risk and opportunity examples described in Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures to determine 16 risks and opportunities with the potential to impact the construction and mining equipment business. We then assessed the internal factors, which impact sales and earnings, and external factors, which are projected by the selected scenarios to group the identified risks and opportunities into the four major themes of changes in resource demand, transition to low-carbon products, manufacturing costs, and natural disasters.

Since our first TCFD disclosure in 2020, we have focused on these four themes and updated them annually. The themes we have disclosed based on our scenario analysis to date are as shown in the following chart.

2) Assumptions for scenario analysis

To gauge the potential impacts of climate change-related risks and opportunities on the the Komatsu Group's business, we performed scenario analyses of the aforementioned four major risk and opportunity themes. For these scenario analyses, we selected the 1.5°C scenario, the 2°C scenario, and the 4°C scenario based on the Fifth Assessment Report (Representative Concentration Pathways 2.6 and 8.5) and the Sixth Assessment Report (Shared Socioeconomic Pathways 5-8.5) of the Intergovernmental Panel on Climate Change, and the Sustainable Development Scenario, the Stated Policies Scenario[*1], and the Net Zero by 2050[*2] scenario of the International Energy Agency (IEA).

Web Historical scenario analysis (Komatsu Report 2024 P.55)

Identified risks and opportunities in climate change

16 risks and opportunities	Four major themes		Scenario analysis disclosures (FY)
• Coal demand fluctuations • Changes in reputation among customers and investors	Changes in resource demand	• Reduced coal demand • Increased resource demand related to electrification	• Hard rock business expansion (1.5°C) (2022)
• Environmental regulations • Trend toward electrification • Subsidiaries for renewable energy and energy conservation projects • Substitute fuel technologies • Next-generation technical services (new market)	Transition to low-carbon products	• More stringent fuel regulations • Progress in electrification and next-generation technologies	• Electrified construction and mining equipment (2°C) (2021) • Battery strategy for stable development of electric construction equipment (1.5°C) (2025)
• Carbon prices • Popularization of renewable energy technologies • Raw material prices • Energy prices • Recycling	Manufacturing costs	• Rising manufacturing costs due to higher carbon prices* * CO_2 taxation measures for reducing emissions	• Carbon tax of production sites (1.5°C/2°C) (2023) • Engagement in ICP[*3] (1.5°C) (2023)
• More frequent abnormal weather events • Increased precipitation amounts and fluctuating weather patterns • Higher average temperature • Rising sea levels	Natural disasters	• Increased precipitation amounts and flood risks due to abnormal weather • Higher demand in conjunction with national resilience plans	• Estimation of flood damage (1.5°C/2°C/4°C) (2024)

The risks and opportunities associated with changes in resource demand, the transition to low-carbon products, and manufacturing costs were the greatest under the 1.5°C and 2°C scenarios whereas the risks and opportunities associated with natural disasters were the greatest under the 4°C scenario. Below, we provide information on the risks and opportunities related to each of the four themes, as well as Komatsu's response to these risks and opportunities.

3) Risks, opportunities, and strategies, for each of the four themes

3)-1. Changes in resource demand

Risks	Opportunities
• Regulation of power generation from and use of fossil fuels • Massive reductions in coal production volumes • Reduced appetite for investment in coal mines • Reduced sales to coal-related customers by Komatsu	• Rapid transition from fossil fuel-powered equipment to electric equipment • Higher demand for copper and other resources necessary for electric equipment (motors, batteries, fuel cells, etc.) • Increased sales to copper and other relevant mining-related customers by Komatsu in conjunction with the trend toward electric equipment • Increased investment for improving the efficiency of mining operations

Strategies
Komatsu will achieve sustainable growth by capitalizing on opportunities presented by changes in demand for resources based on the business portfolio outlined in the Strategic Growth Plan. <Priority initiatives> • Expand underground hard rock mining business • Develop automated and remote operable mining equipment to quickly respond to shifts in demand • Improve productivity through open technology platforms

Expanding the lineup of underground mining equipment for hard rock

Demand for hard rock minerals, such as iron, copper, and gold, is expected to remain strong due to factors such as the global transition to electrified equipment. In response to this changing environment, the Komatsu Group is working to expand its lineup of underground mining equipment for hard rock through M&A and in-house development.

WX04B LHD (Load-Haul-Dump)

ZB31 bolter

Mining TBM (Tunnel Boring Machine)

*1 STEPS (The Stated Policies Scenario): A published policy scenario based on existing government policies
*2 NZE (Net Zero Emissions by 2050 Scenario): Reaching net zero CO_2 emissions by 2050
*3 Framework for increasing the priority of environmental investments through assessments of capital investment returns that position CO_2 reduction benefits as a value similar to cost reduction benefits

With the planet: Addressing global environmental issues

3)-2. Transition to low-carbon products

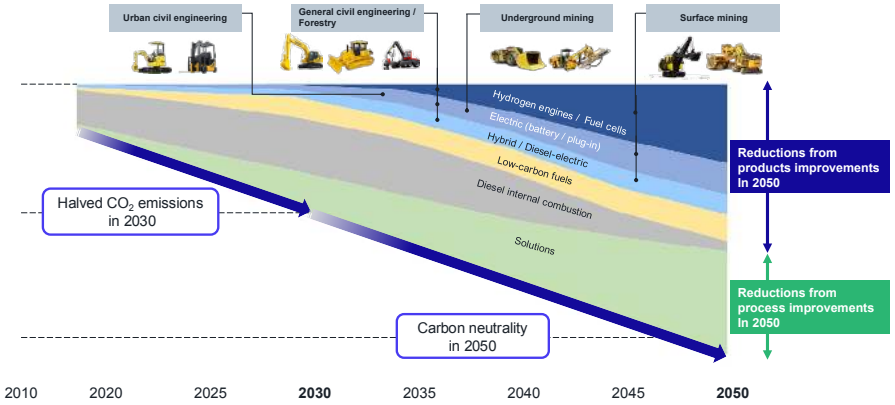
Risks	Opportunities
• Higher development and capital investment costs due to emissions restrictions • Reduced sales due to inability to cater to customer electrification demands • Substantial changes in technology development and competitive climate including market entry by new competitors • Long-term diminishment of technological edge as customers begin leading the development and manufacturing of drive components	• Increased sales from rising demand for electrified construction equipment, fuel-efficient equipment, and biomass fuel-powered equipment; using adaptation in advanced markets/with customers to stay ahead of changes in other markets • Growth of reman operations driven by transition to circular economy • Increased demand for solutions businesses with emissions-reducing benefits • Increased product reliability due to securing stable supply sources and partners with mass production benefits for high-quality components for storage batteries and others

Strategies

Komatsu is advancing initiatives aimed at achieving carbon neutrality while facilitating the transition to the low-carbon products the world demands.
<Priority initiatives>
• Develop electrified equipment using batteries, hydrogen fuel cells, and other power sources
• Develop power sources compatible with carbon-neutral fuels and hydrogen
• Deploy Smart Construction and other solutions on a global scale
• Contribute to cyclical businesses through forestry machinery and the reman businesses

Roadmap to carbon neutrality

Komatsu has set our management target to reduce CO_2 emissions from our products in use by 50% (compared to 2010 levels) by 2030 and to become carbon neutral by 2050. We are currently verifying our efforts on the visualization of CO_2 reduction effects by combining our products with solutions.

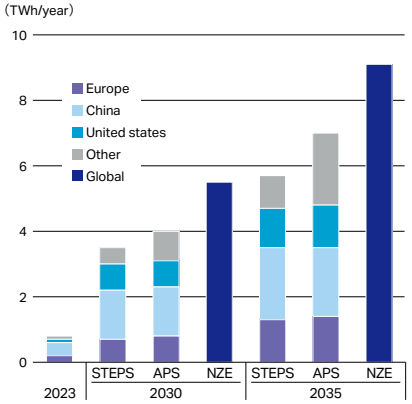


Battery strategy for stable development of electric construction equipment

1. Scenario analysis

Sales of electric vehicles (EVs), including commercial vehicles, cars, and motorcycles, are expected to expand mainly in the United States, Europe, and China. Consequently, demand for EV batteries is also expected to grow rapidly.
(In the STEPS, EV battery demand grows four-and-a-half times by 2030, and almost seven times by 2035 compared to 2023.)

Demand forecast for EV batteries



* Source: Based on IEA data from the IEA (2024); Global EV Outlook 2024, www.iea.org/reports/global-ev-outlook-2024/outlook-for-battery-and-energy-demand . All rights reserved.

2. Risks

• Rising global demand for batteries will make it difficult to procure batteries for construction equipment
• Rising costs due to higher battery prices

3. Opportunities

• Providing stable supply of reliable batteries through in-house development

4. Strategy

To develop batteries for construction and mining equipment, Komatsu acquired U.S. battery manufacturer American Battery Solutions, Inc. (ABS) in fiscal 2023, accumulating expertise and insights ranging from battery development to production technology. We are also working with various partners to develop optimal power sources for Komatsu's diverse product lineup of models and sizes. Going forward, we intend to expand the number of models equipped with ABS batteries and also accelerate in-house production of key components related to electric construction equipment, thereby establishing a value chain business that covers the entire lifecycle of electric construction equipment.

3)-3. Manufacturing costs

Risks	Opportunities
• Taxation of fossil fuels and CO_2 emissions • Price increase of purchased items • Cost increases due to the investment in facilities with CO_2 emissions	• Increased competitiveness through manufacturing technologies that reduce CO_2 emissions

Strategies
Komatsu will work to mitigate cost increases by achieving its CO_2 reduction and renewable energy targets while developing production bases with low environmental impacts. <Priority initiatives> • Create plants with zero environmental impacts • Use internal carbon pricing (ICP, set price of $300* per ton of CO_2) for energy conservation and renewable energy capital investment decisions for Scope 1 and 2, promoting investment in CO_2 reduction *In setting the price, the basis for the price and calculation method will be discussed based on the Guidelines for the Use of Internal Carbon Pricing (Ministry of the Environment, March 2020). Set from "internal discussions toward a price that encourages decarbonized investment" among four different pricing methods.

Results from internal carbon pricing (ICP) actions

Komatsu has set ICP since fiscal 2021 and invested in over 150 projects taking ICP into account with the goal of reducing CO_2 emissions by over 9,000 tons in fiscal 2024.

Tochigi Plant: Conversion of heating boilers to gas (elimination of heavy oil)

3)-4. Natural disasters

Risks	Opportunities
• Increased frequency and intensity of heavy rain and floods due to abnormal weather • Suspension of operations due to damage at Komatsu plants • Parts supply delays following damages to suppliers from disasters	• Increased demand for flood-control and other works towards national resilience

Strategies
Komatsu will implement countermeasures against heavy rains and flooding across the value chain (response to physical risks) <Priority initiatives> • Build production and procurement systems that are resilient to changes in the operating environment (expand multi-sourcing ratio)

Flood control measures at the Shonan Plant, Kanagawa Prefecture

The Shonan Plant, which produces electronic components, is located an area that is expected to be inundated above floor level on the Hiratsuka City hazard map, so we have strengthened our flood control measures accordingly. To enable early resumption of production in the event of flood damage, production-related facilities have been lifted and water-resistant doors have been installed, offices and BCP inventory storage areas have been relocated to upper floors, and waterproof designs have been implemented during new building construction.

Going forward, we will continue to strengthen our production and procurement systems, including those at other bases, to be resilient to natural disasters and other risks.

Lifted power generation and air conditioning equipment

(3) Risk management

Major risks and opportunities related to climate change and nature are described in the individual strategies. Major climate change-related risks are incorporated into the risk management rules and other aspects of the groupwide risk management process and managed as an element of corporate risks.

(4) Indicators and targets

Index	Target
Reduction of environmental impact	• Declease CO_2 emissions from Komatsu (total): 50% reduction by FY2030 (compared to FY2010) Decrease CO_2 emissions from product use (intensity): 50% reduction by FY2030 (compared to FY2010) <Stretch goal> Become carbon neutral by FY2050 • Renewable energy use: 50% of total energy use by FY2030

We are working toward carbon neutrality and nature positivity. Regarding nature-related indicators and targets, we have set targets for water used, waste generated, etc. Refer to the ESG Databook 2025 for more details.

Web Medium- to long-term targets and progress (ESG Databook P.155)

For information on the results of environmental investments and other activities in fiscal 2024, please refer to the following website.

Web FY2024 Activity Results (ESG Databook P.190)

Promotion of circular business

<Forestry machinery business>

Forest and timber resources contribute significantly to global warming prevention depending on how such resources are used. Trees absorb and store CO_2 from the atmosphere as they grow, and they can continue to store CO_2 for a long time even after they are turned into wood products. Moreover, by using harvested wood as woody biomass fuel (carbon neutral fuel) it is possible to reduce fossil fuel usage. To maintain this CO_2 cycle, it is necessary to promote a circulating forestry industry where forest circulation is managed appropriately by harvesting grown trees, and planting and cultivating new trees.

While demand for timber production is expected to increase as the world's population grows, Komatsu is contributing to solving issues in the forestry industry, such as improving safety and productivity to address labor shortages and aging workforces, both in terms of mechanization of forest operations and forest management solutions.

In the area of forestry machinery (products), we are working to expand our product lineup for mechanization of each process from harvesting and cutting into logs to extracting and then tree planting again. For solutions, we provide solutions to visualize the condition of forestry machinery, wood production, and information on jobsites. Going forward, we will continue to contribute to the promotion of sustainable, circulating forestry business through a combination of products and solutions.

<Reman business>

Reman refers to *remanufacturing*. In this business, components returned from mining and construction equipment that have been used over a long period of time are disassembled, cleaned, and repaired at our reman plants to make these equivalent to new. We offer these products in a timely manner to customers whose equipment requires overhauls with disassembly, inspection and repair.

In particular, mining equipment is used for approximately 10 to 15 years after starting operation, and repairs, replacement, and overhaul of parts are essential during its life cycle (lifetime operating hours), which is said to be about 30 times longer than that of an automobile. By remanufacturing components instead of scrapping them, the life cycle of an electric dump truck with a machine mass of approximately 260 tons is expected to reduce the amount of scrap weight by approximately 600 to 700 tons (based on our estimations). In addition, since reman products are of equivalent quality to new products, but at a lower price than new components, the reman business continues to grow as a recycling business that reduces environmental impact through resource reuse and matches customers' desires to reduce life cycle costs.

As of 2025, the business is active in 45 locations across 16 countries. In the future, we will accumulate technologies through collaboration with various partners and explore new reman business possibilities, with a view to offering the reman of batteries, etc., as construction equipment becomes more electrified to achieve carbon neutrality.

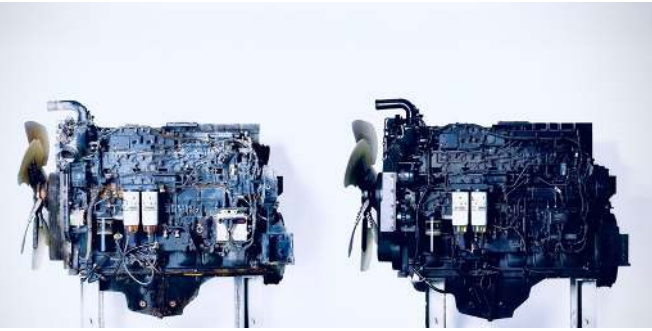
<Used equipment business>

Since construction equipment can be used over a long period of time with proper maintenance, it is often traded in as used equipment after operating at a customer's jobsite. Trade-ins encourage customers to purchase new equipment, and used equipment is exported to countries with high demand for used equipment, where they continue to enjoy useful lives.

Komatsu Used Equipment Corp., a member of the Komatsu Group, buys aging equipment that has been in operation in Japan, conducts inspections and maintenance, and then sells this used equipment to overseas customers via auctions and other channels. As an initiative unique to our group companies, the company attaches maintenance history and performance survey forms to used equipment, as well as product warranties to some equipment, so that they can be offered with assurances of greater reliability. In addition, the company customizes used equipment by retrofitting attachment piping, which is in high demand overseas, to further increase the value.

If the Japanese-specification machine cannot be used as-is due to export destination regulations, the relevant parts must be removed. Komatsu Used Equipment has begun to inspect removed electronic and other parts in cooperation with the Reman Promotion Division and the Production and Development Divisions, and to utilize them as recycled parts. The company promotes resource recycling and reduces the environmental impact of scrapping and disposal through rigorous reuse.

Bulldozer-based planters



Left: Engine before reman Right: After reman

A used equipment stockyard

Governance

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Roundtable discussion with Outside Board Members

Three Outside Board Members participated in a roundtable discussion in June 2025. The directors discussed their expectations for the new Komatsu Strategic Growth Plan, their thoughts on board effectiveness, and other expectations of Komatsu as the company seeks to increase in corporate value in a sustainable manner.

Outside Audit & Supervisory Board Member
Mariko Matsumura
Partner, Shinwa Sohgoh Law Offices. Mariko Matsumura is an attorney with considerable knowledge and abundant experience in the legal and compliance fields, including serving as President of the Dai-Ichi Tokyo Bar Association. She took office as a member of the Audit & Supervisory Board in June 2023.

Outside Director (Chairperson of the Nomination Advisory Committee and Compensation Advisory Committee)
Takeshi Kunibe
Takeshi Kunibe has considerable knowledge and rich experience in the business world, including the field of finance and group company management, etc., having served successively as Representative Director, President and Chief Executive Officer of Sumitomo Mitsui Banking Corporation, as well as Director President, Representative Executive Officer and Chairman of the Board of Sumitomo Mitsui Financial Group, Inc. He took office as an outside director in June 2020.

Outside Director (Member of the Nomination Advisory Committee and Compensation Advisory Committee)
Arthur M. Mitchell
Arthur M. Mitchell has worked for many years as a New York state attorney and registered foreign lawyer in Japan and has considerable knowledge and rich experience in the field of international legal affairs. He took office as an outside director in June 2020.

Expectations for the new management structure

Takeshi Kunibe: President Imayoshi took office in April 2025 and introduced a new management structure. We discussed and reviewed the succession plan for president numerous times beginning immediately after previous management changeover, and the question remains, what qualities does a CEO need in this day and age? We began deliberations in the Nomination Advisory Committee from this basic question.

Arthur M. Mitchell: The members of the Nomination Advisory Committee offered a variety of opinions on the qualities they wanted to emphasize. The company listed several candidates, and we narrowed down the list by comparing them with the qualifications provided.

Kunibe: The qualities that Komatsu seeks in future leaders and careers include interpersonal qualities as a leader, as well as overseas work and experience in overcoming challenges. For this reason, we emphasized extensive experience overseas as an important factor. President Imayoshi has experience in the U.S. and China, and served as a Representative of All China Operations in China on his second assignment in the country. Based on those experiences, we judged

that he had sufficient career qualifications.

Mariko Matsumura: While I am not a member of the Nomination Advisory Committee, I want to add that my impression of President Imayoshi is that he is a wonderful president demonstrating intelligence and sincerity. When we expressed our opinions on detailed points regarding the wording of the materials at board meetings, our requests were all handled in good faith. My impression is of a leader who is very approachable and who provides a sense of psychological safety.

Mitchell: I also have a similar impression that President Imayoshi listens to opinions brought up in board meetings. I think he spends more time listening to the opinions others than he does asserting his own. He seems determined to reflect those opinions in the company's policies.

Kunibe: The Komatsu succession planning is functioning smoothly and systematically. The Nomination Advisory Committee is already discussing the pool of human resources and development of candidates who will be responsible for the next generation and beyond. Succession plans for overseas subsidiaries have progress well, and we have a detailed system in place as befitting one of Japan's leading global corporations.

Overview of the previous mid-term management plan (FY2022 - FY2024)

Kunibe: Komatsu posted record profits in fiscal 2024, with the share price closing at an all-time high last July. While Komatsu has performed well financially, not everything in the business environment was a favorable wind. In fact, the environment continues to be extremely challenging and fraught with uncertainty. Nevertheless, I believe that one of the factors that contributed to this good performance was a steady focus on Quality and Reliability in business operations, aiming to create new value.

Mitchell: I think Komatsu has done well with respect to M&A. It is our shared understanding that Komatsu has grown through M&A in the first place, and I think Komatsu management has always been very aware of the importance of M&A. In particular, I think the company has analyzed its strengths and weaknesses.

Kunibe: The worst approach to M&A is to respond opportunistically. There are a lot of cases of failure, where a company bought at a premium just because the opportunity arose. I think Komatsu is always thinking about M&A and discusses insufficiencies systematically, identifying which companies to target, and how to approach them. This is the correct approach to M&A in my opinion.

Matsumura: The company's stance regarding information sharing is also excellent. CFO Horikoshi carefully explains in the monthly reports both quantitative information and background qualitative information, which helps the directors gain an accurate understanding of the conditions surrounding business performance. The company also takes a serious look at risks, including exchange rates and tariffs. My impression is that the company formulates and implements policies to deal with risks very quickly.

Kunibe: Komatsu pursues customer value based on the two axes of products and solutions, which I think is an excellent strategy. The major topics under the previous mid-term management plan were about developing solutions, including Smart Construction, and becoming carbon neutral. I believe the company is making progress toward both of these goals.

Mitchell: On the other hand, there are several areas the company must address in the future. In particular, human capital is a major issue when it comes to thinking about future growth and development. The question of how to develop global human resources has been discussed several times in past board meetings, and I believe that management is very aware of this issue.

Matsumura: As the Japanese market shrinks, it will become impossible to find human resources solely in Japan; Komatsu must recruit people overseas as well. To this end, Komatsu needs to popularize the company's brand more globally. Related to this issue is the direction of the brand strategy, which is being discussed currently. In fiscal 2023, the company took a step forward by sponsoring Williams Racing in F1 (currently Atlassian Williams Racing). I think more measures of this type are needed to raise brand value.

Kunibe: Some suggested that the company should do more to improve its recruitment ranking among the most popular companies from the point of view of university students. Komatsu is a B-to-B

company, so it may rank lower than that of B-to-C companies, but in terms of engaging with top talent, Komatsu can create more opportunities for name recognition, as Ms. Matsumura mentioned.

Mitchell: Komatsu has established an advisory board called the International Advisory Board (IAB), which provides the company access not only to our expertise as outside directors, but also to the knowledge of outside experts. As a global company, Komatsu should be more proactive in management and corporate activities. And I think we need to deepen discussions along these lines further at board meetings.

Discussions related to the development of Strategic Growth Plan (FY2025 - FY2027)

Kunibe: The Board of Directors spent a great deal of time discussing the new Strategic Growth Plan during the preliminary process. Outside board members expressed opinions from time to time, many of which dealt with how the plan should consider backcasting. In this context, Komatsu redefined its future vision and set it out to become a collaborative partner being committed to optimizing safe, productive, and clean workplaces. Then Komatsu creates a three-year plan that backcasts from that vision. We also discussed scenario planning, predicting the direction of change over the medium to long term as the external environment becomes more uncertain. This backcasting and scenario planning serve as backbone of Strategic Growth Plan, and we think the approach was very effective.

Matsumura: The growth strategy stands on three pillars: (1) Create customer value through innovation; (2) Drive growth and profitability; and (3) Transform our business foundation. The strategy also clearly states that the company will seize on trends as business opportunities, including the transition to a decarbonized society and progress in digital technology. In particular, achieving carbon neutrality is an important management issue for all Japanese companies.

Kunibe: There is no doubt that moving toward carbon neutrality is a major trend in the world. However, there is more than one path to carbon neutrality. For example, coal was once thought to be on an inevitable decline. In recent years, this resource has been reconsidered as an ongoing necessity in terms of energy security. Komatsu must be flexible enough to discuss direction and change strategies in line with overall trends.

Mitchell: Mining exceeded 50% of construction, mining and utility equipment net sales for the first time ever, and mining equipment is become more prevalent in terms of numbers, as well. As Mr. Kunibe said, without significant growth in soft rock (coal), hard rock mining (copper, iron ore, etc.) will become increasingly important in Komatsu growth strategy.

Matsumura: Many companies consider carbon neutrality as a cost. Komatsu has long embraced a "trade-on" approach in progressive efforts to take advantage of this trend as a business opportunity. In this context, we also understand that generative AI is becoming more common at manufacturing sites.

Mitchell: That's correct. When I asked CTO Kusaba about the extent to which generative AI is actually being used in the field, he replied that several factories in Japan and overseas are already using generative AI, and that the company is seeing related manufacturing innovations.

Kunibe: The competitive environment surrounding Komatsu is becoming increasingly fierce. For example, with the Chinese manufacturers becoming more competent and expanding further into overseas markets, it is likely that we will see even greater changes in the business environment. The competitive environment will change dramatically, especially as rivals expand into Asia with low-priced products.

Mitchell: Customer needs are also changing. When we visited Australia and engaged with local mining companies, they told us that what they want from Komatsu right now is a faster response to their needs.

Kunibe: If we do not discuss ahead of time how to respond to these changes and formulate strategies and tactics, Komatsu could lose its competitive edge. Given this perspective, management must deepen discussions further at board meetings and take agile action. I also feel that we, as outside directors, have a mission to advise and support management.

Evaluating board effectiveness and strengthening governance

Kunibe: In board meetings, safety and compliance are always the first item of business, which I think is very good in terms of the effectiveness of the Board of Directors. I believe the decision-making priority of SLQDC (Safety and health, Law, Quality, Delivery and Cost), which Komatsu holds most important, have taken root in the company. In addition, the president makes a report on business execution at the beginning of each board meeting. The President explains in his own words about what he sees with his own eyes and what his concerns are. This is an excellent initiative that I believe can serve as a model for other companies to follow.

Matsumura: SLQDC has become a part of the Komatsu corporate culture. It always seems to be the first words from the mouths of the employees.

Mitchell: One more matter in terms of effectiveness is that outside directors are able to ask questions not only at board meetings, but also directly to anyone in the company. For example, there is a climate of free and open discussion, as shown in the Q&A sessions with CTO Kusaba that I mentioned earlier.

Matsumura: Preparations for board meetings are also very detailed. For example, in my first year on the board, I was invited to an hour-long briefings prior to each Board meeting. In addition, we receive explanatory videos along with the materials before each meeting, which helps us to prepare well.

Kunibe: To name a few issues in terms of effectiveness, the composition of the board is one example and a matter of ongoing discussion by the Nomination Advisory Committee. Currently, there are five internal directors and four outside directors, for a ratio of 5:4. We continue to discuss the appropriate composition, always keeping in mind the trends of the world and the demands of society.

Matsumura: My impression is that Komatsu is a seamless company with truly solid governance. However, looking at the world these days, one never knows where a scandal or other risk may suddenly manifest. We recognize that we, as outside directors and outside members of the Audit & Supervisory Board, must contribute our knowledge and experience in this area.

Kunibe: Whenever any situation occurs, the board is among the first to hear about it, so I have no concerns in that regard. For example, the board hears about M&A deals at the appropriate time to engage in discussions, rather than learning after the deal has been finalized. This stance on reporting to the Board of Directors is indicative of the Komatsu management style.

Achieving sustainable growth

Mitchell: I think earnestness is one of the greatest Komatsu strengths. The company also demonstrates the integrity to understand their own weaknesses and disclose them publicly. I expect Komatsu will turn this unique nature into a competitive edge to face rivals and increase global market share further.

Matsumura: I hope to see the company continue its pursuit of diversity. The construction equipment industry has historically seen limited female participation. I would like to see the company focus on diversity as a means of sustainable growth, not only by actively hiring women in the sciences, but also by developing construction equipment that is easy for anyone to use.

Kunibe: Major changes in business risk or the business environment are often seen as a crisis for a company, but I think these factors are more of an opportunity. It is precisely at times of major change that Komatsu has the opportunity to achieve even greater growth. The key to corporate management is how to evolve in response to changes in the environment. I expect Komatsu, as a leading global company, will anticipate changes in the environment, evolve its business model, and lead the world.

Directors, Audit & Supervisory Board Members and Executive Officers

Directors (As of June 30, 2025)

Chairman of the Board
Hiroyuki Ogawa

Number of year(s) in Office	7 years
Number of shares of the Company Held	169 thousand shares
Important concurrent positions held in other organizations, etc.	None
4/1985	Joined the Company
4/2025	Took office as Chairman of the Board (current)

President and Representative Director Chief Executive Officer (CEO)
Takuya Imayoshi

Number of year(s) in Office	1 year
Number of shares of the Company Held	42 thousand shares
Important concurrent positions held in other organizations, etc.	None
4/1987	Joined the Company
4/2025	Took office as President and Representative Director CEO (current)

CEO

Representative Director and Senior Executive Officer (Senmu) Chief Financial Officer (CFO)
Takeshi Horikoshi

Number of year(s) in Office	4 years
Number of shares of the Company Held	63 thousand shares
Important concurrent positions held in other organizations, etc.	None
4/1985	Joined the Company
4/2024	Took office as Representative Director and Senior Executive Officer (Senmu) (current)

CFO

Director and Senior Executive Officer (Jomu)
Mitsuko Yokomoto

Number of year(s) in Office	2 years
Number of shares of the Company Held	41 thousand shares
Important concurrent positions held in other organizations, etc.	None
4/1985	Joined the Company
6/2023	Took office as Director and Senior Executive Officer (Jomu) (current)

Supervising Human Resources, Education, Safety & Health Care, and Sustainability

New

Director and Senior Executive Officer (Jomu) Chief Technology Officer (CTO)
Taisuke Kusaba

Number of shares of the Company Held	32 thousand shares
Important concurrent positions held in other organizations, etc.	None
4/1989	Joined the Company
6/2025	Took office as Director and Senior Executive Officer (Jomu) (current)

Chief Technology Officer (CTO), Supervising Research & Development

Outside Director
Takeshi Kunibe

Number of year(s) in Office	5 years
Number of shares of the Company Held	None
Important concurrent positions held in other organizations, etc.	Special Advisor of Sumitomo Mitsui Financial Group, Inc. Outside Member of the Board of TAISHO PHARMACEUTICAL HOLDINGS CO., LTD. Outside Director/Audit & Supervisory Committee Member of Nankai Electric Railway Co., Ltd.
4/1976	Joined The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation, hereinafter "SMBC")
6/2003	Took office as Executive Officer of SMBC
10/2006	Took office as Managing Executive Officer of SMBC
4/2007	Took office as Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc. (hereinafter "SMFG")
6/2007	Took office as Director of SMFG
4/2009	Took office as Director and Senior Managing Executive Officer of SMBC
4/2011	Took office as Representative Director, President and Chief Executive Officer of SMBC
4/2017	Took office as Representative Director and President of SMFG Retired from Director of SMBC
6/2017	Took office as Director President and Representative Executive Officer of SMFG
4/2019	Took office as Chairman of the Board of SMFG
6/2020	Took office as Director of the Company (current)
10/2021	Took office as Chairman of the Board of SMBC
4/2023	Retired from Director of SMBC
6/2025	Took office as Special Advisor of SMFG (current)

Outside Director
Arthur M. Mitchell

Number of year(s) in Office	5 years
Number of shares of the Company Held	None
Important concurrent positions held in other organizations, etc.	Foreign lawyer of White & Case LLP Outside Director of Kikkoman Corporation
7/1976	Registered as attorney at law in New York State, U.S.A. (current)
1/2003	Took office as General Counsel of Asian Development Bank
9/2007	Joined White & Case LLP
1/2008	Registered as registered foreign lawyer in Japan (current) Registered foreign lawyer of White & Case LLP (current)
6/2020	Took office as Director of the Company (current)

Outside Director
Naoko Saiki

Number of year(s) in Office	4 years
Number of shares of the Company Held	None
Important concurrent positions held in other organizations, etc.	Special Assistant to the Minister for Foreign Affairs Outside Member of the Board of Directors of Development Bank of Japan Inc. Outside Director of Sankyu Inc.
4/1982	Joined the Ministry of Foreign Affairs (hereinafter "MOFA")
7/2014	Took office as Director-General, Economic Affairs Bureau, MOFA and Councillor, Cabinet Secretariat
10/2015	Took office as Director-General, International Legal Affairs Bureau, MOFA
7/2017	Took office as Director-General, Foreign Service Training Institute, MOFA
1/2019	Retired from MOFA
4/2020	Took office as Visiting Professor, Graduate School of Public Policy, The University of Tokyo
6/2021	Took office as Director of the Company (current)
4/2023	Took office as Special Assistant to the Minister for Foreign Affairs (current)

Outside Director
Michitaka Sawada

Number of year(s) in Office	3 years
Number of shares of the Company Held	None
Important concurrent positions held in other organizations, etc.	Executive Advisor of Kao Corporation Outside Director of Panasonic Holdings Corporation Outside Director of Nitto Denko Corporation
4/1981	Joined Kao Soap Co., Ltd. (currently Kao Corporation)
6/2006	Took office as Executive Officer of Kao Corporation
6/2008	Took office as Director, Executive Officer of Kao Corporation
6/2012	Took office as Representative Director, President and Chief Executive Officer of Kao Corporation
1/2021	Took office as Director, Chair of Kao Corporation
6/2022	Took office as Director of the Company (current)
3/2024	Took office as Executive Advisor of Kao Corporation (current)

Audit & Supervisory Board Members (As of June 30, 2025)

Standing Audit & Supervisory Board Member
Mitsuo Nakao

Number of year(s) in Office	1 year
Number of shares of the Company Held	12 thousand shares
Important concurrent positions held in other organizations, etc.	None
4/1992	Joined the Company
6/2024	Took office as Standing Audit & Supervisory Board Member (current)

New

Standing Audit & Supervisory Board Member
Keiko Fujiwara

Number of shares of the Company Held	44 thousand shares
Important concurrent positions held in other organizations, etc.	None
4/1988	Joined the Company
6/2025	Took office as Standing Audit & Supervisory Board Member (current)

Outside Audit & Supervisory Board Member
Tatsuro Kosaka

Number of year(s) in Office	3 years
Number of shares of the Company Held	None
Important concurrent positions held in other organizations, etc.	Senior Advisor of Chugai Pharmaceutical Co., Ltd. Outside Director of Mitsubishi Electric Corporation
4/1976	Joined Chugai Pharmaceutical Co., Ltd.
10/2002	Took office as Vice President, General Manager of Corporate Planning Dept. of Chugai Pharmaceutical Co., Ltd.
10/2004	Took office as Senior Vice President, General Manager of Corporate Planning Dept. of Chugai Pharmaceutical Co., Ltd.
3/2005	Took office as Senior Vice President, Deputy Managing Director of Sales & Marketing Group of Chugai Pharmaceutical Co., Ltd.
7/2005	Took office as Senior Vice President, Head of Strategic Marketing Unit of Chugai Pharmaceutical Co., Ltd.
3/2008	Took office as Senior Vice President, Head of Lifecycle Management & Marketing Unit of Chugai Pharmaceutical Co., Ltd.
3/2010	Took office as Director, Executive Vice President of Chugai Pharmaceutical Co., Ltd.
3/2012	Took office as Representative Director, President & COO of Chugai Pharmaceutical Co., Ltd.
3/2018	Took office as Representative Director, President & CEO of Chugai Pharmaceutical Co., Ltd.
3/2020	Took office as Representative Director, Chairman & CEO of Chugai Pharmaceutical Co., Ltd.
3/2022	Took office as Senior Advisor of Chugai Pharmaceutical Co., Ltd. (current)
6/2022	Took office as Audit & Supervisory Board Member of the Company (current)

Outside Audit & Supervisory Board Member
Mariko Matsumura

Number of year(s) in Office	2 years
Number of shares of the Company Held	None
Important concurrent positions held in other organizations, etc.	Partner, Shinwa Sohgoh Law Offices Outside Member of the Board of Meiji Holdings Co., Ltd. Outside Director of the Board of SODA NIKKA CO., LTD. Outside Audit & Supervisory Board Member of Japan Airlines Co., Ltd.
4/1988	Admitted to the bar in Japan as attorney at law (current) Joined Braun Moriya Hoashi & Kubota
2/1994	Joined Ryudo Sogo Law Offices
1/2006	Joined Shinwa Sohgoh Law Offices as a Partner (current)
4/2022	Took office as President of Dai-Ichi Tokyo Bar Association
6/2023	Took office as Audit & Supervisory Board Member of the Company (current)

New

Outside Audit & Supervisory Board Member
Yukio Kai

Number of shares of the Company Held	None
Important concurrent positions held in other organizations, etc.	Attorney at law of Yukio Kai Law Office Outside Audit & Supervisory Board Member of Hankyu Corporation
4/1984	Appointed as Prosecutor
7/2021	Took office as Superintending Prosecutor of Tokyo High Public Prosecutors Office
6/2022	Took office as Prosecutor-General
7/2024	Retired from Prosecutor-General
10/2024	Attorney at law of Yukio Kai Law Office (current)
6/2025	Took office as Audit & Supervisory Board Member of the Company (current)

* The number of shares of Company stock held as stated on this page includes the number of shares scheduled to be granted under the stock compensation plan.

Directors, Audit & Supervisory Board Members and Executive Officers

Executive Officers (Japan) (As of June 30, 2025)

Senior Executive Officers (Senmu)

President, Production Division
Responsible for Logistics
Korekiyo Yanagisawa

President, Construction Equipment & Regional Marketing Division
Supervising Brand Strategy
Yasuji Nishiura

Senior Executive Officers (Jomu)

President, Quality Assurance Division
Masami Naruse

President, Solution Division
GM, Smart Construction Promotion Department, Solution Division
Chikashi Shike

Executive Officers

Osaka Plant Manager, Production Division
Takashi Yasukawa

Supervising Industrial Machinery Business
Chairman of the Board, Komatsu NTC Ltd.
Hidefumi Obikane

President, Forest and Agriculture Business Division
Hiroyuki Umeda

GM, Manufacturing Engineering Development Center, Production Division
Supervising Simultaneous Engineering Planning
Takayuki Furukoshi

President, Development Division
Jun Taniguchi

President, Parts & Reman Promotion Division, Production Division
Naoyuki Sakurai

President, Japanese Domestic Marketing, Construction Equipment & Regional Marketing Division
Chairman of the Board, Komatsu Customer Support Japan Ltd.
Hideki Yoshizawa

President, Product Marketing Division
Terumasa Imajo

Vice President, Development Division
Masaki Shinohara

Vice President, Japanese Domestic Marketing, Construction Equipment & Regional Marketing Division
Representative Director, President, Komatsu Customer Support Japan Ltd.
Atsushi Awai

Vice President, Development Division
Osamu Kitajima

Awazu Plant Manager, Production Division
Shinichi Araie

Oyama Plant Manager, Production Division
Representative Director, President, Komatsu Cummins Engine Co., Ltd.
Norihiko Tanigawa

President, Sustainability Promotion Division
Yoshie Ideura

Supervising Legal, General Affairs & Compliance
GM, Komatsu Economic Strategy Research Center
Masafumi Murakami

Ibaraki Plant Manager, Production Division
Seiichiro Harada

GM, Business Coordination Department
Kiyoshi Hishinuma

Vice President, Japanese Domestic Marketing, Construction Equipment & Regional Marketing Division
Junya Ankyu

President, Information Strategy Division
GM, Global ERP Implementation Preparation Office, Business Coordination Department
Ryo Asahara

Vice President, Mining Business Division
Shingo Hori

President, Defense Systems Division
Mitsutoshi Yashiki

GM, Human Resources Department
GM, Global HR Unit, Human Resources Department
Akira Sato

Executive Officers (Outside of Japan) (As of June 30, 2025)

* Executive officers outside of Japan currently serve as Global Officers.

North America

Senior Executive Officer (Jomu)

President, Mining Business Division, Komatsu Ltd.
CEO, Komatsu Mining Technologies
Peter Salditt

Executive Officers

CEO, Komatsu America Corp.
COO, Komatsu North America Corp.
Kozo Okuda

North America CTO, Komatsu America Corp.
Technical Director, Komatsu North America Corp.
Technical Director, Komatsu Mining Technologies
Kosei Okamoto

CFO, Komatsu America Corp.
CFO, Komatsu North America Corp.
Gary Kasbeer

COO, Komatsu Mining Technologies
Nozomu Okamoto

Europe/CIS

Executive Officers

President and CEO, Komatsu Europe International N.V.
Tadashi Maeda

COO, Komatsu Europe International N.V.
Göksel Güner

President, Komatsu CIS, LLC
Representative of Russian Operations
Toru Sunada

Asia/Oceania

Executive Officers

President Director, PT Komatsu Marketing and Support Indonesia.
Koji Yanagi

President and Managing Director, Komatsu Australia Pty. Ltd.
Sean Taylor

Global Officers (As of June 30, 2025)

North America

CEO, Komatsu North America Corp.
Rodney Bull

COO, Komatsu Mining Technologies
John Koetz

Latin America

CEO, Komatsu Cummins Chile Ltda.
CEO, Komatsu Holding South America Ltda.
Darko Louit

Europe

President and Managing Director, Komatsu Germany GmbH
Ansgar Thole

Managing Director, Komatsu Italia Manufacturing S.p.A.
David Bazzi

CEO, Komatsu Forest AB
Vice President, Forest & Agriculture Business Division, Komatsu Ltd.
Jens Bengtsson

Asia/Oceania

President, Bangkok Komatsu Co., Ltd.
Charoen Ruengwilai

President and CEO, PT Komatsu Indonesia
Jamalludin

China

Chairman, President and CEO, Komatsu (China) Ltd.
Chunjiang Fei

Directors, Audit & Supervisory Board Members and Executive Officers

Seven topics of focus and supervision by Directors and Audit & Supervisory Board Members of the Company

In order to achieve the growth strategies set out in the the Strategic Growth Plan, the following seven topics are defined as areas for focus and supervision by the Directors and Audit & Supervisory Board Members with respect to management of the Company.

Three growth strategy pillars of the Strategic Growth Plan	Driving value with ambition					
	1.Create customer value through innovation Investing in our future		2. Drive growth and profitability Profit structure		3. Transform the Komatsu business foundation Resilience	
Topics on which Directors and Audit & Supervisory Board Members are to focus particular attention and supervision	Corporate Management	Sales & Marketing	Corporate Management	Sales & Marketing	Corporate Management	Legal Affairs & Compliance
	Innovative Technologies/ AI/DX Environments	Global	Finance/ Economics	Global	Human Rights/ Human Resources & Human Resource Development	Global

Seven topics of focus and supervision by the Company's Directors and Audit & Supervisory Board Members

Topic	Reasons for selection and content
Corporate Management	The ability to oversee resource allocation across the Company's business segments holistically, and to identify investments in growth areas
Finance/ Economics	The ability to identify and oversee growth and profitability in new and existing areas of business areas from a financial perspective
Innovative Technologies/ AI/DX Environments	The ability to oversee a positive cycle of improving profitability through innovation from technology (production development), AI and DX and through solving social issues, including environmental issues
Sales & Marketing	The ability to identify risks/opportunities in the external environment of our global, multi-site business
Human Rights/ Human Resources & Human Resource Development	The ability to oversee the protection of human rights as it relates to all our business activities and the ability to identify measures to acquire and enable the success of talent needed to support business growth
Legal Affairs & Compliance	The ability to oversee legal and compliance matters to support the sustainable growth of new and existing businesses
Global	The ability to anticipate and oversee risks/opportunities in global business development from a variety of perspectives (supply chain, geopolitics, etc.)

Skill matrix for Directors and Audit & Supervisory Board Members of the Company

This skill matrix presents categories of skills that the Board of Directors has deemed particularly worthy of focus and oversight by the respective Directors and Audit & Supervisory Board Members with respect to management of the Company, upon having taken into account the primary abilities and expertise of each individual.

	Name	Corporate Management	Finance/ Economics	Innovative Technologies/ AI/DX Environments	Sales & Marketing	Human Rights/ Human Resources & Human Resource Development	Legal Affairs & Compliance	Global	Reason for selection
Directors	Hiroyuki Ogawa	●		●	●		●	●	• Has held various important positions in the production departments, and has served as Representative of All Indonesia Operations and President of the Company • He oversees overall governance as Chairman
Directors	Takuya Imayoshi	●	●	●	●	●	●	●	• As President and CEO, he focuses on, and supervises, all aspects of achieving the Company's growth strategies
Directors	Takeshi Horikoshi		●				●	●	• Has held key positions in the accounting and finance related departments • Hands-on experience in Europe and on M&As
Directors	Mitsuko Yokomoto			●		●	●		• Experience in the fields of human resources and general affairs, compliance and sustainability
Directors	Taisuke Kusaba			●	●		●	●	• Has held key positions in the research and development departments • Marketing experience as President of the Company's Northe American subsidiary
Directors	Takeshi Kunibe Outside Independent	●	●	●					• Knowledge and experience in the business world, including the field of finance and group company management
Directors	Arthur M. Mitchell Outside Independent						●	●	• Knowledge and experience in the field of international legal affairs as an attorney
Directors	Naoko Saiki Outside Independent					●	●	●	• Knowledge and experience in the fields of international affairs, international law and economics
Directors	Michitaka Sawada Outside Independent	●		●	●	●			• Experience in the business world, including global group corporate management and ESG management practices
Audit & Supervisory Board Members	Mitsuo Nakao		●					●	• Knowledge in the field of accounting and finance • Hands-on experience in Europe and Latin America
Audit & Supervisory Board Members	Keiko Fujiwara				●	●		●	• Has held key position in marketing, such as President of the Company's European subsidiary • Experience in promoting the development of human resources at agencies
Audit & Supervisory Board Members	Tatsuro Kosaka Outside Independent	●		●	●				• Knowledge and experience in the business world as a top executive
Audit & Supervisory Board Members	Mariko Matsumura Outside Independent					●	●		• Knowledge and experience in the legal and compliance fields as an attorney
Audit & Supervisory Board Members	Yukio Kai Outside Independent					●	●		• Served as the Prosecutor-General with knowledge and experience in the legal profession

Outside : Outside Director, Outside Audit & Supervisory Board Member
Independent : Director or Audit & Supervisory Board Member who meets the Company's independence standards and for whom the Company has submitted an Independent Director or Audit & Supervisory Board Member Notification to the Tokyo Stock Exchange (the Japanese stock exchange on which the Company's shares are listed).

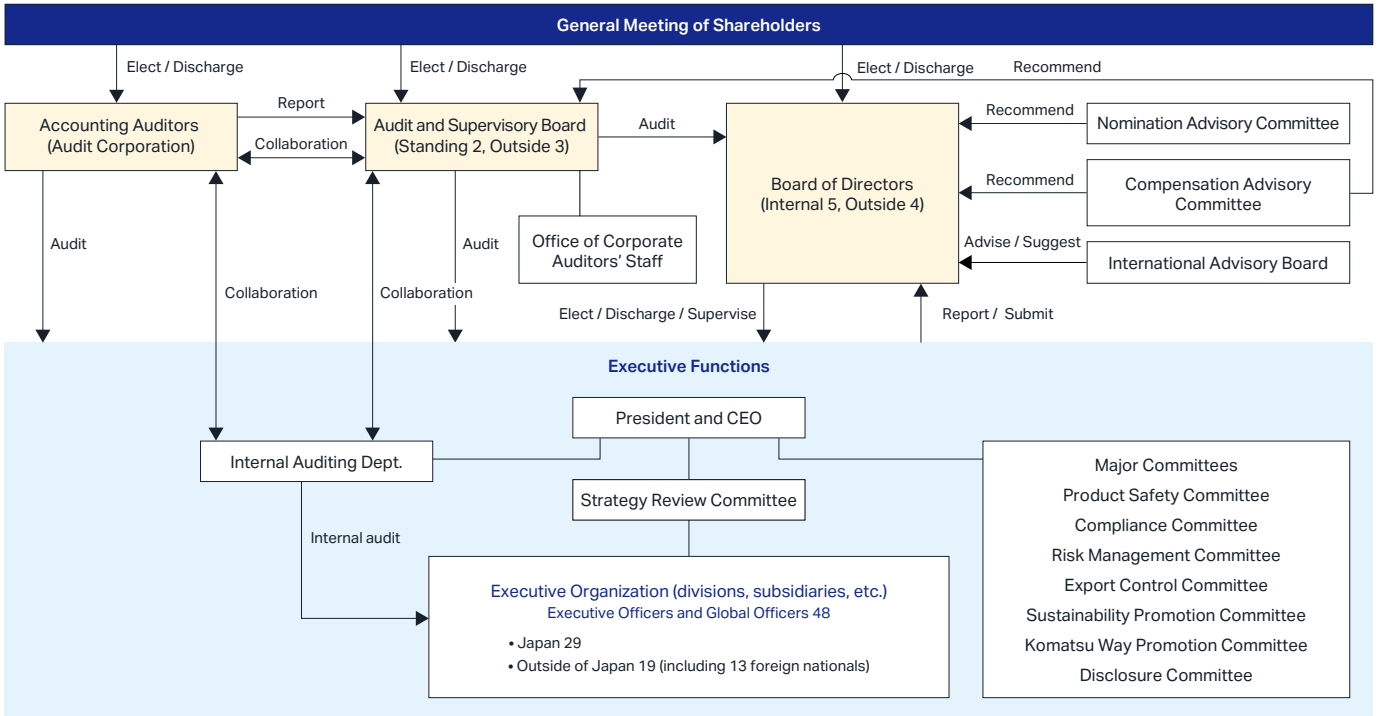
Corporate governance

The Komatsu Management Principle has been to commit ourselves to Quality and Reliability and to maximize the total sum of trust given to us by society and all stakeholders. To become a company that enjoys more trust from all stakeholders, Komatsu is working to strengthen corporate governance, improve management efficiency, advocate corporate ethics, and ensure sound management on a group-wide basis.

Corporate governance framework

At Komatsu, the Board of Directors is positioned as the core of corporate governance, and to improve the effectiveness of discussions at meetings of the Board of Directors, we have worked to put in place a system to ensure thorough discussions of important management matters and prompt decision-making, and reform their operational aspect. Having introduced the executive officer (*shikko yakuin*) system in 1999, we have separated management decisio making and supervisory functions from executive functions to the extent permitted by laws and regulations, limiting the Board of Directors to a small number of members while appointing Outside Directors and Outside Audit & Supervisory Board Members to ensure objectivity and sound management.

Corporate governance chart*



*As of June 30, 2025.

Corporate governance

Strengthening corporate governance

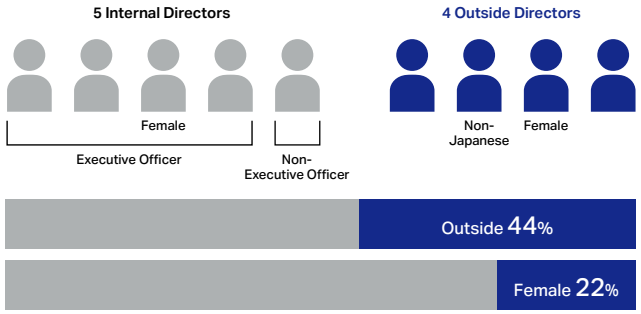
Komatsu has proceeded to implement reforms to our corporate governance system in order to ensure effective and adequate performance of matters related to management decision making and oversight. Specific reforms have included separation of corporate management from business execution, enhancement of corporate management decision-making by the Board of Directors, strict management and supervision of business execution, measures undertaken by Outside Directors to improve transparency and objectivity of management, and measures undertaken by the Audit & Supervisory Board to appropriately audit Directors' execution of duties. As a means of supplementing business execution, we established the International Advisory Board (IAB) in 1995. Through the IAB, we aim to secure objective advice and suggestions from experts about how to function as a global company by exchanging opinions and holding discussions. Going forward, we will continue to enhance the effectiveness of the Board of Directors while appointing Outside Directors to ensure transparency and soundness and promoting openness and accountability in management.

Number of Directors

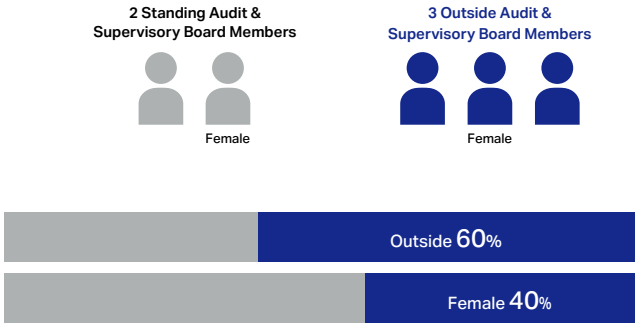
Number of Audit & Supervisory Board Members

Composition of Directors and Audit & Supervisory Board Members (As of June 30, 2025)

Composition of Directors



Composition of Audit & Supervisory Board Members



Other organizations and systems

Organization / System	Establishment	Overview
Nomination Advisory Committee	2015	The Nomination Advisory Committee deliberates matters related to the nomination of candidates for positions as Directors and Audit & Supervisory Board Members and the appointment and dismissal of the President and other executive officers and reports the results of these discussions to the Board of Directors. Current members: Four Outside Directors, including the chairperson, Chairman of the Board, and President
Compensation Advisory Committee	1999	The Compensation Advisory Committee is responsible for deliberating policies and levels for compensation of Directors and Audit & Supervisory Board Members and reporting the results of these discussions to the Board of Directors and the Audit & Supervisory Board. Current members: Four Outside Directors, including the chairperson; one Outside Audit & Supervisory Board Member, and the Chairman of the Board
International Advisory Board (IAB)	1995	The IAB was established to incorporate the objective advice and suggestions of external experts on the management and corporate activities expected of a global company into the discussions of the Board of Directors.
Executive Officer System	1999	The Executive Officer System was introduced to separate supervisory functions from executive functions. This system has enabled the Company to limit the Board of Directors to a small number of members.
Global Officers	2016	Global officers are appointed to senior management positions at major subsidiaries outside of Japan to facilitate the consolidated management of the Komatsu Group.

Board of Directors

The Company holds Board of Directors' meetings periodically, at least once every month. The Board of Directors deliberates and makes resolutions on important matters, determines management policies of the Komatsu Group, and rigorously controls and supervises the execution of duties by all members of the executive management team including Representative Directors. Of the nine Directors on the Board, four are Outside Directors to ensure transparent and objective management. The members of the Board of Directors are as listed on the table 1) Meeting frequency and attendance. The chairman of the board presides over board meetings. The Board of Directors make decisions on important management matters based on the Standards for Matters to be Referred to a Meeting of the Board of Directors and reports on business execution. The Board holds free discussions on topics related to medium- and long-term issues both during and outside Board of Directors meetings. To ensure thorough discussions by the Board of Directors, the Company allocates ample time for detailed discussions and has adopted a process in which important agenda items are submitted twice—first for discussion and then for resolution. While the business execution reports in Board meetings cover virtually 100% of businesses on a consolidated revenue basis, details of very small operations are also reported, focusing on safety, compliance, and risk matters. The President reports at Board of Directors meetings monthly regarding the most recent important matters and topics, including safety, compliance, and risk. The CFO also reports monthly on the status of sales, profit and loss, orders received, and borrowings.

(1) Activities of the Board of Directors

1) Meeting frequency and attendance

During fiscal 2024, the Company held 15 meetings of the Board of Directors, and the attendance of individual directors is shown as follows.

Position	Name	Frequency*	Attendance rate
Chairman of the Board	Tetsuji Ohashi	15	100%
President and CEO	Hiroyuki Ogawa	15	100%
Representative Director	Masayuki Moriyama	4	100%
Representative Director	Takeshi Horikoshi	15	100%
Director	Takuya Imayoshi	11	100%
Director	Mitsuko Yokomoto	15	100%
Outside Director	Takeshi Kunibe	15	100%
Outside Director	Arthur M. Mitchell	15	100%
Outside Director	Naoko Saiki	15	100%
Outside Director	Michitaka Sawada	15	100%
Standing Audit & Supervisory Board Member	Yasuhiro Inagaki	15	100%
Standing Audit & Supervisory Board Member	Terumi Sasaki	4	100%
Standing Audit & Supervisory Board Member	Mitsuo Nakao	11	100%
Outside Audit & Supervisory Board Member	Kotaro Ohno	15	100%
Outside Audit & Supervisory Board Member	Tatsuro Kosaka	15	100%
Outside Audit & Supervisory Board Member	Mariko Matsumura	15	100%

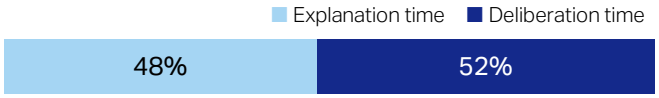
* Representative Director Masayuki Moriyama and Standing Audit & Supervisory Board Member Terumi Sasaki retired at the 155th Ordinary General Meeting of Shareholders held in June 2024, and Director Takuya Imayoshi and Standing Audit & Supervisory Board Member Mitsuo Nakao were appointed at the same Ordinary General Meeting of Shareholders. Therefore, the number of meetings of the Board of Directors attended differs from that of other Directors and Audit & Supervisory Board Members.

2) Number of agenda items, for Board of Directors meetings in FY2024

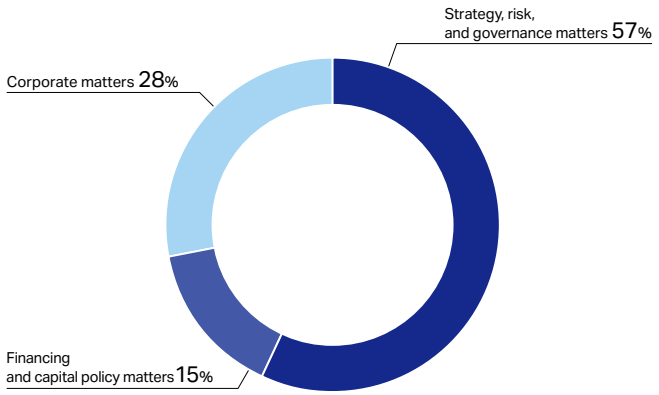
Details of agenda in fiscal 2024 are as follows:

Number of agenda items	Resolutions	31
	Discussions	9
	Reports	39
Free discussion	2	

The ratio of explanation time compared with deliberation time for Board of Director resolutions, discussions, and reports were as follows:



The breakdown of agenda items by topic (based on time) is as follows. Including discussions on the formulation of the Medium-Term Management Plan, the Board engaged in wide-ranging deliberations, focusing mainly on strategy, risk, and governance.



Supporting system for Outside Directors and Audit & Supervisory Board Members

The support systems for Outside Directors and Outside Audit & Supervisory Board Members include the following.

Distribution of materials and pre-meeting briefings	As a general rule, the Company provides materials for Board of Directors meetings to Outside Directors and Outside Audit & Supervisory Board Members in advance to ensure sufficient time for review and consideration. For newly appointed Outside Directors and Outside Audit & Supervisory Board Members, the concerned departments conduct explanatory meetings on the agenda items to be discussed at meetings of the Board of Directors, as needed. Such meetings are attended by the Secretariat of the Board of Directors and held prior to Board of Directors meetings.
Agenda submission process	With respect to matters that may be of particular importance, the Board of Directors discusses them at the Board of Directors meeting held prior to the meeting where such matters are scheduled for resolution. This approach ensures that the Directors have sufficient time to review the matters and consider points noted in prior discussions before making decisions.
Material database	The Company has built a database that houses materials, minutes, and other information on past Board of Directors and other major committee meetings. This database can be accessed by all members of the Board of Directors and the Audit & Supervisory Board Members, including outside members. The Company has also built a database to manage materials and minutes of past meetings of the Audit & Supervisory Board. This database can be accessed by all Audit & Supervisory Board Members, including outside members.

Evaluation of the effectiveness of the Board of Directors

The results of the evaluation of the effectiveness of the Board of Directors conducted in fiscal 2024 were as follows.

(1) Process of analysis and evaluation

With regard to the process of analysis and evaluation, the Company has confirmed the evaluation method of the effectiveness of the Board of Directors for fiscal 2024 based on the effectiveness evaluation method and results of the Board of Directors' evaluation from the previous fiscal year.

We engaged a third-party organization once every three years to participate in the evaluation process to enhance objectivity and transparency. Most recently, we engaged a third-party organization to conduct an evaluation of the effectiveness of the Board of Directors for fiscal 2023.

(2) Outline of the evaluation results

After reviewing the discussion by the Board of Directors, based on the analysis of the questionnaires, and discussions arranged as part of the evaluations of effectiveness, the Company has confirmed that the effectiveness of the Komatsu Board of Directors remains ensured with a generally high level in regard to each of the evaluation items.

The main points that were highly rated were as follows:

1) Diversity of Board members (background, internationality, gender, etc.)
2) Timely provision of information and explanation of management issues through the President's report made at the beginning of Board meetings
3) Provision of explanatory videos in advance of Board meetings to simplify explanations on the day of the meeting and to ensure sufficient time for discussion
4) Frank and multifaceted discussions by members with diverse backgrounds and knowledge
5) Exchange of information and sharing of insights among outside directors outside the Board of Directors meeting

Conversely, the issues to be further examined in the future are as follows:

1) Continuation and enhancement of discussions on medium and long-term issues (business portfolio, changes in the internal and external environment, human capital, etc.) to enhance corporate value
2) Continuation of clarification of discussion themes in agenda for reports, concise reports focusing on the day's key discussion points, etc.
3) Enhancement of opportunities for free discussions and other discussions outside Board of Directors meetings

In fiscal 2025, the Company will work on these points to achieve an even more effective Board of Directors.

Outline of evaluation of the effectiveness of the Board of Directors

Subjects	All nine Directors and all five Audit & Supervisory Board Members
Conduction/ Evaluation	1) Questionnaire filled out by the subjects 2) Discussion by Outside Directors and Outside Audit & Supervisory Board Members 3) Discussion by Internal Directors and Standing Audit & Supervisory Board Members 4) Analysis and evaluation based on 1) through 3) above followed by planning and drafting of a proposal for holding a Board of Directors meeting 5) Report and discussion at the Board of Directors meeting
Questions (Major Categories)	1) Roles and functions of the Board of Directors 2) Size and composition of the Board of Directors 3) Proceedings of Board meetings (agenda setting) 4) Proceedings of Board meetings (reporting and explanation, provision of information, follow-up) 5) Discussion at Board meetings 6) Business understanding and communication 7) Self-evaluation

International Advisory Board (IAB)

Komatsu established the International Advisory Board (IAB) in 1995 to incorporate objective advice and suggestions from external experts into the Board of Directors concerning management and operations of Komatsu as a global company. The IAB has met a total of 40 times through meetings of traditional bodies and new organizations combined. In fiscal 2024, we received updates from our advisors on the latest political and economic trends in markets such as the United States, Europe, and India, in preparation for the formulation of the Strategic Growth Plan to be launched in April 2025. In addition, we received recommendations based on their extensive experience and knowledge as corporate executives regarding our medium- to long-term management issues and growth strategy directions.

We will continue to enhance corporate value by improving management and strengthening corporate governance further, making use of advice from an international and multifaceted perspective.

International Advisory Board (IAB) meeting

Advisors of the 9th session (current)

John Paul Bilbrey
Former Chairman, President and CEO, Hershey Company

Baba N. Kalyani
Chairman and Managing Director, Bharat Forge Ltd.

Heinz-Gerhard Wente
Chairman of the Supervisory Board, Salzgitter AG

Activities outside the Board of Directors

In addition to meetings, of the Board of Directors Members took part in the following activities.

1) Free discussions were arranged centering on the topic of medium- to long-term management issues
2) Outside Directors and Outside Audit & Supervisory Board Members held meetings at which these Outside Board Members shared opinions regarding management issues from their objective and independent standpoints. Discussions with the President and relevant Internal Directors were also arranged to foster sharing recognition
3) We conduct business site tours to provide opportunities to gain a deeper understanding of the Group's businesses and exchange opinions with employees for Outside Directors and Outside Audit & Supervisory Board Members. In fiscal 2024, we also visited our bases in Australia, one of the main markets for our mining equipment business, and the sites of our major customers

Visit to Komatsu Australia Pty. Ltd.

Audit & Supervisory Board

(1) Frequency of and attendance at meetings of the Audit & Supervisory Board

In fiscal 2024, 15 meetings of the Audit & Supervisory Board were held, and the attendance of individual Audit & Supervisory Board Members is as follows.

Frequency of and attendance at meetings of the Audit & Supervisory Board

Position	Name	Frequency*	Attendance rate
Standing Audit & Supervisory Board Member	Yasuhiro Inagaki	15	100%
Standing Audit & Supervisory Board Member	Terumi Sasaki	4	100%
Standing Audit & Supervisory Board Member	Mitsuo Nakao	11	100%
Outside Audit & Supervisory Board Member	Kotaro Ohno	15	100%
Outside Audit & Supervisory Board Member	Tatsuro Kosaka	15	100%
Outside Audit & Supervisory Board Member	Mariko Matsumura	15	100%

* Standing Audit & Supervisory Board Member Terumi Sasaki retired at the 155th Ordinary General Meeting of Shareholders held in June 2024, and Standing Audit & Supervisory Board Member Mitsuo Nakao was appointed at the same Ordinary General Meeting of Shareholders. Therefore, the number of meetings of the Audit & Supervisory Board attended differs from that of other Audit & Supervisory Board Members.

(2) Details of discussions at meetings of the Audit & Supervisory Board

Details of discussions at meetings of the Audit & Supervisory Board in fiscal 2024 are as follows:

1) Made resolutions after deliberation on the audit policy, audit method, key audit matters, allocation of duties, and audit report
2) Conferred with the independent auditor to identify key audit matters (KAMs) in the audit and confirmed that these were disclosed properly
3) Discussed and confirmed the method of the independent auditor's audit, the appropriateness of the results, and its independence of the independent auditor
4) Discussed the appointment or dismissal of the independent auditor and passed a resolution for reappointment
5) Received reports on internal audit results of the Company and its subsidiaries from the Internal Auditing Department and offered appropriate opinions and discussed said matters
6) Received a report from the Compliance Department on the status of its activities and offered appropriate opinions and discussed said matters
7) Investigated the status of implementation of the basic policy on internal controls and confirmed no issues
8) Discussed and passed resolutions regarding the revision of the Company's Audit & Supervisory Board regulations and audit standards for Audit & Supervisory Board Members in light of revisions of laws and regulations
9) The Audit & Supervisory Board also discussed and implemented improvements for efficient and effective operation of the Audit & Supervisory Board and audit duties

(3) Activities of Audit & Supervisory Board Members

In accordance with the audit policies, assignment of duties, and other matters determined by the Audit & Supervisory Board, the Audit & Supervisory Board Members attended important meetings of the Board of Directors, the Strategy Review Committee, the Compliance Committee, the Risk Management Committee, and other bodies, and inspected and confirmed business operations and assets through review of important resolution documents and associated information as well as on-site inspection of the Company and its subsidiaries.

Moreover, the Audit & Supervisory Board Members endeavored to communicate and exchange information with Representative Directors, other Directors and Audit & Supervisory Board Members, and the management of the Company and its subsidiaries, and received explanations and reports on execution of their duties and the status of businesses and also periodically received explanations and reports on the establishment, improvement, and operation of internal control systems and expressed opinions as needed. In addition, the Audit & Supervisory Board Members worked to improve the environment for auditing through liaison meetings and individual interviews with the Internal Auditing Department and subsidiaries' standing Audit & Supervisory Board Members while maintaining close contact to enhance effectiveness.

Furthermore, Audit & Supervisory Board Members also monitored and verified whether the independent auditor maintained its independent position and implemented appropriate audits, received reports on the execution of duties from the firm, and requested an explanation as needed.

Activities of advisory committees

Nomination Advisory Committee

The Nomination Advisory Committee (66.7% of members are Outside Directors) consists of four Outside Directors (including the chairperson) and two Internal Directors (the Chairman and the President). The committee deliberates the nominations of candidates for Directors and Audit & Supervisory Board Members, as well as the selection and dismissal of Executive Officers, including the President (CEO), and reports to the Board of Directors. In selecting candidates, the committee also considers diversity in terms of gender, nationality, etc. The Board of Directors deliberates and decides on the nomination of candidates for Directors and Audit & Supervisory Board Members, as well as the selection and dismissal of Executive Officers, etc., based the reports received.

Compensation Advisory Committee

For greater objectivity and transparency in Director and Outside Audit & Supervisory Board Member compensation, the Compensation Advisory Committee (83.3% outside members), which consists of five outside members (four Outside Directors (including the chairperson) and one Outside Audit & Supervisory Board Member) and one Internal Director (the Chairman), deliberate compensation policies and compensation levels. Based on reports received from the committee, the Board of Directors determines compensation for Directors and the Audit & Supervisory Board Members discuss and determine compensation for Audit & Supervisory Board Members within the scope of total compensation resolved in advance at the general meeting of shareholders.

Succession Plans

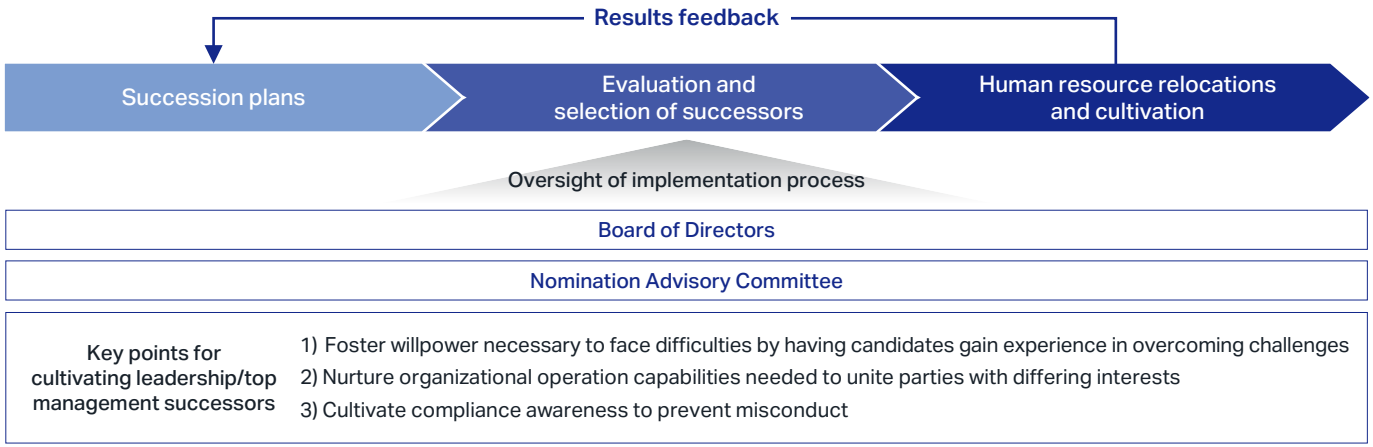
One of the items contained in the guidelines for Leadership/Top Management that has been clearly delineated in The Komatsu Way is "continue to think about your succession plan."

In order to ensure that Komatsu's management values are transmitted to the next generation, the basic requirements for candidates for the position of President are discussed and clearly defined by the Nomination Advisory Committee. In addition, successors for important global positions up to and including that of the President are decided through the annual implementation of succession plans (see chart below).

Selected candidates are assigned to challenging tasks and granted even larger roles in the organization to systematically develop them in an environment that encourages the pursuit of mutual growth.

	Nomination Advisory Committee	Compensation Advisory Committee
Membership	Six members (including Chairperson) <Chairperson> Outside Director Takeshi Kunibe <Committee Members> Outside Director Arthur M. Mitchell Outside Director Naoko Saiki Outside Director Michitaka Sawada Chairman of the Board Hiroyuki Ogawa President and Representative Director Takuya Imayoshi	Six members (including Chairperson) <Chairperson> Outside Director Takeshi Kunibe <Committee Members> Outside Director Arthur M. Mitchell Outside Director Naoko Saiki Outside Director Michitaka Sawada Outside Audit & Supervisory Board Member Yukio Kai Chairman of the Board Hiroyuki Ogawa
Purpose	Deliberation, resolution, and reporting to the Board of Directors on selection of the next President (CEO) and human resource development methods, succession plans, and appointment and dismissal of Directors	Deliberation, resolution, and reporting to the Board of Directors and Audit & Supervisory Board on remuneration systems for Directors, Audit & Supervisory Board Members, and Executive Officers to ensure objectivity and transparency
Meetings in FY2024	3	3
Agenda items in FY2024	• Personnel changes related to the next President (CEO) • Nomination of candidates for Directors and Auditors for FY2025 • Skill matrix for Directors and Auditors • Selection of Senior Advisor and establishment of the position of Chairman • Appointment of candidates for Executive Officers • Operational structure of the Nomination Advisory Committee and Compensation Advisory Committee for FY2025, etc.	• Basic remuneration levels for Directors and Audit & Supervisory Board Members for FY2025 • Performance-based remuneration for Directors in FY2024 • Performance-based remuneration linked to performance of the mid-term management plan

Overview of succession plans



Remuneration systems

In an effort to maintain an objective and transparent remuneration system, the policy and levels of remuneration for Directors and Audit & Supervisory Board Members of the Company are deliberated by the Compensation Advisory Committee. With regard to the level of monthly remuneration paid as basic remuneration, comparison by position at other key, globally active manufacturers in Japan is made by the Compensation Advisory Committee and is reflected in its reports and recommendations. The remuneration for Directors excluding the Outside Directors (hereinafter "Internal Directors") comprises basic remuneration (fixed remuneration) and performance-based remuneration linked to the Company's consolidated performance for a single fiscal year (bonus in cash and the stock-based remuneration A) as well as the performance based remuneration (stock-based remuneration B) that will reflect the degree of achievement of the targets raised in the mid-term management plan, so that it will further contribute to the enhancement of the medium- and long-term corporate value of the Company, by linking the remuneration. The remuneration for Outside Directors only consists of basic, in consideration of their role as members of the Board of Directors to make recommendations on overall management. Furthermore, the remuneration for Audit & Supervisory Board Members only consists of basic (fixed remuneration) designed to support their independent position with authority to audit the execution of duties by Directors without getting fettered by the movements of corporate performance of the Company. The retirement allowance system for Directors and Audit & Supervisory Board Members was terminated as of June 2007.

Remuneration structure for Internal Directors

Monetary remuneration		Non-monetary remuneration	
Basic remuneration (Fixed remuneration)	Performance-based remuneration		
	Performance-based remuneration for a single year (Monthly remuneration (base amount by position for stock-based remuneration) x 0-27 months)		Strategic Growth Plan Performance-based remuneration (base amount by position ×0-3 months)
	0-12 months	0-15 months	
Monthly remuneration x 12 months	Bonus in cash	Stock-based remuneration A BIP trust (delivered upon retirement)	Stock-based remuneration B BIP trust (delivered upon retirement)

Remuneration structure for Outside Directors and Audit & Supervisory Board Members

Monetary remuneration
Basic remuneration (Fixed remuneration)
Monthly remuneration x 12 months

Not influenced by Company performance (Fixed remuneration only)

Performance-based remuneration for a single fiscal year

The basic consolidated performance indicators for a single fiscal year will be consolidated ROE[*1], consolidated ROA[*2], and consolidated operating profit ratio. The plan will also take growth potential (consolidated sales growth rate) into account and evaluate performance based on the ratios shown in the table below to calculate the total amount of performance-based remuneration paid each year. A certain percentage of the total amount of consolidated performance-based remuneration paid in a single fiscal year shall be paid as a cash bonus. The remainder, less said cash bonus, shall be paid as stock-based remuneration subject to a resolution of the Board of Directors (stock-based remuneration A). The goal here is to encourage the sharing of common values with shareholders. However, the maximum cash bonus shall be equivalent to 12 months of monthly remuneration. Any portion exceeding 12 months shall be paid as stock-based remuneration A in lieu of cash. Stock-based remuneration A shall be a trust-type stock-based remuneration (board incentive plan (BIP) trust for Directors), and the number of share delivery points shall be determined and granted to eligible Internal Directors each fiscal year. When an eligible Director retires, the Director in question will be paid for the number of Company shares equivalent to the number of the points granted at the time of retirement in a monetary amount equivalent to the cash proceeds from the conversion of the Company shares.

Consolidated performance-based remuneration indicators for a single fiscal year

	Indicator	Ratio
Basic indicator	Consolidated ROE[*1]	50%
	Consolidated ROA[*2]	25%
	Consolidated operating profit ratio	25%
Adjustment indicator	Adjusted by consolidated sales growth	

*1 ROE = Net income attributable to Komatsu Ltd./((beginning shareholder's equity + ending shareholders' equity)/2)
*2 ROA = Income before income taxes and equity in earnings of affiliated companies/((beginning total assets + ending total assets)/2)

Performance-based remuneration linked to performance of the mid-term management plan

Komatsu will pay eligible Directors the equivalent of a three-month portion of the base amount by position every fiscal year as remuneration linked to the period of the Company's Strategic Growth Plan by granting stock-based remuneration (stock-based remuneration B). Stock-based remuneration B shall be a trust-type stock-based remuneration plan (BIP trust for Directors), and single fiscal year points shall be allocated to eligible Directors each fiscal year in accordance with their position in the Company. After the end of the period of Strategic Growth Plan in question, the number of points to be granted will be determined by calculating the cumulative total of single-year points granted to eligible Directors and multiplying this cumulative total by a performance-based coefficient based on the achievement of the Strategic Growth Plan targets and other factors. Upon retirement, the Director in question will be paid for the number of Company shares equivalent to the number of points granted to the time of retirement in a monetary amount equivalent to the cash proceeds from the conversion of Company shares.

P.34 Strategic Growth Plan Management target

Malus and clawback system

Komatsu resolved to adopt a malus (reduction or confiscation) and clawback (return) system at a meeting of the Board of Directors held on April 28, 2022. In the event of a significant revision of financial statements or an event that has a significant impact on the reputation of the Company due to the execution of business by Directors, the performance-based remuneration paid to the Internal Directors could be required to be reduced, confiscated, or refunded. In principle, the content of the refund request, etc. be decided by the Board of Directors after deliberation by the Compensation Advisory Committee according to each event.

Risk management

Recent years have seen increasingly rapid social changes, resulting in a heightened sense of uncertainty regarding the future. In response to these challenges, Komatsu has established a risk management system that facilitates the appropriate identification of business risks and opportunities, enabling effective responses.

■ Basic policy

The Komatsu Management Principle is our commitment to Quality and Reliability to maximize the total sum of trust given to us by society and our stakeholders. We regard all uncertainty that impedes this principle as a risk.

In order to support strategic decision-making and smooth business operations appropriately, Komatsu has established a Risk Appetite Statement, which is a policy to respond to risks and ensures that all employees make decisions and take actions based on this statement. In developing the Risk Appetite Statement, the Risk Management Committee deliberates and decides on the statement, and reports on the deliberation to the Board of Directors. Komatsu considers changes in the business environment not only as risks but also as opportunities for corporate growth, and has incorporated into the Risk Appetite its intention to proactively take on challenges with the aim of securing competitive advantage.

Risk Appetite Statement

Safety/Health and compliance

At Komatsu Group, SLQDC is the priority order given to all executives and employees when making decisions. (Safety (and Health) > Law (Compliance) > Quality > Delivery > Cost)

We do not tolerate any risk that may interfere with our priority safety, health, and compliance.

Pursuit of innovation

The Komatsu Group defined our purpose to be "creating value through manufacturing and technology innovation to empower a sustainable future where people, businees, and our planet thrive together."

To achieve, we are proactively taking on challenges and maintaining risks while implementing appropriate measures.

Customer value

The Komatsu Group's vision is to become a collaborative partner committed to optimizing safe, productive, and clean workplaces.

We strive to reduce and avoid risks that could impede the effectiveness, safety, and quality assurance of any products provided to customers.

Furthermore, we will actively take on challenges by perceiving the creation of customer value as an opportunity for solving social issues, improving profits, and achieving sustainable growth.

Corporate social responsibility

The Komatsu Group will "contributes to a sustainable future by addressing social issues through our business activities."

We will strive to reduce and avoid risks that may damage trust in society by promoting initiatives to respect human rights, low-carbon and reduce environmental impacts.

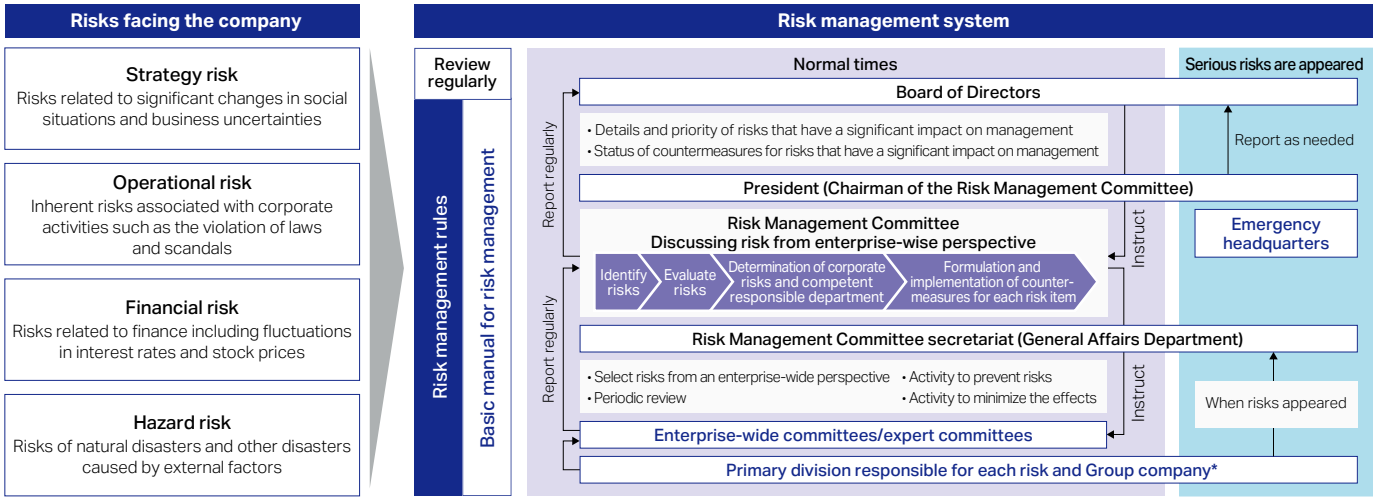
Furthermore, we will actively take on challenges by perceiving solving social issues through growth strategies as an opportunity to expand our presence in the market.

■ Risk management system

Komatsu has introduced Enterprise Risk Management (ERM) to identify all risks and opportunities surrounding Komatsu and prepare for them in normal times to respond accurately to the ever-changing business environment and risks. In addition, the Company has established the risk management the rules and the basic manual for risk management as rules for the proper recognition and management of risks. Based on the above, Komatsu has established the Risk Management Committee, which is chaired by the President. This committee formulates Komatsu's overall risk management policies each year, identifies corporate risks by selecting and evaluating risks from an enterprise-level perspective, checks and follows up on the implementation of risk countermeasures, and controls risks when they materialize. The committee regularly reports on its deliberations and activities to the Board of Directors.

Furthermore, in the event that a serious risk materializes, an emergency headquarters headed by the President and composed of relevant executives and business division heads is established to take appropriate measures to minimize damage.

Risk management system



* In accordance with the basic manual for risk management, we designate the competent department and expert committee for each risk item. The head of the competent department serves as the risk management officer, implementing measures to prevent risks and minimize damage.

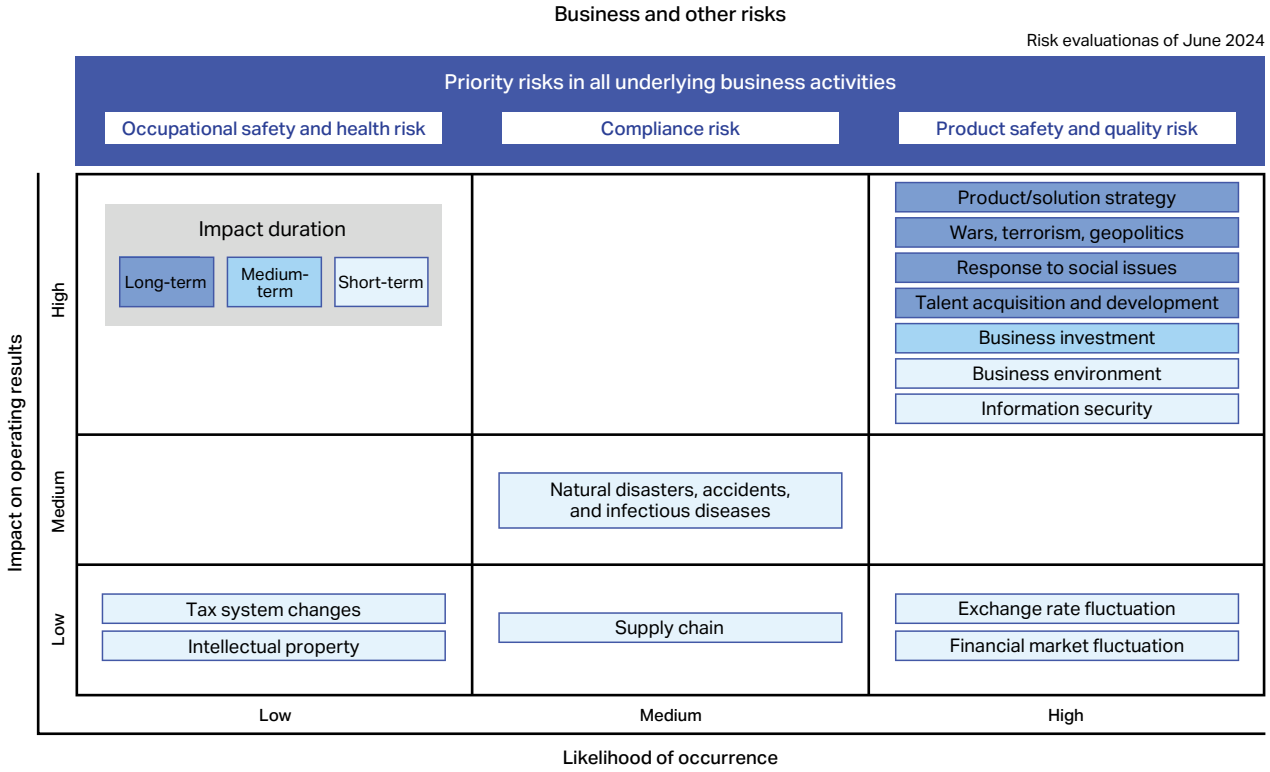
Major risks and assessments

Komatsu identifies risks that may affect its business activities from an enterprise-level and cross-sectional perspective, evaluating and prioritizing each in terms of impact on operating results, likelihood of occurrence, and impact duration. We also identify corporate risks, which are significant risks on the enterprise level, and regional risks that may have a significant impact on the business of specific countries and regions. After determining the responsible department for countermeasures, we implement appropriate measures to avoid and minimize risks, as well as maximize opportunities. In fiscal 2024, based on the materiality analysis conducted in the formulation of the new Strategic Growth Plan (FY2025-FY2027), we identified risks and opportunities reflecting changes in the business environment and evaluated their priority. The risk map (risk priorities) based on the results of risk assessment in fiscal 2024 is shown below.

Risk assessment results (change from previous year)

Category	Item	Impact on operating results	Likelihood of occurrence	Impact duration
Strategy risk	Product/solution strategy	High	High	Long-term
	Business environment	High	High	Short-term
	Business investment	Medium → High	Medium → High	Medium-term
	Response to social issues	High	High	Long-term
Operational risk	Supply chain	Medium → Low	Medium	Short-term
	Talent acquisition and development	High	High	Long-term
	Information security	Medium → High	High	Short-term
	Intellectual property	Low	Low	Short-term
Financial risk	Financial market fluctuation	Low	High	Short-term
	Tax system changes	Low	Low	Short-term
	Exchange rate fluctuation	Low	High	Short-term
Hazard risk	Wars, terrorism, and geopolitics	High	High	Long-term
	Natural disasters, accidents, and infectious diseases	Medium	Medium	Short-term

Risk map (risk prioritization)



Web Overview, impact, and countermeasures for "corporate risks" (ESG Databook, P.10)

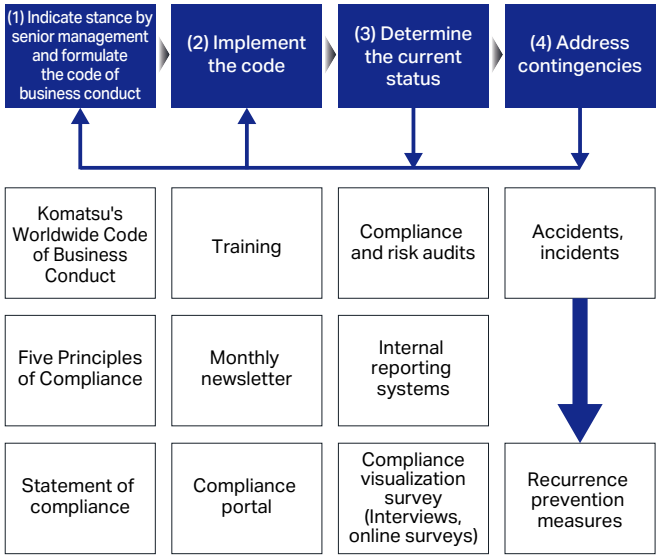
Compliance

In order to continue to earn the trust of society, Komatsu believes that each and every employee must act honestly and ethically in compliance with all applicable laws, regulations, and rules that are generally respected by society.

■ Compliance promotion structure and process

In order to ensure that the entire Komatsu Group complies with rules generally recognized and respected by society, we have appointed an executive officer in charge of compliance at Komatsu's headquarters and established the Compliance Department as a specialized department. In addition, Komatsu has established the Compliance Committee, chaired by the President, to deliberate and determine compliance policies and important measures for Komatsu and the Komatsu Group as a whole, to promote their implementation, and to report periodically to the Board of Directors on the status of promotion of compliance activities.

Process for compliance activities

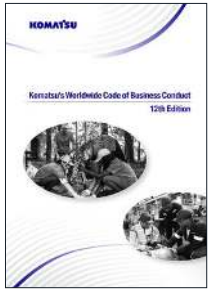


■ Examples of activities based on the promotion process

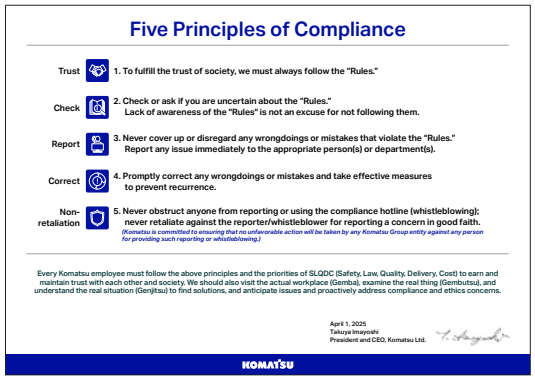
(1) Indicate stance by senior management and formulate the code of business conduct: Establishing and implementing Komatsu's Worldwide Code of Business Conduct and Five Principles of Compliance

The Komatsu Group has established Komatsu's Worldwide Code of Business Conduct as a set of rules in the business community to be followed by all Directors and employees, including those of Komatsu Group companies all over the world. In 2024, we issued the 12th edition of the code. The guidelines for corporate behavior that the Komatsu Group must observe in order to fulfill our social responsibilities and the basic rules that should be followed anywhere in the world, among the wide range of rules followed in the business community, are listed with examples to show the rules of conduct to be followed by all employees. The revised version has been translated into 16 languages in addition to Japanese and English, and is now available globally.

In addition, we have established the Five Principles of Compliance, which summarize the fundamental compliance actions of the Komatsu Group to ensure that each and every employee is always aware of the importance of compliance in their actions.



Cover page of Komatsu's Worldwide Code of Business Conduct



Five Principles of Compliance

Trust — 1. To fulfill the trust of society, we must always follow the "Rules."

Check — 2. Check or ask if you are uncertain about the "Rules." Lack of awareness of the "Rules" is not an excuse for not following them.

Report — 3. Never cover up or disregard any wrongdoings or mistakes that violate the "Rules." Report any issue immediately to the appropriate person(s) or department(s).

Correct — 4. Promptly correct any wrongdoings or mistakes and take effective measures to prevent recurrence.

Non-retaliation — 5. Never obstruct anyone from reporting or using the compliance hotline (whistleblowing); never retaliate against the reporter/whistleblower for reporting a concern in good faith. *(Komatsu is committed to ensuring that no unfavorable action will be taken by any Komatsu Group entity against any person for providing such reporting or whistleblowing.)*

Every Komatsu employee must follow the above principles and the priorities of SLQDC (Safety, Law, Quality, Delivery, Cost) to earn and maintain trust with each other and society. We should also visit the actual workplace (Gemba), examine the real thing (Gembutsu), and understand the real situation (Genjitsu) to find solutions, and anticipate issues and proactively address compliance and ethics concerns.

April 1, 2025
Takuya Imayoshi
President and CEO, Komatsu Ltd.

KOMATSU

Five Principles of Compliance

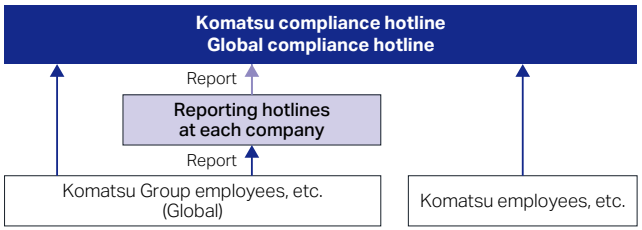
(2) Implement the code: Efforts to foster compliance awareness

Upon the publication of the 12th edition of Komatsu's Worldwide Code of Business Conduct, educational content on the code of conduct was provided to Komatsu Group employees worldwide in 14 languages, including Japanese and English, to promote compliance awareness among all employees. In Japan, a monthly information magazine containing compliance-related information has been distributed to all Komatsu Group employees since its first issue in 2006. A wide range of topics are covered to deepen understanding of compliance, including legal issues, communication, business manners and ethics, and our approaches. Our subsidiaries outside of Japan are also carrying out activities similar to those in Japan, and we provide some Japanese articles to these subsidiaries as a part of our activities.

(3) Determine the current status: Use of internal reporting hotlines

Komatsu has established a global compliance hotline at our headquarters to handle consultations and reports from Komatsu Group employees concerning business and social rules, in order to detect and correct problems as early as possible. Komatsu Group companies have established and are operating compliance hotlines in each region so that all employees and others in each region can consult and report regarding compliance issues.

Komatsu's Worldwide Code of Business Conduct and Five Principles of Compliance, as well as the employment regulations of each company, clearly stipulate that employees who report legitimate concerns through this system will not be subject to any disadvantages due to their reports, thereby encouraging consultation and reporting.



Stakeholder engagement

To continue to be a company trusted by all of our stakeholders, we emphasize fair and timely information disclosure and direct communication from top management. We also provide appropriate communication opportunities for each stakeholder and engage in interactive communication. Through these activities, we identify customer issues, share the direction the Group should take and the challenges we face, and promote greater understanding of the Group.

Komatsu's stakeholders and dialogue methods

Society

Distributors	Suppliers	Employees	Customers	Shareholders	Investors and analysts	Mass media	Local communities
Distributor meetings	Komatsu Midori-kai Executive meetings	Townhall meetings with the President	Visits from top management	General Meeting of Shareholders Briefing session with shareholders	Visits to investors worldwide Analyst meetings Presentations of business results	Interviews	Meetings with governors, mayors, etc.

Direct communication from top management

■ Topics of activities in fiscal 2024

Asian distributor meeting

Komatsu holds our Asian distributor meeting every year, bringing together Komatsu's executives and top management from distributors, with the aim of promoting mutual growth between Komatsu and distributors in Asia. In 2024, the 20th conference was held in Siem Reap, Cambodia, home of the famous Angkor Wat temple complex. The meeting brought together 82 participants and featured presentations on Komatsu's management policies as well as best practice sharing by distributors, helping to further enhance collaborative partnerships.

On the day before the distributor meeting, 35 of the participants, with the cooperation of the NPO Japan Mine Action Service, visited a landmine field, as well as an elementary school built by Komatsu on land cleared of mines.

FY2024 Asian distributor meeting

For distributor participants, the event helped deepen their understanding of Komatsu's CSR initiatives and its commitment to corporate social responsibility.

Customer visit to Australia by the Board of Directors

As part of the Board of Directors' stakeholder engagement efforts, Komatsu Directors and Audit & Supervisory Board Members visited a major Australian clients in July 2024. After visiting the operating site of the South Flank iron mine (Pilbara region of Western Australia) run by major Australian-U.K. Resource company BHP, the participants deepened their understanding of customer needs through frank discussions with the top management of the client. The captured voice of the customer (VoC) is quickly fed back to the regional head for Australia and the head of the mining business to help them provide better products and solutions in the future. We will also continue to actively engage in dialogue with stakeholders by the Board of Directors from the perspective of improving the quality of corporate governance to achieve sustainable growth and enhance corporate value.

Visit to a customer site in Australia

Expanding coverage of institutional investors outside of Japan (visiting investors in the Middle East)

Top management continues to visit institutional investors outside of Japan every year. In September 2024, the CFO visited institutional investors in the Middle East (Qatar, Saudi Arabia, and UAE), where the scale of investment has been increasing in recent years, with the aim of expanding coverage by institutional investors outside of Japan. Institutional investors in the Middle East are mainly sovereign wealth funds (state and government-affiliated), with a large amount of funds managed from oil resources, and they emphasize the long-term growth potential of Komatsu's business, which is why we appealed to them for the sustainable growth and future potential of our business.

Briefing session with shareholders in Aichi Prefecture

Top management travels to various locations to hold meetings as a means of communicating with shareholders who are unable to attend the Ordinary General Meeting of Shareholders. The 56th such meeting was held in the city of Nagoya, in Aichi Prefecture, in December 2024. The President and CFO gave a joint presentation on the progress of our mid-term management plan and business outlook, followed by a question-and-answer session. We also received questions about Komatsu's future global business strategy, the status of development of new technologies to achieve carbon neutrality, and Komatsu's strengths and challenges, as well as requests regarding governance and other issues.

11-year summary

(Millions of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Net sales	1,978,676	1,854,964	1,802,989	2,501,107	2,725,243	2,444,870	2,189,512	2,802,323	3,543,475	3,865,122	4,104,395
Operating profit	242,062	208,577	174,097	268,503	397,806	250,707	167,328	317,015	490,685	607,194	657,125
Operating profit ratio (%)	12.2	11.2	9.7	10.7	14.6	10.3	7.6	11.3	13.8	15.7	16.0
Income before income taxes and equity in earnings of affiliated companies	236,074	204,881	166,469	291,807	377,471	223,114	162,775	324,568	476,434	575,663	604,838
Net income attributable to Komatsu Ltd.	154,009	137,426	113,381	196,410	256,491	153,844	106,237	224,927	326,398	393,426	439,614
Capital investment*1	192,724	160,051	142,006	145,668	179,210	166,552	163,174	147,762	161,563	179,999	184,166
Depreciation and amortization*1	100,666	111,174	103,219	132,442	129,860	129,525	130,432	133,256	146,478	153,728	159,304
Research and development expenses	70,715	70,736	70,507	73,625	73,447	74,761	73,840	77,478	90,628	103,441	110,472
Total assets	2,798,407	2,614,654	2,656,482	3,372,538	3,638,219	3,653,686	3,784,841	4,347,522	4,875,847	5,636,656	5,773,523
Shareholders' equity	1,528,966	1,517,414	1,576,674	1,664,540	1,815,582	1,771,606	1,912,297	2,232,511	2,539,641	3,033,569	3,173,399
Shareholders' equity ratio (%)	54.6	58.0	59.4	49.4	49.9	48.5	50.5	51.4	52.1	53.8	55.0
Net interest-bearing debt*2	481,817	349,081	286,512	663,740	779,890	762,705	666,856	630,710	763,787	796,192	765,028
Net debt-to-equity ratio (times)	0.32	0.23	0.18	0.40	0.43	0.43	0.35	0.28	0.30	0.26	0.24
Net cash provided by operating activities	343,654	319,634	256,126	148,394	202,548	295,181	354,129	300,970	206,474	434,778	517,167
Net cash used in investing activities	(181,793)	(148,642)	(133,299)	(377,745)	(187,204)	(190,930)	(163,057)	(143,569)	(169,518)	(204,419)	(210,669)
Net cash provided by (used in) financing activities	(143,983)	(173,079)	(107,718)	243,949	(3,660)	(3,457)	(199,667)	(93,868)	(66,613)	(122,037)	(321,424)
Cash and cash equivalents, end of year	105,905	106,259	119,901	144,397	148,479	247,616	241,803	315,360	289,975	403,178	385,569
Number of common shares issued (thousands of shares)	971,967	971,967	971,967	971,967	972,252	972,581	972,887	973,145	973,450	973,810	950,953
Net income attributable to Komatsu Ltd. per share (yen)	162.07	145.80	120.26	208.25	271.81	162.93	112.43	237.97	345.22	415.96	473.44
Cash dividends per share (yen)	58.0	58.0	58.0	84.0	110.0	94.0	55.0	96.0	139.0	167.0	190.0
Consolidated payout ratio (%)	35.8	39.8	48.2	40.3	40.5	57.7	48.9	40.3	40.3	40.1	40.1
ROA (%)	8.7	7.6	6.3	9.7	10.8	6.1	4.4	8.0	10.3	11.0	10.6
ROE (%)	10.6	9.0	7.3	12.1	14.7	8.6	5.8	10.9	13.7	14.1	14.2
Exchange rate for the U.S. dollar (yen)*3	110	121	109	111	111	109	106	112	135	144	153
Exchange rate for the euro (yen)*3	140	132	119	130	129	121	123	130	140	156	163
Exchange rate for the Australian dollar (yen)*3	—	—	—	—	—	—	—	83	93	95	100
Number of employees (consolidated)	47,417	47,017	47,204	59,632	61,908	62,823	61,564	62,774	64,343	65,738	66,697
Ratio of employees working outside Japan (%)	61.0	60.7	62.7	66.7	68.4	68.4	67.5	67.7	68.4	68.9	69.7
CO_2 emissions (thousand tons)*4	412	342	384	459	519	404	382	461	464	342	330
Waste generated (thousand tons)	83.2	62.4	83.5	113.1	117.8	95.6	74.2	92.7	104.0	72.6	67.5
Volume of water used (thousand m^3)	4,319	3,761	3,469	4,059	3,963	3,570	3,238	3,140	3,081	2,721	2,516

*1 Capital investment is for property, plant and equipment only. Depreciation is the total of depreciation on property, plant and equipment and intangible assets.
*2 Net interest-bearing debt = Interest-bearing debt – Cash and cash equivalents – Time deposits
*3 Average exchange rates for the fiscal year
*4 Figures for Scope 1+2 (in-house direct and indirect emissions) are shown.

KPIs of the previous mid-term management plan

Category	SDGs		No.	KPIs	FY2024 targets	FY2024 results
With people	5, 8, 10, 17	Employees	1	Frequency rate of lost work time accidents (per 1 million hours)	Continue to decrease reduction from the three-year average frequency rate of 0.65 from FY2019 to FY2021 (performance disclosed)	0.96
			2	Global engagement survey score	1) Japan score: 75 or more 2) Global score: 85 or more * Scores represent the rate of positive responses. * Measured in the third engagement survey (conducted in FY2025)	Conducted third engagement survey (FY2025) 1) Japan score: 71 2) Global score: 81
			3	Indicators related to female employees 1) Ratio of full-time female employees (consolidated) 2) Ratio of female managers (consolidated)	1) 17.0% or more (as of March 31, 2025) 2) 13.0% or more (as of March 31, 2025)	1) 14.9% (as of March 31, 2025) 2) 11.9% (as of March 31, 2025)
			4	Ratio of employees with disabilities	2.5% or more (single year, Japan)	2.6% (single year, Japan)
			5	Succession plans	Increase succession planning for senior management positions at overseas Group companies	Increased succession planning for senior management positions at Komatsu Group companies outside of Japan (Used to select personnel for development of executive candidates)
			6	Development of human resources with digital transformation and AI skills	Number of training recipients (three-year aggregate) 1) Digital transformation: 900 for entry-level, 180 for practical 2) AI: 90 for entry-level, 30 for practical	Number of training recipients (three-year aggregate) 1) Digital transformation: 22,074 for entry-level*, 192 for practical 2) AI: 99 for entry-level, 34 for practical *DX entry-level courses are offered to all employees as mandatory training
			7	Cultivation of Smart Construction consultants	1,030 (aggregate)	1,414 (aggregate)
		Human rights	8	Human rights due diligence activities	Conduct due diligence activities for the following three areas 1) Internal 2) Procurement supply chain 3) Sales	Enhancement of grievance structure: Joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) 1) Internal: Basic training on business and human rights 2) Procurement: Training for procurement staff 3) Sales: Visited distributors under the West African region, etc.
With business	9, 11, 12, 17	Customers	9	Development of safety devices and expansion of our range of marketed models equipped with safety devices (KomVision, etc.)	Expand range of marketed models equipped with safety devices	Installed a rear object detection system with auto brake capable of detecting people and objects using KomVision in the PC200i-12
			10	Overseas sales of ICT-intensive models	2,860 units (single year)	1,845 units (single year)
			11	Number of workplaces using Smart Construction (global total)	13,300 workplaces (single year)	8,945 workplaces (single year)
			12	Enhancement and optimization of processes of construction workplaces	Ratio of workplaces at Level 3 or higher*: 15% (single year) *Ratio of workplaces using Smart Construction that implement solutions at Level 3	34% (single year)
			13	Aggregate number of AHS units deployed	790 units (aggregate)	862 units (aggregate)
			14	Optimization of operations at mine sites	Introduce and promote open technology platforms	Introduced open technology platforms to selected users on a trial basis
			15	Augmentation of hard rock mining product lineup	Expand product lineup and execute trials, including those for new methods (mechanical cutting)	· Expansion of product lineup: Introduction of new load haul dump machines and mining trucks · New methods 1) Mechanical cutters: Trials completed 2) Mining tunnel boring machine: Continued outdoor quality checks of trial unit
			16	Expansion of hard rock mining business	Net sales: US$300 million (threefold increase from FY2021)	Net sales: US$140 million
			17	Development of automated construction and mining equipment	Expand the number of marketed models (including new developments)	Hydraulic excavators: Introduced the PC200i-12
			18	Expansion of aftermarket business (pursuit of business growth and response to volatility)	Sales growth rate: +15% (compared with FY2021, foreign exchange rates fixed)	Sales growth rate: +23% (compared with FY2021, foreign exchange rates fixed)
			19	Multi-sourcing ratio (implementation of business continuity measures across the supply chain)	92%	92%
		Ethics and governance	20	Enhanced governance and enforced compliance	Disclose initiative results	· Held overseas Board of Directors meetings and visits to overseas customer sites and offices by the attending executives · Revised Komatsu's Worldwide Code of Business Conduct and its global implementation. Entrenched conduct standards by conducting global e-learning
		Communities	21	Ongoing social contribution activities	Disclose activity results	· Continued demining project · Provided relief support following the Noto Peninsula earthquake (lent equipment in affected areas free of charge)* *Total support in FY2023 and FY2024 totaled ¥1.3 billion, including donations · Provided ¥10 million for the earthquake off the coast of eastern Taiwan · Continued forest reforestation projects at former mine sites in North America · Continued providing support for regional human resource development programs with Cummins, Inc. (Chile, Peru, Australia)
With the planet	7, 13, 9, 15, 12, 17	Environment	22	CO_2 emissions from production (compared with FY2010)	Reduced by 45%	Reduced by 55%
			23	Water consumption (compared with FY2010)	Reduced by 70%	Reduced by 72%
			24	Rate of renewable energy use	20%	31%
			25	CO_2 emissions from product use (compared with FY2010)	Reduced by 24%	Reduced by 23%
			26	Electrification of construction and mining equipment	Expand models in the development phase and on the market	Launched two models
			27	Growth of forestry machinery business (process mechanization)	1) Sales growth rate: 50% (compared with FY2021, foreign exchange rates fixed) 2) Number of tree planting machines introduced: 30 (single year)	1) Sales growth rate: 36% (compared with FY2021, foreign exchange rates fixed) 2) Number of tree planting machines introduced: 11 (single year)
			28	Promotion of forest management solutions (development ofa business model combining forestry and decarbonization)	Forest area: 60,000 ha	Forest area: 23,946 ha
			29	Expansion of the reman business	Sales growth rate: 25% (compared with FY2021, foreign exchange rates fixed)	Sales growth rate: 47% (compared with FY2021, foreign exchange rates fixed)

External recognition

Evaluations and certifications

Komatsu has selected A List ranking in the CDP's Climate Change and Water Security categories and selection for the Dow Jones Best-in-Class World Index as KPIs for our Strategic Growth Plan as indicators to comprehensively and objectively evaluate our environmental, social, and governance activities.

CDP Climate Change/Water Security A List

Founded in 2000 in the United Kingdom, this non-profit organization surveys and globally discloses information on corporate greenhouse gas and climate change initiatives.

The organization began selecting companies recognized as global leaders in addressing climate change, water resources, and other issues for the "A List" in 2016.

SBT

This initiative recognizes companies that have set greenhouse gas reduction targets consistent with scientific findings to achieve the climate change targets required by the Paris Agreement.

Komatsu recognizes that addressing climate change is a top corporate priority and has applied for and received certification of our own long-term targets.

Dow Jones Best-in-Class World

Formerly Dow Jones Sustainability Indices (DJSI) World Index

A sustainability evaluation index provided by developed by S&P Dow Jones Indices LLC of the United Statesa. This index analyzes and evaluates corporate sustainability in terms of governance, economic performance, environmental conservation efforts, and social aspects, and selects the top companies in each industry sector.

EcoVadis Bronze

EcoVadis evaluates the sustainability of supplier companies around the world from four perspectives: environment, labor practices and human rights, ethics, and sustainable procurement.

Komatsu has achieved the "Bronze" rating in the latest survey.

Socially responsible investment (SRI) index memberships

Global

MSCI Selection Indexes*1

ISS-ESG Prime

Japan

FTSE Blossom Japan Index*2

MSCI Nihonkabu ESG Select Leaders Index*1

MSCI Japan Empowering Women Index*1

S&P/JPX Carbon Efficient Index

*1 The inclusion of Komatsu in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Komatsu by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

*2 FTSE Russell confirms that Komatsu has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

Web External recognition (ESG Databook P.37)

Company information (as of March 31, 2025)

Company name
Komatsu Ltd.

Head office
〒105-8316
Shiodome Building, 2-20, Kaigan 1-chome,
Minato-ku, Tokyo, Japan

Established
May 13, 1921

Common stock
Consolidated 70,336 million yen (according to U.S. GAAP)

Number of employees
Consolidated: 66,697
Non-consolidated: 12,344
Average age: 41.5*
Average length of service: 16.9*
*Non-consolidated

Number of issued shares
950,953,120 (including treasury stock)

Number of shareholders
286,333

One unit of shares
100

Stock listings
Tokyo Stock Exchange Prime Market

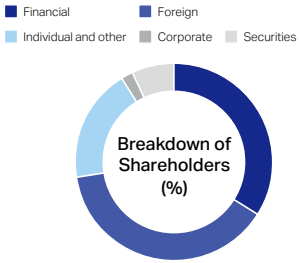
Transfer agent
Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Depositaries (ADRs)
The Bank of New York Mellon
240 Greenwich Street
New York, NY 10286
U.S.A.
Tel: +1-(201)-680-6825 for international calls and
888-269-2377
(888-BNY-ADRS) for calls within U.S.A.
URL: https://www.adrbnymellon.com/
Ticker Symbol: KMTUY

Major shareholders

Shareholder name	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	167,684	18.15
Custody Bank of Japan, Ltd. (Trust Account)	68,850	7.45
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS (standing proxy: Sumitomo Mitsui Banking Corporation)	28,570	3.09
STATE STREET BANK AND TRUST COMPANY 505001 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	25,793	2.79
STATE STREET BANK WEST CLIENT – TREATY 505234 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	20,568	2.22
Nippon Life Insurance Company (standing proxy: The Master Trust Bank of Japan, Ltd.)	18,638	2.01
JP Morgan Securities Japan Co.,Ltd.	16,937	1.83
Taiyo Life Insurance Company	14,200	1.53
STATE STREET BANK AND TRUST COMPANY 505223 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	13,577	1.47
JP MORGAN CHASE BANK 385781 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	12,630	1.36

* Shareholding ratio is calculated by subtracting treasury stock.
* Although the Company holds 27,372 thousand shares of treasury stock, it is excluded from the major shareholders listed above.

Stock information (including treasury stock)



Owner	Shareholding ratio	Number of shares	Number of shareholders
Financial	34.0%	323,799,153 shares	196 shareholders
Foreign	38.6%	367,742,691 shares	1,460 shareholders
Individual and other	18.6%	177,114,395 shares	282,636 shareholders
Corporate	1.9%	18,310,411 shares	1,961 shareholders
Securities	6.7%	63,986,470 shares	80 shareholders

*The figures of shareholding ratio have been rounded down to the first decimal place.
*Treasury stock (27,372 thousand shares) included under Individual and other.

Web Stock, rating information

Komatsu
Shiodome Building, 1-2-20, Kaigan, Minato-ku, Tokyo 105-8316, Japan
https://www.komatsu.jp/en
Corporate Communications Department
Sustainability Promotion Division
E-mail : JP00MB_info@global.komatsu