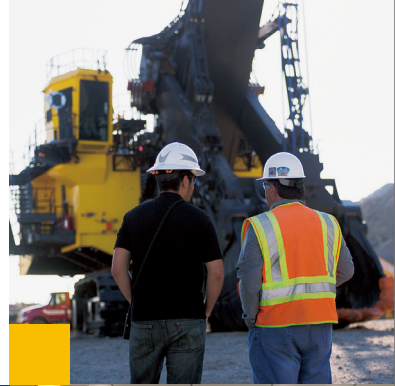
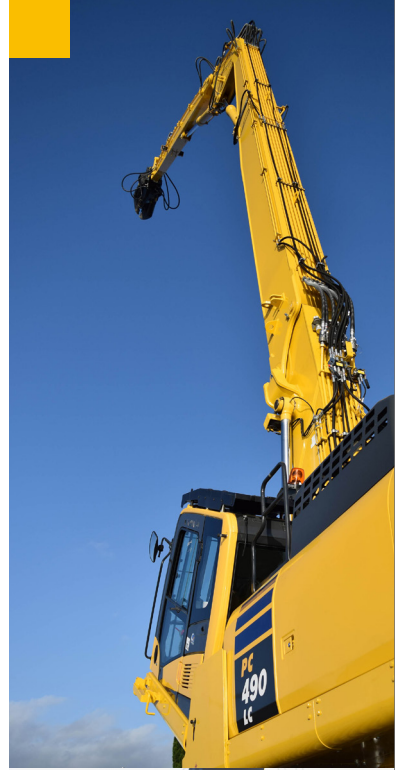


KOMATSU REPORT 2019



Contents

Outline of Operations

- 01 Komatsu's Management Principle
- 02 History of Komatsu
- 03 Strengths of Komatsu
 - 03 Global Production and Sales Systems
 - 04 Business Segments
 - 06 Developing Human Resources
- 08 Overview of Komatsu's Business

Komatsu's Growth Strategies

- 10 Message from the President
- 14 Komatsu's External Environment
- 16 Overview of the New Mid-Term Management Plan
- 18 Concepts and Stance of the New Mid-Term Management Plan
- 19 Three Pillars of Growth Strategies to Achieve Sustainable Growth
- 23 DANTOTSU Value Underpinning Three Pillars of Growth Strategies / Management Targets and Shareholder Return
- 24 ESG Solutions through Three Pillars of Growth Strategies

Financial Strategies

- 26 Message from CFO

ESG Issues

Environmental Issues

- 32 Priority Issues
- 33 Environmental Initiatives

Business Risk Management

- 36 Business Risks
- 38 Human Rights Policy

Social Contribution Activities

- 40 South Africa: Education Program Instituted through Collaboration with Cummins
- 41 United States: A Partnership to Bring Back Forests

Corporate Governance

- 42 Corporate Governance
- 52 Executive Officers and Global Officers

Corporate Profile

- 54 11-Year Summary
- 56 Corporate Information
- 57 About KOMATSU REPORT

Cautionary Notice regarding Forward-Looking Statements

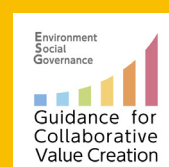
This report contains predictions, plans, forecasts, and other forward-looking statements that have been judged by management to be rational based on the information available at the time of publication. Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, changes in economic conditions or product demand in major markets, foreign exchange rate fluctuations, domestic or overseas regulatory revisions, or changes to accounting standards or practices.

Reporting Period: April 1, 2018–March 31, 2019

- This report also includes information on activities after the reporting period in order to provide readers with the latest information.
- "FY2018" refers to the period from April 1, 2018 to March 31, 2019, unless otherwise noted.
- Performance forecasts for FY2019 are the forecasts announced together with the financial results for FY2018 on April 26, 2019.

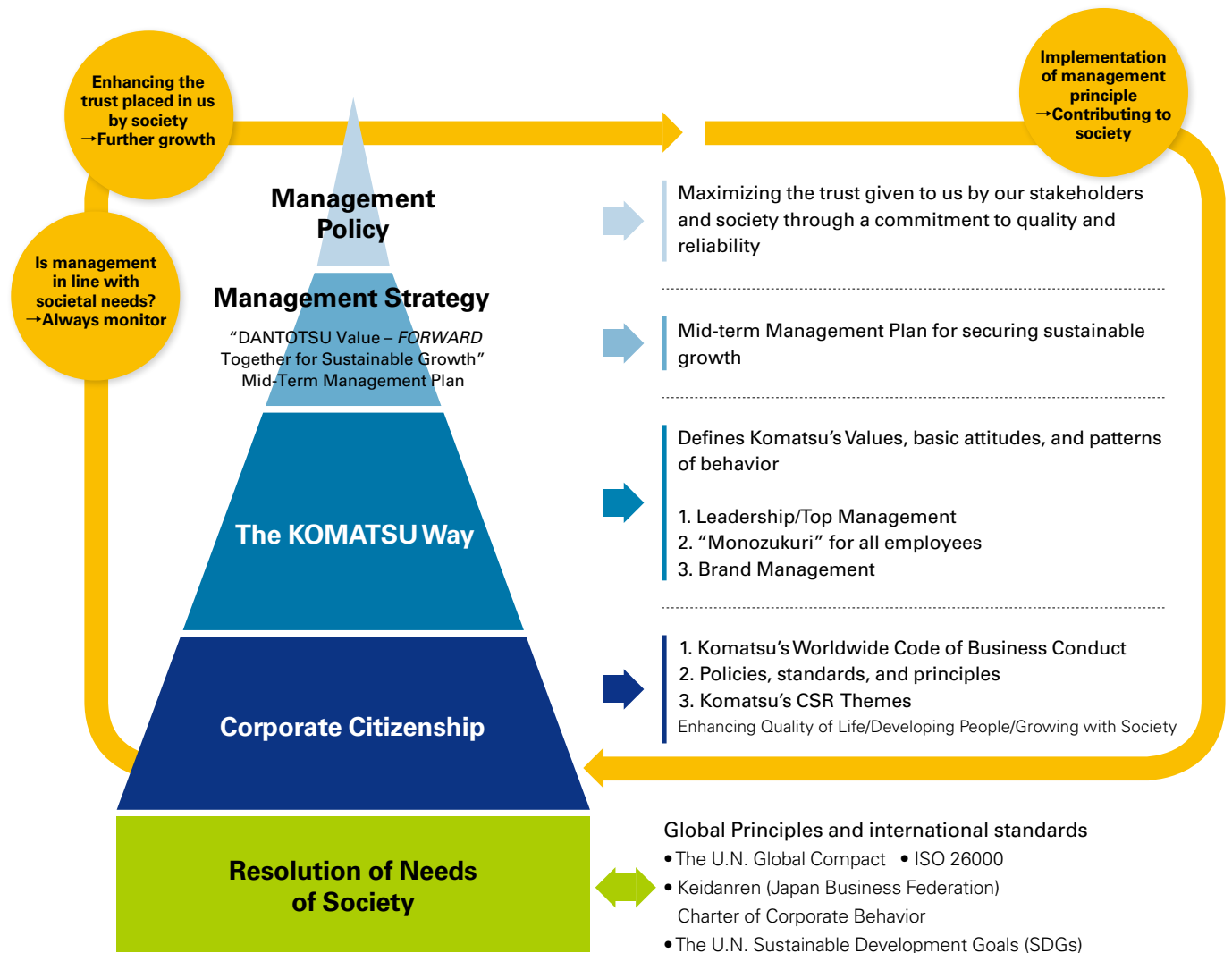
Editorial Policy

KOMATSU REPORT 2019 was published for the purpose of providing clear explanations for all stakeholders on Komatsu's medium- to long-term business strategies and the virtuous cycle generated as the Company resolves environmental, social, and governance (ESG) issues through its business. In preparation of this report, we referenced the International Integrated Reporting Framework released by the International Integrated Reporting Council and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Intangible Assets into Investment released by the Ministry of Economy, Trade and Industry.

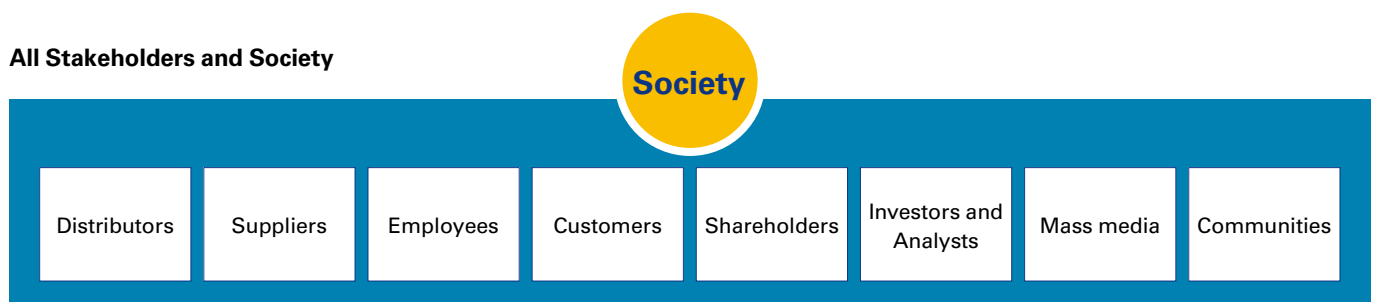


Komatsu's Management Principle

The cornerstone of Komatsu's management principle is to commit ourselves to quality and reliability and maximize the total sum of trust given to us by all stakeholders and society, which it defines as corporate value. Maximizing trust requires corporate activities that are founded on social responsibility along with efforts to strengthen corporate governance and enhance manufacturing competitiveness. With the addition of Komatsu Brand Management into this principle, we are promoting awareness reforms that inspire all Komatsu Group employees to adopt the perspective of the customer from their standpoint in the Company as we move forward with human resource development to become a stronger company.



All Stakeholders and Society



History of Komatsu

Komatsu was established in Komatsu City, Ishikawa Prefecture in Japan in 1921. Over the years, the Company has remained true to its commitment to improving quality and reliability, cultivating strengths as it gained experience through the process of tackling the challenges that emerged.

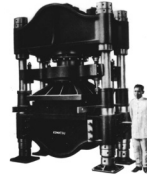
Major Historical Events

- 1918 End of World War I
- 1929 Great Depression
- 1945 End of World War II
- 1961 Trade and foreign exchange deregulation in Japan (deregulation of machinery imports)
- 1971 Nixon shock
- 1973 First oil shock
Transition to yen floating exchange rate system
- 1985 Plaza Agreement (yen appreciation trend)
- 1991 Dissolution of the Soviet Union and establishment of Commonwealth of Independent States
- 1997 Asian currency crisis
- 2008 Global financial crisis

Major Milestones for Komatsu

Foundation and Establishment of Position in Japan

- 1921 Established Komatsu Ltd.
- 1924 Produced first commercially available press
- 1931 Produced Japan's first crawler-type farm tractor
- 1943 Produced Komatsu Model 1 Ground Leveling Machine (prototype of Japan's bulldozers)
- 1951 Relocated head office to Tokyo
- 1955 First exports of construction equipment to Argentina



Pursuit of Global-Level Quality

- 1961 Commenced quality control measures and Companywide quality control program
- 1964 Opened Komatsu's first overseas liaison office in India
- 1968 Commenced production of hydraulic excavators
- 1972 Entered into small press field
- 1975 Completed first Komatsu bulldozer produced offshore in Brazil



Expansion of Overseas Production

- 1983 Commenced local production in Indonesia
- 1985 Commenced local production in the United States and Europe
- 1989 Made equity participation in Hanomag AG of Germany
- 1994 Spun-off of industrial machinery operations to form Komatsu Industries Corporation
- 1996 Made equity participation in Modular Mining Systems, Inc., of the United States
- 1998 Developed KOMTRAX (Komatsu Machine Tracking System)

Quest to Secure DANTOTSU

- 2001 Implemented 1st structural reforms
- 2006 Established The KOMATSU Way
- 2008 Launched Autonomous Haulage System and hybrid hydraulic excavators



- 2013 Launched ICT-intensive bulldozers
- 2014 Launched ICT-intensive hydraulic excavators
- 2015 Introduced SMARTCONSTRUCTION: ICT solutions to construction workplaces
- 2017 Acquired Joy Global Inc.

Subsidiaries and Affiliates

- 1967 N.V. Komatsu Europe S.A.
- 1970 Komatsu America Corp.
Komatsu do Brasil Ltda.
- 1979 Komatsu Australia Pty., Ltd.
- 1982 PT Komatsu Indonesia
- 1985 Komatsu UK Ltd.
- 1988 Komatsu Dresser Company
- 1993 Komatsu Cummins Engine Co., Ltd.
- 1995 Komatsu Changlin Construction Machinery Co., Ltd.
Komatsu Shantui Construction Machinery Co., Ltd.
- 1996 Demag Komatsu GmbH
- 1997 Komatsu Southern Africa (Pty) Ltd.
- 1999 Komatsu Middle East FZE.
Komatsu Cummins Chile Ltda.
Komatsu Mining Germany GmbH

- 2000 GIGAPHOTON Inc.
- 2004 Komatsu Forest AB
- 2008 Komatsu NTC Ltd.



- 2017 Komatsu Mining Corp.

Strengths of Komatsu

Global Production and Sales Systems

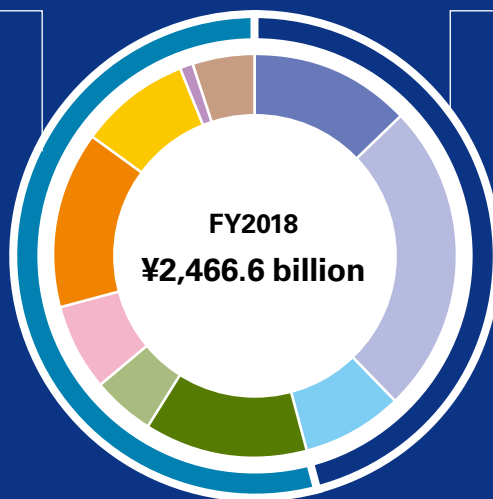
Komatsu adheres to a basic strategy of manufacturing its products in the areas to which they will be supplied and has therefore established a global network of production and sales bases. The Company employs a mother plant system in which plants with development manufacturing in Japan are positioned as "mother plants" and assigned responsibility for safety, quality, costs, and delivery schedules at overseas plants manufacturing the same products ("child plants"). Leveraging the strengths of a flexible manufacturing system, we develop a business that is at the same time global as well as matched to our customers and to the communities that we serve.

FY2018 Construction, Mining, and Utility Equipment Business Sales (to Outside Customers) by Region

Strategic Markets

54%

- Latin America ¥325.6 billion
- CIS ¥134.6 billion
- China ¥164.8 billion
- Asia ¥339.0 billion
- Oceania ¥215.6 billion
- Middle East ¥30.2 billion
- Africa ¥124.1 billion

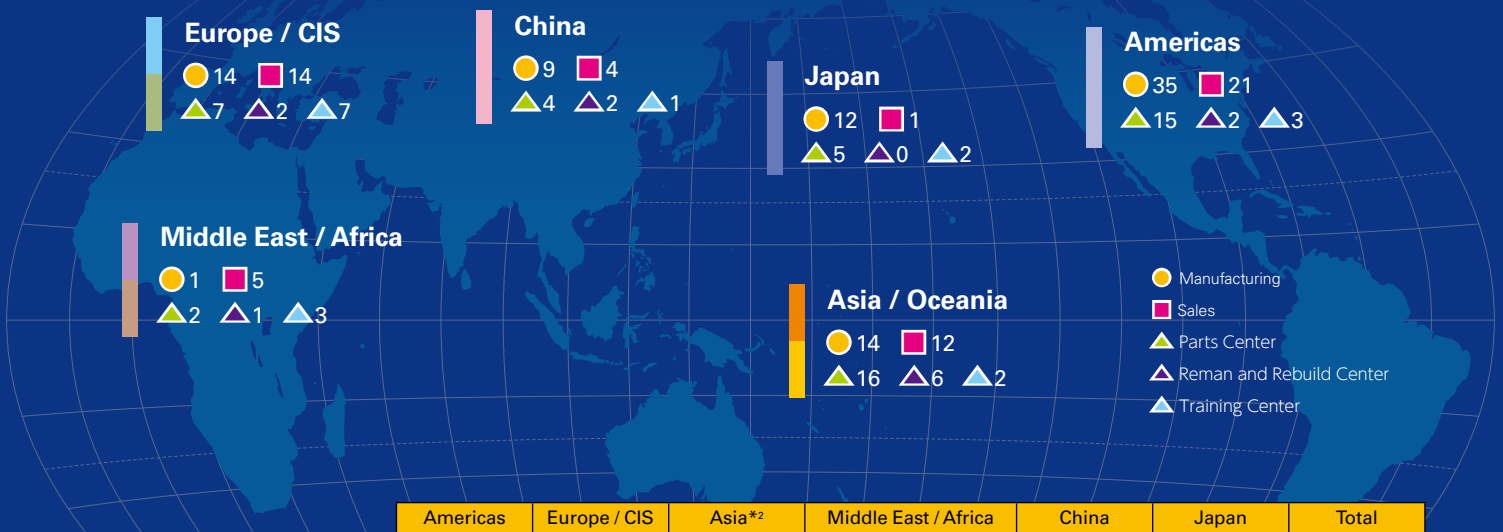


Traditional Markets

46%

- Japan ¥312.7 billion
- North America ¥612.2 billion
- Europe ¥207.5 billion

Production and Sales Bases (as of April 1, 2019)



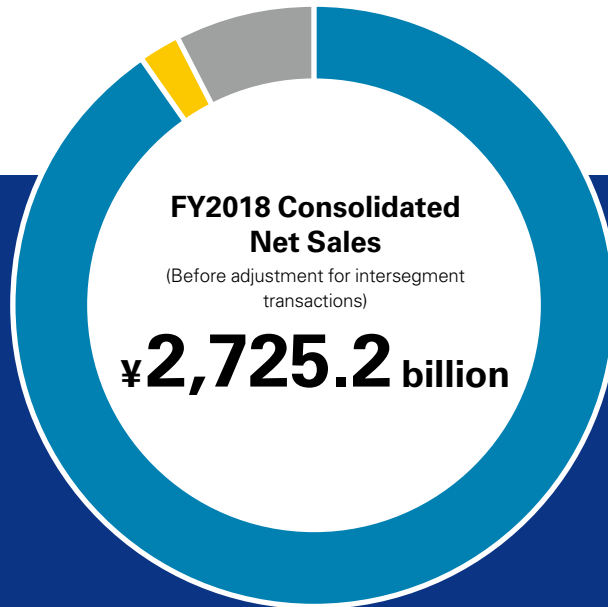
	Americas	Europe / CIS	Asia*2	Middle East / Africa	China	Japan	Total
Number of Operations	35	14	14	1	9	12	85
Mother plants*1	1	4	0	0	0	4	9

*1 Excluding Komatsu Mining Corp. *2 Excluding Japan and China

Strengths of Komatsu

Business Segments

Focused on its core construction, mining, and utility equipment business and industrial machinery and others business, Komatsu is building upon the DANTOTSU Product, DANTOTSU Service, and DANTOTSU Solution that represent its distinctive strengths as it seeks to realize the safe, highly productive, smart, and clean workplaces of the future.



Construction, Mining, and Utility Equipment Business

¥2,466.6 billion

Komatsu supplies a wide range of products, services, and solutions including construction and mining equipment for use in construction and mining workplaces around the world as well as forklift trucks, forest machines, recycling equipment, and tunneling machines. We have established a position as the international leader in the construction and mining equipment field by delivering unrivaled quality and technological innovation together with this full lineup.



Dump truck

Retail Finance

¥57.3 billion

Komatsu conducts a retail finance business aimed at helping reduce customers' funding burdens and otherwise assisting in the purchase of its DANTOTSU products. Our strengths in this field include the prevention of overdue debt through effective utilization of KOMTRAX (location information, operating status information, engine locks, etc.) technologies, swift inspections, and competitive financing conditions. These strengths have enabled us to build long-term relationships with customers.



Industrial Machinery and Others

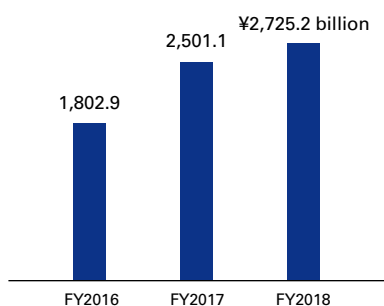
¥201.2 billion

The industrial machinery and others business stands alongside the construction, mining, and utility equipment business as a core business of Komatsu. Offerings in this business include the large presses used to mold automobile hoods and side panels as well as sheet-metal machines, machine tools, and light sources for semiconductor lithography systems (excimer lasers). In this business, we also contribute to the business activities of various customers through distribution of construction equipment and other goods and production of specialty equipment for Japan's Ministry of Defense.

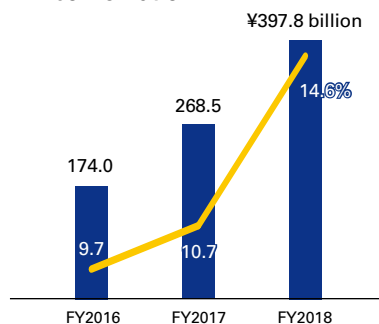


Large press

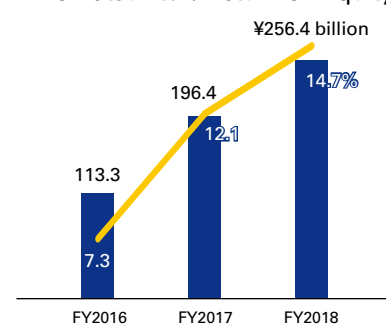
▶ Consolidated Net Sales



▶ Operating Income / Operating Income Ratio



▶ Net Income Attributable to Komatsu Ltd. / Return on Equity



Products

Thoroughly committed to quality and reliability, Komatsu seeks to supply safe and creative products to provide optimal responses to the needs and expectations of customers worldwide. In the future, we will utilize production automation, autonomous operation, electrification, remote control, and other technologies to create more sophisticated products in order to promote, on a global basis, SMARTCONSTRUCTION, a solution that organically links entire workplaces through ICT.



Hydraulic excavator



Wheel loader



Electric rope shovel



Forklift truck



Harvester



Mobile crusher/recycler



Fiber laser cutting machine



Excimer laser

Services

Komatsu offers a comprehensive range of spare parts and after-sales support services to prevent halts to the operation of customer equipment. We also supply KOMTRAX, a technology that provides information concerning vehicle location, cumulative hours of operation, and operating status of equipment installed on vehicles. We aim to deliver greater levels of value throughout the lifecycles of equipment via increased operating ratios and lowered maintenance costs.



Solutions

SMARTCONSTRUCTION is a Komatsu DANTOTSU solution that organically links entire workplaces through ICT to resolve construction workplace issues, such as those related to labor shortages and the aging of operators. Through this solution, we link information pertaining to all people and objects (equipment, soil, etc.) at construction workplaces through ICT, performance analyses and simulations, and offer proposals.

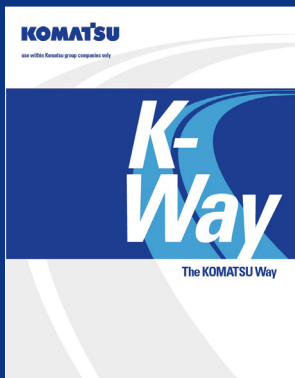


Strengths of Komatsu

Developing Human Resources

Founder Meitaro Takeuchi established Komatsu Ltd. in Komatsu City, Ishikawa Prefecture roughly a century ago. Having witnessed Europe's cutting-edge technologies at that time, Takeuchi put forth the four management principles of global expansion, quality first, technological innovation, and human resource development. The commitment to the development of human resources, an invaluable asset to Komatsu, lives on in the Company today.

The KOMATSU Way



The KOMATSU Way is the very DNA of Komatsu, an expression of the strengths of Komatsu, the beliefs supporting these strengths, the basic attitudes and patterns of behaviors established based on the experiences of our predecessors as they proceeded to tackle the challenges facing them.

As the operating environment changes, Komatsu seeks to develop its operations on a global scale and to become a stronger company and grow. To accomplish these objectives, it will be crucial for us to transmit the KOMATSU Way to employees with different cultures and customs around the world and to implement these principles in a manner that aligns employees along the same vector.

Human Resource Development through Quality Control Activities

Komatsu began implementing quality control activities in 1961, and today these activities are being carried out worldwide. Our quality control activities entail an ongoing cycle of improvement in which we examine issues at the actual workplaces instituting corrective measures addressing the origin of issues. These activities underpin Komatsu's unparalleled quality and reliability and spur improvements in productivity. Furthermore, workplace-driven quality control activities are entrenched as venues for human resource development that heighten employees' on-site capabilities, communication skills, and leadership qualities.

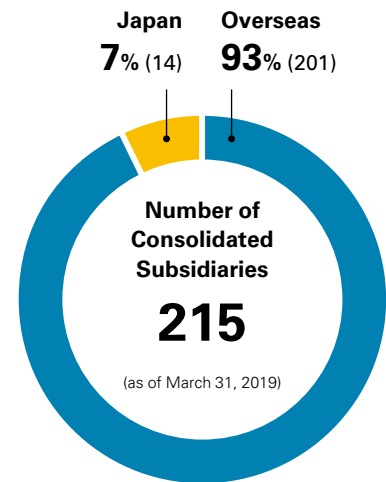
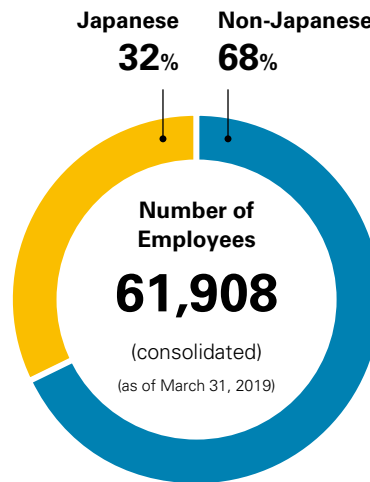
Komatsu's quality control activities focus on total quality management—improving both product quality and the quality of all work processes. These activities are conducted on a global, Companywide basis including administration and back-office divisions. These activities will be continued going forward to help Komatsu employees improve their on-site capabilities and develop their careers.



The All Komatsu QC Convention, an event for presenting superior examples of quality control activities from around the world, are held to stimulate further improvements in employees' on-site capabilities.

Employees Supporting Komatsu as a Global Company

Komatsu develops its operations around the world, and approximately 70% of its employees are not Japanese. Accordingly, developing human resources that are rooted in the communities they serve while promoting mutual acceptance of the values and cultures of various countries and regions is becoming increasingly important. Operations around the world must be instilled with Komatsu's manufacturing competitiveness, which includes the values that support Komatsu and the workplace improvement, driven by employees.



1

Leadership/ Top Management

Leaders must be directly involved in the workplaces and manage businesses with an emphasis on contributing to the entire Group, including distributors and suppliers. We have also defined guidelines for leaders related to actively engaging in regular board meetings, communicating with stakeholders, complying with rules of the business community, managing risks, and grooming successors for management positions.

2

"Monozukuri" for All Employees

Komatsu aims to pass on the manufacturing competitiveness, perspectives, and values that, based on total quality management, have continued to drive Komatsu's competitiveness and support its growth. We look to transmit these principles through a joint effort encompassing all internal divisions as well as our suppliers, distributors, and other partners and to continue promoting involvement by all of these parties.

3

Brand Management (Customer Value Creation Activities)

Komatsu defines "Brand Management" as all the activities that "make Komatsu indispensable to our customers." This objective is accomplished by visiting customer workplaces to understand the ideal state of these customers and to build relationships that enable us to work together with them to help achieve their goals through concerted efforts by the Group and its distributors.

Improvement and Transmission of Workplace Skills

It is the exceptional skills accumulated at workplaces that enable Komatsu to deliver high-quality and highly reliable products built on cutting-edge technologies as well as services that offer peace of mind to customers. For further global development of its business, we work to improve and transfer workplace skills internally as well as at our suppliers and distributors worldwide.

Komatsu's production divisions have long been engaged in such skill improvement and transfer activities, is its steadfast efforts to improve workplace skills through the reinforcement of basics. To complement these efforts, we have recently been establishing technical skill training centers equipped with specialized educational equipment and machinery. These training centers are used to help technicians hone their fundamental skills. Furthermore, the annual All Komatsu Technology Olympics are held as an event for gauging the level of our technical skills. This event is seen as a step on the path toward excellence as a technician, and consistently draws participation from around 200 competitors selected from production bases in more than 10 countries. The All-Komatsu Technology Olympics are an opportunity for representatives from countries and regions around the world to mutually elevate the levels of their skills. This enables Komatsu to continuously improve the overall skill level of Komatsu while encouraging and motivating young technicians and instructors.



Overview of Komatsu's Business

In the pursuit of sustainable growth, companies are expected to build robust yet flexible earnings structures that respond to changes in the operating environment while addressing the increasingly more important ESG issues. With the strength of the manufacturing platform it has forged over the years, Komatsu will respond to social needs by linking customers, distributors, partners, and communities and all Komatsu workplaces through its DANTOTSU excellence.

Major Inputs



Production / Logistics

Komatsu production bases: **85***
 Parts distribution bases: **48***
* as of April, 1, 2019
 Investment in production:
¥67.6 billion



Intellectual Properties

Development bases:
Nine mother plants and
 Asia Development Center
 R&D expenses: **¥73.4 billion**
 (2.7% of net sales)
 Utilization of information:
 Equipment with KOMTRAX:
 Approx. **560,000** units



Human Resources

Number of consolidated employees:
61,908



Partners

Machine population over past 10 years:
 Approx. **570,000** units*
* Estimate of construction equipment operational at customer workplaces based on aggregate 10-year sales volumes
 Sales and service distributors:
208 distributors in **146** countries
 (construction, mining and utility equipment business)
 Suppliers: Approx. **2,700**
 Shareholders: **193,434**



Environment

Energy use: **9.2 PJ**
 Including renewable energy use: **71 TJ**
Note: 1 PJ (petajoule) = 10¹⁵ J (joules);
 1 TJ (terajoule) = 10¹² J
 Water use: **3.7** million m³
 Steel (iron) use: **1,054,700** tons



Finance

Consolidated net sales: **¥2,725.2** billion
 Operating income: **¥397.8** billion
 Free cash flow: **¥15.3** billion
 Total assets: **¥3,638.2** billion

Note: Above amounts are either for FY2018 or as of March 31, 2019.

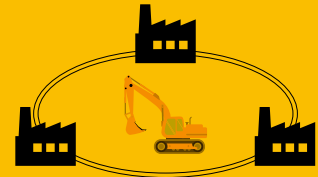
Business Activities and Strengths (Construction and mining equipment operations)

Research and Development



- **In-house development and production of key components** underpinning product performance (engines, hydraulic components, power trains, etc.)
- Accelerated technological innovation achieved by merging core Komatsu technologies with external insight (**Open innovation**)
- **Digital transformation**
- Product development systems **tailored to global market needs**

Procurement and Production



- **Collaboration with suppliers (Midori-kai)** enabling the following:
 1. "Monozukuri" (improvement of product quality, reliability, and competitiveness)
 2. Stable supply of high-quality materials
- **Linking plants** (visualization) utilizing ICT
- **Cross-sourcing:** Flexible global production and procurement systems that are resilient to demand and foreign exchange fluctuations
- **Mother plants** structure enabling: Improvement of QCD (Quality, Cost, Delivery)
- **Skill transfer** and TQM (Total Quality Management)

Climate change impacts – Total CO₂ emissions: **30,240,000 tons**

Initiatives for Resolving ESG Issues

Enhancing Quality of Life

— Providing Products Required by Society —

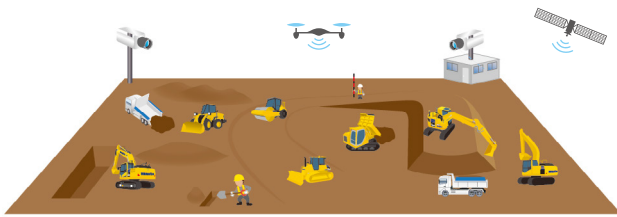
Developing People

Growing with Society

Responsible Corporate Behavior

Operations at Customer Workplaces

Product Cycles



Products

- **DANTOTSU Product**
Unrivaled products in terms of environment, safety, ICT capacities, and productivity
- **Full lineup** of construction and mining equipment
- Product creation focused on **quality and reliability**

Services

- Enhancement of maintenance **contract services**
- Improvement of QCD (Quality, Cost, Delivery) achieved through close alignment of sales forecasts and production of spare parts
- **Construction equipment**
• Utilization of information acquired through **KOMTRAX**
- **Mining equipment**
• Utilization of information acquired through **KOMTRAX Plus**
- Detailed support from directly owned distributors

Solutions

- **Construction equipment**
• **SMARTCONSTRUCTION**
- **Mining equipment**
• **Autonomous Haulage System**

• Global distributor network • Cultivation of distributor personnel • Brand management

- Global supply of high-quality used equipment, etc.
 - Remanufacturing and rebuilding*
- * Systems for selling used engines, transmissions, and other components that have been repaired to be of the same quality as new products

Targets for FY2021

Accomplishment of targets of Mid-Term Management Plan
 "DANTOTSU Value – FORWARD Together for Sustainable Growth"

CO₂ emissions from product use: 26,419,000 tons (87.4% of total)



The KOMATSU Way

Building foundations for 100th anniversary and beyond

Message from the President



Hiroyuki Ogawa

President and
Chief Executive Officer

On our quest to achieve sustainable growth, Komatsu will pursue DANTOTSU Value in order to maximize the total sum of trust given to us by society and all stakeholders.

Greetings

This is my first message as President and Chief Executive Officer of Komatsu. I would like to take this opportunity to thank all of our stakeholders for their ongoing support and understanding. Over the three-year period from FY2016 to FY2018, we moved ahead with our previous mid-term management plan, "Together We Innovate GEMBA Worldwide: Growth Toward Our 100th Anniversary (2021) and Beyond." This plan was based upon three priorities under the harsh assumption that the market would not recover: 1) growth strategies based on innovation, 2) growth strategies in existing businesses, and 3) structural reforms designed to reinforce the business foundation. Fortunately, the market began a rapid recovery from FY2017. We were thereby able to achieve the management targets of the previous mid-term

management plan with record-breaking sales and profit in FY2018 stemming from our ability to capture demand in the construction, mining, and utility equipment business in various regions (see page 16).

This served as the backdrop for the launch of "DANTOTSU Value – FORWARD Together for Sustainable Growth," a new three-year mid-term management plan covering the period from FY2019 to FY2021 (see page 14). Formulation of this plan was a key initiative I led before becoming President in April 2019, the start of FY2019. I am committed to leading Komatsu in its further development, adopting a long-term perspective devoting my efforts to steadily advancing the new mid-term management plan to help us achieve sustainable growth.

Komatsu's Operating Environment and New Mid-Term Management Plan

The history of Komatsu is our chronicle of addressing various social trends and operating environment changes. We posted its first operating loss in FY2001, and we have since proceeded to develop a robust corporate constitution through selective focus on our core business and business structure reforms. At the same time, we have remained committed to the supply of DANTOTSU Product (advancement of machines), DANTOTSU Service (advancement of machine operations) and DANTOTSU Solution (advancement of construction).

The rise of protectionism and multipolarity are concerning trends in the global economy of today. Meanwhile, climate change is having an increasing impact on corporate management. We also expect various other changes to the operating environment, including the spread of Internet of Things (IoT), artificial intelligence (AI), and big data technologies; the trend toward electric vehicles and automation; workforce contraction; and advancement toward a circular economy.

Demand in the markets for construction and mining equipment is anticipated to remain firm over the long term. However, we

cannot expect the type of rapid market expansion seen previously on the back of growth in emerging countries, and short-term market volatility is projected to be fierce. In the industrial machinery and others business, we project changes in industry structure to result from the trend toward electric vehicles while the semiconductor market is forecast to enter into a temporary adjustment stage.

In the midst of the changes to the operating environment, Komatsu remains committed to quality and reliability, as the management principle, and aims to maximize our corporate value, the total sum of trust from society and all our stakeholders, under the new mid-term management plan. To this end, we work for sustainable growth through a positive cycle of improving earnings and solving ESG issues, which is driven by growth strategies.

The three pillars of growth strategies under the new mid-term management plan are 1) value creation by means of innovation, 2) growth strategies based on business reforms, and 3) structural reforms for growth. Centered on these three pillars, we will prioritize investments in growth fields to build an earnings structure that is not influenced by fluctuations in demand.

Message from the President

Moreover, the new plan contains the first ESG targets to be included in a Komatsu mid-term management plan. These targets were incorporated to facilitate our efforts to address ESG issues. Through these targets, we will work to reduce CO₂ emissions and increase the rate of renewable energy use. In addition, Komatsu declared its endorsement of the Task Force on Climate-related Financial Disclosures in April 2019. We are dedicated to improving productivity and efficiency and reducing environmental impacts across the supply chain through our core business going forward.

Our vision looking ahead is for Komatsu to become a company that creates value by realizing, with high levels of excellence, the safe, highly productive, smart, and clean workplaces of the future. By making this vision a reality, we aim to generate a positive cycle that drives the ongoing growth of Komatsu while simultaneously contributing to the resolution of social issues and to the enrichment of society. Accomplishing this goal will require strategies matched to our customers' visions and missions and leadership clearly focusing on achieving growth together with customers.

Commitment Encapsulated by DANTOTSU Value

The new mid-term management plan was drafted through a backcasting approach based on our roadmap for the future vision of Komatsu. The slogan for this plan is "DANTOTSU Value." This slogan encapsulates our commitment to link every workplace through excellence (DANTOTSU) to achieve sustainable growth together. Today, our world is changing, and so are the challenges of our customers and society as a whole. Recognizing this truth, the mid-term management plan was formulated around the question of what can we do to help overcome these challenges while remaining sustainable.

Up until now, Komatsu has strived to improve value for our customers as well as to expand our value chain through the pursuit of "DANTOTSU Product" (advancement of products),

"DANTOTSU Service" (advancement of machine operations) and DANTOTSU Solution (advancement of construction). Going forward, we will build upon and accelerate these initiatives and to resolve ESG issues and improve earnings to co-create value with our customers. This is the concept of "DANTOTSU Value" as defined in the mid-term management plan.

Key words in this undertaking will be "workplaces" and "links." "Workplaces" refers to a place where anyone related to Komatsu works, including the sites of customers, distributors, and suppliers worldwide. This term also encompasses Komatsu's internal production sites (plants), R&D facilities, sales, service and administration and offices.

DANTOTSU Value

FORWARD Together for Sustainable Growth

Linking every workplace through excellence

Our world is changing.

So are the challenges of our customers and society.

What can we do to help overcome these challenges while remaining sustainable?

Together, we can reach new, unrivaled heights of excellence in our products, services, and solutions to enable a better world.

We can link every workplace and generate value with our global teams, customers, distributors, partners, and communities.

We can make a difference.

We can do it by delivering DANTOTSU Value.



The “links” we seek to form go beyond simply the IoT technology. Linking means aligning people along the same vector towards one direction and getting a job done with a strong sense of teamwork. I come from a strong background rooted in production both in Japan and overseas. Such production workplaces are characterized by steadfast daily action. Meanwhile, some of our employees are located at our customers’ construction or mining workplaces, and we also have many people supporting those

employees. The “links” we seek are to foster a sense of unity between everyone at all of these different workplaces and having them work as one team.

The ultimate goal of our new mid-term management plan is to link workplaces worldwide through excellence (DANTOTSU). Accomplishing this goal will put us in the best position to achieve our other quantitative and qualitative management targets.

Milestone of 100th Anniversary and Beyond

We will celebrate the 100th anniversary of Komatsu’s founding in 2021. However, we recognize that this milestone is just that, a checkpoint to be passed. In order to be sustainable in the future that lies beyond, we aim to realize the safe, highly productive, smart, and clean workplaces of the future together with our customers. Our basic approach will be to work forward the resolution of the issues faced by society and customers through flexible management in tune with the times.

Komatsu is committed to addressing the issues faced by society thereby raising the value as a company that develops together with society. We will also proactively participate in the United Nations Global Compact, the World Business Council for Sustainable Development, and other initiatives as we work to

fulfill its obligations to society and the environment as a global company.

I continue to thank all our stakeholders and ask for your continued support.

Hiroyuki Ogawa
President and Chief Executive Officer

New Mid -Term Management Plan (FY2019–FY2021)





DANTOTSU Value

FORWARD Together for Sustainable Growth

Komatsu's External Environment

Today, protectionism is growing around the world, and multipolarity is becoming evident. We are also witnessing growing concerns over climate change. As the external environment is changing dynamically, in the construction, mining, and utility equipment business, we assume gradual growth of the demand in the medium to long term, but the volatility will remain high in the short term. In the industrial machinery and others business, we anticipate a structural change of demand in the automobile manufacturing industry, mainly resulting from ongoing progress toward electric vehicles. In addition, we anticipate assured growth in demand in the semiconductor manufacturing industry over the medium to long term, while a temporary adjustment phase is also expected. Achieving sustainable growth in this environment will require growth strategies that are not affected by demand fluctuations.

Changes in the External Environment and of ESG Issues

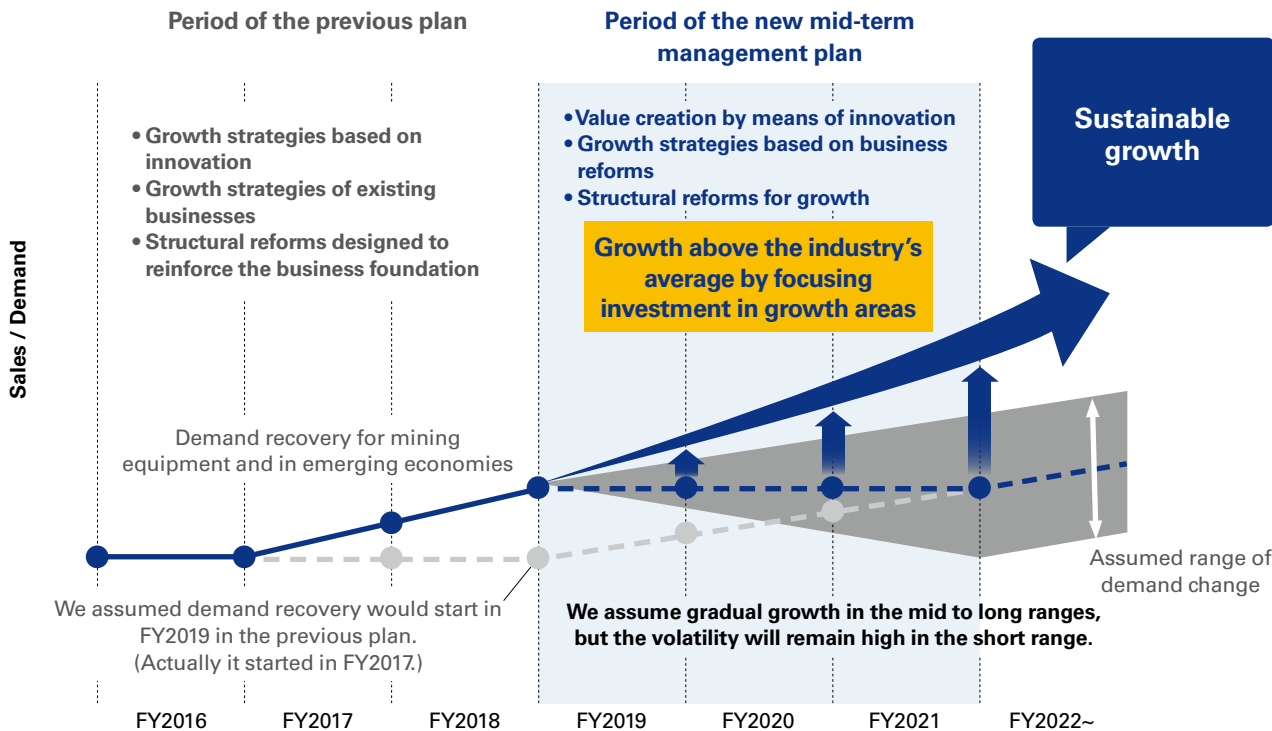
<h4>Politics & economy</h4> <ul style="list-style-type: none"> • Multipolarization of the world • Emergence of protectionism • Growth of emerging economies 	<h4>Technologies</h4> <ul style="list-style-type: none"> • Further spread of IoT, AI, and big data • The progress of electric and autonomous vehicles 
<h4>Environment & energy</h4> <ul style="list-style-type: none"> • Climate change • Growing demand for energy, foods and water • Decarbonization & renewable energy 	<h4>Society & values</h4> <ul style="list-style-type: none"> • Acceleration of diversity in advanced countries • A decline of working-age population • Achievement of a recycling-oriented society by accelerating the pace of sharing • Growing pursuit and needs for safety and comfort 

Expectations of achieving

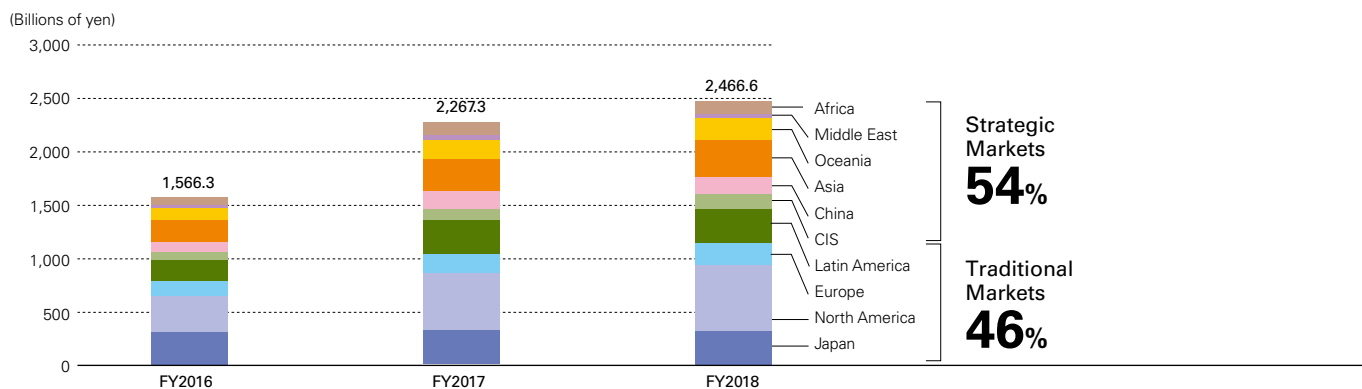
Our Tasks in the Growth Strategies

1. To solve ESG issues through the growth strategies of our core business

Demand for Construction and Mining Equipment



Construction, Mining, and Utility Equipment Business Sales (to Outside Customers) by Region



a sustainable society

2. To promote sustainable growth based on our profit structure which is free of changes in the external environment and market demand

Overview of the New Mid-Term Management Plan

The new mid-term management plan sets forth the future vision Komatsu should aspire to and hope to accomplish as it approaches and moves beyond the 100th anniversary of its founding in 2021. As part of this vision, we seek to become a company that can help realize the safe, highly productive, smart, and clean workplaces of the future together with customers while generating a positive cycle of resolving ESG issues through the creation of value for customers and improving earnings.



1 Review of the Previous Mid-Term Management Plan

Demand for construction and mining equipment had remained in an adjustment phase, as affected by sluggish prices of commodities and the economic slowdown of emerging countries since around 2013. However, it began a recovery from 2017, earlier than what we assumed, at the time we developed the previous mid-term management plan of FY 2016-2018. Under such an environment, we steadily captured demand while working to strengthen our corporate constitution, and integrated Komatsu Mining Corp. (hereafter “KMC”) into the Komatsu Group. As a result, we posted expanded sales and profits for the last two consecutive years of FY2017 and FY2018. For FY2018, the final year of the previous mid-term management plan, we also achieved record-high sales and profits. Management targets were accomplished for all indicators with the exception of ROA (return on assets) in the retail finance business.

Management Targets of the Previous Mid-Term Management Plan and Related Performance

Management Target		Indicator	FY2018 Performance	FY2016–FY2018 Performance*
Growth	• Aim at a growth rate above the industry's average	Sales growth rate	9.0%	15.0%
Profitability	• Aim at an industry's top-level operating income ratio	Operating income ratio	14.6%	11.7%
Efficiency	• Aim at 10%-level ROE	ROE	14.7%	11.4%
Shareholder return	• Keep a fair balance between investment for growth and shareholder return (including stock buybacks), while placing main priority on investment • Set the goal of a consolidated payout ratio of 40% or higher, and maintain the policy of not decreasing dividends as long as the ratio does not surpass 60%	Consolidated payout ratio	40.5%	43.0%
Financial position	• Aim at industry's top-level financial position	Net debt-to-equity ratio	0.43	0.34
Retail finance business	• ROA: 2.0% or above • 5.0 or under for net debt-to-equity ratio	ROA	2.2%	1.6%
		Net debt-to-equity ratio	3.64	3.60

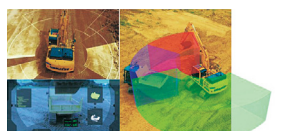
* Average for period from FY2016 to FY2018

2 Formulation of New Mid-Term Management Plan through Backcasting

In formulating the new mid-term management plan, we first decided on the future vision Komatsu should pursue from a long-term perspective and then drafted a roadmap toward this vision. Afterward, a backcasting approach was taken to examine what Komatsu should do in the present in order to move forward with this vision. Clarifying our vision enabled us to establish a better understanding of the strengths that can be exercised toward the realization of this vision, the existing businesses needing to be reinforced, and the lacking resources. The scenario based on this understanding was discussed exhaustively, and growth strategies and management targets were set based on this scenario.

Future construction equipment

(Automated, autonomous, electric and remote-controlled)



Optimization platform and solutions business

(Reduction of environmental impact and improved safety and productivity)



Promotion of smart forestry

(Circular environmental protection)



Future Plant

(Connected plants with Zero impact on environment and workers)



3 Integration of Komatsu Mining Corp.

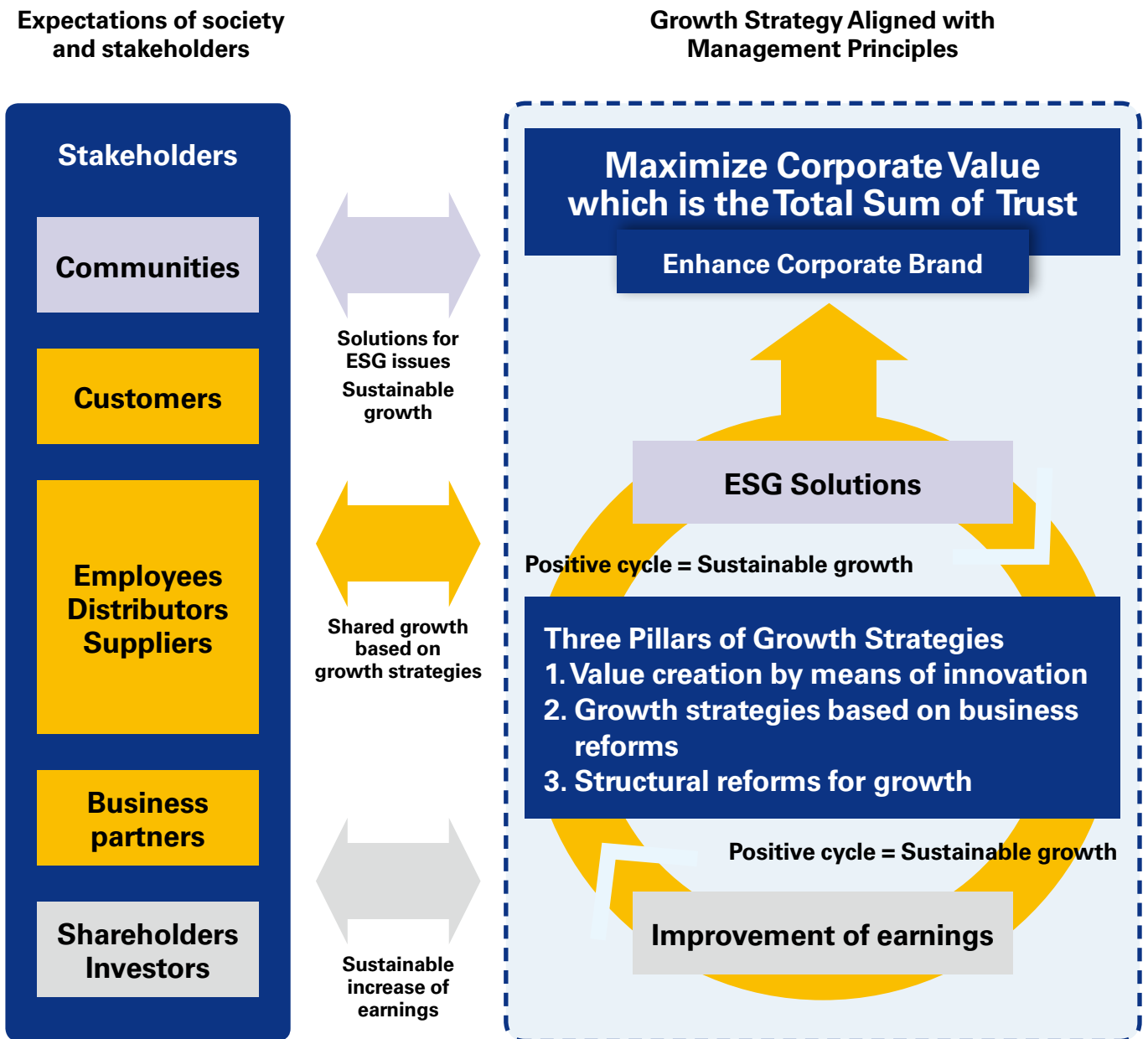
Former Joy Global Inc. (currently KMC) was acquired in April 2017, and it has since been working to create synergies using KMC's management resources together with those of Komatsu. With a history in the mining equipment business spanning more than a century, KMC is a global manufacturer, seller, and service provider dealing in super-large surface and underground mining equipment, an area in which Komatsu previously lacked offerings.

Going forward, the manufacturing technologies of Komatsu, which emphasizes quality and reliability, will be integrated with those of KMC. At the same time, we will go a step further, to merge and reinforce the sales and services systems of Komatsu and KMC, both of which have accumulated extensive experience and expertise cultivated over the process of earnest catering toward the needs of their customers. As we leverage the strengths of Komatsu and KMC, we will look to generate synergies equivalent to 10% or more of KMC's sales in FY2021.



Concepts and Stance of the New Mid-Term Management Plan

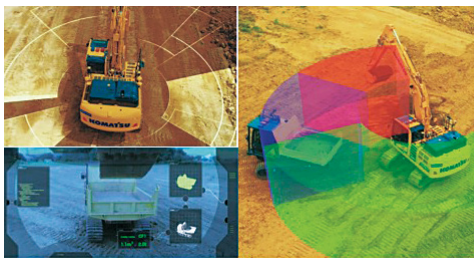
The new mid-term management plan defines three pillars of growth strategies: 1) value creation by means of innovation, 2) growth strategies based on business reforms, and 3) structural reforms for growth. By prioritizing investment on growth areas based on the three pillars of growth strategies, we will seek to achieve sustainable growth through a positive cycle of improving earnings and solving ESG issues that is resilient to fluctuations in demand.



Three Pillars of Growth Strategies to Achieve Sustainable Growth

Komatsu has defined three pillars of growth strategies in reflection of its operating environment and the challenges it faces. By advancing these three pillars of growth strategies, we will pursue sustainable growth.

1 Value creation by means of innovation



- Optimization platform and solutions business strategies
SMARTCONSTRUCTION, Autonomous Haulage System (AHS), and platforms (LANDLOG and IntelliMine)
- Automation, autonomous operation, electrification and remote-controlling of construction, mining and utility (compact) equipment
- Smart forestry and agriculture

2 Growth strategies based on business reforms



- KMC integration synergies and business reinforcement
- Value chain reforms and redefinition of the aftermarket business
Preventive maintenance by applying IoT and AI, and Lifecycle support under serial number-based management; logistics reforms; and next-generation key components
- Next-generation KOMTRAX
- Stronger focus on aggregate & cement, forestry, agriculture and other segments
- Efforts for "DANTOTSU No. 1 in Asia" and in the growing markets of India and Africa
- Reforms of the industrial machinery business (Expansion of synergy with the construction equipment business and growth by capitalizing on core technologies)

3 Structural reforms for growth



- Business reforms by means of ICT and IoT
- Structural reforms of development operations
Model based development
Open innovation
- Connected plants with Zero impact on environment and workers
- Global human resource development

1 Value Creation by means of Innovation

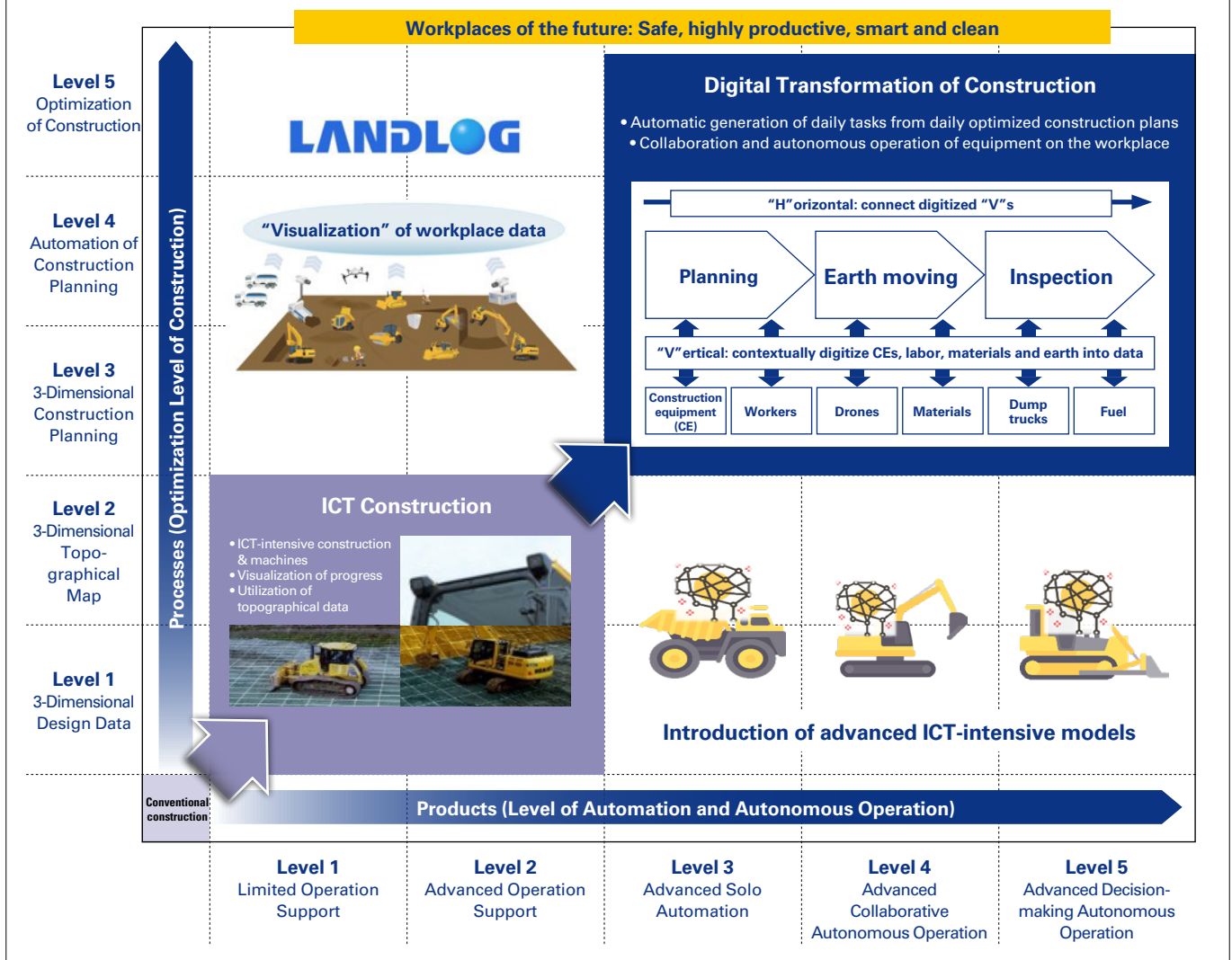
For construction workplaces, Komatsu will utilize the LANDLOG open platform along with ICT-intensive construction and other equipment as it steps up development of construction simulations and promotes SMARTCONSTRUCTION on a global basis.

For mining workplaces, we will develop new optimization platforms and grow the AHS Center of Excellence, which was established in April 2019, into an organization to oversee the mining solutions businesses in the future.

Komatsu will apply SMARTCONSTRUCTION technologies to propose smart forestry to streamline the entire process of forestry. Simultaneously, we will be working to commercialize ICT-intensive agricultural equipment, establish related businesses, and expand overseas operations centering on Asia.

Topic: Evolution of Optimization Platform and Solutions Business Strategies

Value creation by means of innovation in the construction equipment field will be promoted through the acceleration of the construction industry's digital transformation, which entails the realization of the safe, highly productive, smart, and clean workplaces of the future. We will seek to realize such transformation by increasing the level of products (automation and autonomous operation) and processes (optimization) based on the SMARTCONSTRUCTION foundation we have cultivated thus far.



Processes—Optimization Level of Construction

Since the launch of the SMARTCONSTRUCTION solution for construction workplaces in 2015, this solution has been introduced at an aggregate total of more than 8,700 sites in Japan (as of August 2019). Moreover, this solution led to a sharp increase in the digitization of processes through means such as condition surveys by drones. Going forward, we will link the 3D workplace information gained from digitized processes with our LANDLOG platform (product digitization) to promote the automation and optimization of entire workplaces. Komatsu has formulated a vision for the workplaces of the future. In these workplaces, soil quantities and other data collected at workplaces will be utilized to optimize construction plans through cloud computing to send work instructions to ICT-intensive equipment. This information will also be used to automatically issue instructions for all other areas of the construction projects, including ordering of additional construction materials and dump trucks, through the platform.

Products—Level of Automation and Autonomous Operation

At the workplaces of the future, all construction equipment will receive work instructions from the platform and then carry out these instructions autonomously while collaborating with other equipment at the workplace in order to realize safety along with high levels of productivity.

To make these workplaces a reality, Komatsu will need to complete the development of Retrofit Kit (provisional name), a product that will be designed to install ICT functionality into existing equipment and thereby increase the amount of ICT-intensive equipment in use at workplaces. At the same time, it will be crucial to enhance ICT-intensive equipment, specifically through increased automation and through autonomy achieved via communication and coordination among equipment. Komatsu is moving ahead with research and development on sophisticated automation and autonomy technologies with an eye to the introduction of 5G and other ultrahigh-speed mobile communications systems and the utilization of high-precision global navigation satellite system technologies.



A demonstration showing a hydraulic excavator and a crawler dump truck, both completely unmanned, autonomously collaborating to excavate, convey via rotation, and load soil and then carry it to be expelled at a designated location.

Collaborative Control at Workplaces

By installing digital technologies into all equipment, including conventional equipment already on the market, sophisticated ICT-intensive equipment will be able to function as “command towers,” facilitating communications between equipment as all equipment collaborates to carry out the work instructions issued by the digital platform.



2 Growth Strategies Based on Business Reforms

In the construction, mining, and utility equipment business, in addition to engaging in the development of new products, production, and sales, Komatsu intends to strengthen its value chain business, which utilizes Internet of Things (IoT) and artificial intelligence (AI) technologies. We will also seek to realize full lifecycle support from our products, from when they are new to when they are retired. In mining equipment operations, we will accelerate the integration and production of synergies with KMC while also seeking to improve the market position of our hard rock mining business, which caters to non-ferrous mineral mines, amid

the rising trend toward decarbonization. Meanwhile, in emerging countries and other growth markets, we will reinforce operation systems in accordance with the different market environments and structural changes of our regions of operation.

In the industrial machinery and others business, we will work to generate synergy effects with the construction, mining, and utility equipment business and develop new products. For the semiconductor manufacturing industry, we will accelerate the speed of our efforts to promote further growth by utilizing our core technologies.

Topic: Ongoing Promotion of "DANTOTSU No. 1 in Asia" through Growth Strategies

It is anticipated that, over the long term, the Asian region will grow to form one large economic sphere and that demand for construction and mining equipment will increase as such equipment becomes necessary for developing social infrastructure. The promotion of "DANTOTSU No. 1 in Asia" initiatives have once again been positioned as a priority, as was the case under the previous mid-term management plan. In these initiatives, we aim to elevate Komatsu's strengths in this region to an unrivaled level.

Komatsu established the Asia Development Center in Indonesia in October 2016 and then the Asia Training & Demonstration Center in Thailand in November of the same year. These facilities helped us form the necessary development and distributor networks for solidifying our operations in this region. Other strengths in this region include the strong reputation among customers for the quality and reliability of our products as well as the amount of Komatsu equipment (delivered units) operating in this region. By effectively utilizing these strengths, we will develop equipment with specifications that match the needs of the region while enhancing our lifecycle support, including support for rentals and used equipment, in order to heighten our presence in this market. In the future, we will look to grow operations in aggregate and cement, forestry, agriculture, and other market segments while promoting the introduction of SMARTCONSTRUCTION to create greater value.



Distributor training at Asia Training & Demonstration Center

3 Structural Reforms for Growth

Komatsu is moving ahead with Companywide structural reforms driven by ICT and IoT. In addition, production divisions are seeking to decrease CO₂ emissions and increase the rate of renewable energy use by promoting next-generation connected plants that

provide a solution to labor shortages as well as zero environmental and workload impact plants. We also continue to advance global human resource and diversity initiatives.

Topic: Connected Plants with Zero Impact on Environment and Workers

Under the previous mid-term management plan, Komatsu endeavored to create connected plants in which all processes, spanning from production to sales, were linked using IoT technologies and coordinated into cycles in real time. Through these activities, data from the machine tools and welding robots of Komatsu and of suppliers is being collected via the KOM-MICS to be used to track metrics and improve efficiency across the entire value chain.

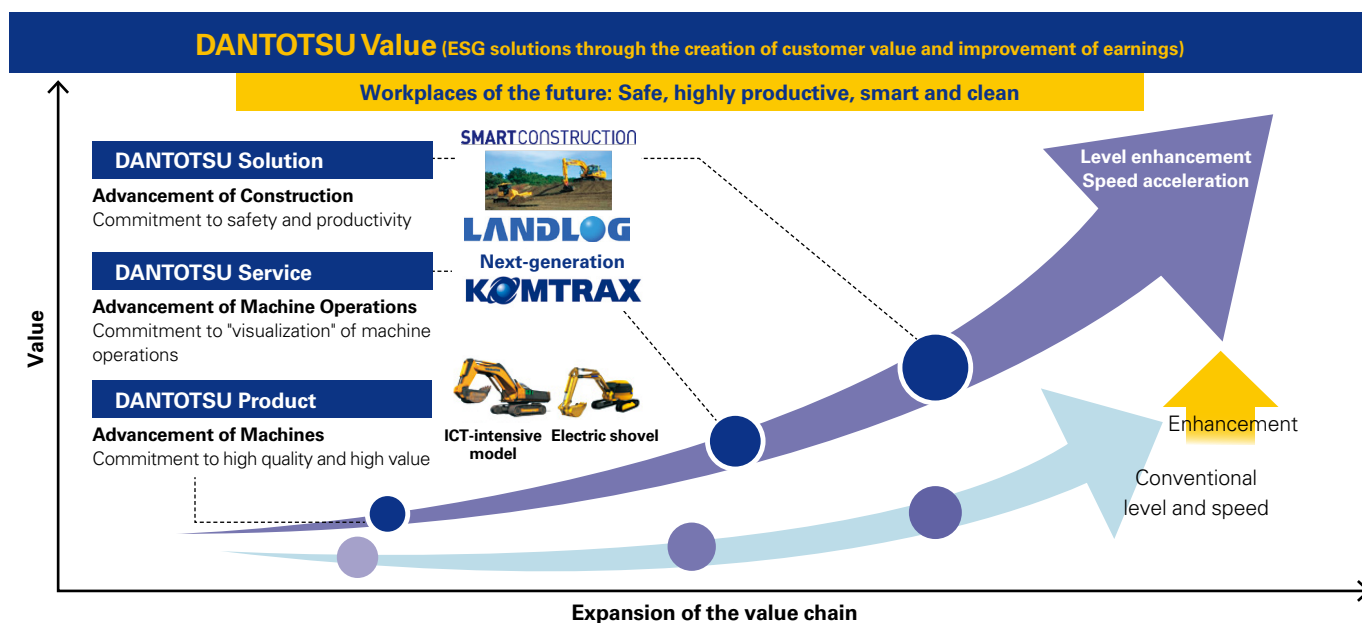
The new mid-term management plan calls on us to continue and build upon our connected plant activities while also beginning initiatives for realizing future plants that will address long-term social issues.

For example, Komatsu seeks to address labor shortages through the extensive utilization of automated and unmanned production lines. One facet of these efforts is the Smart Line installed at Komatsu's Oyama Plant (see page 34). We will also endeavor to automate quality management at all bases to augment our quality assurance system with digital quantitative inspections that are not dependent on human judgment.

In regard to the reduction of environmental impacts, Komatsu has set the targets of reducing CO₂ emissions from production by 50% from 2010's level and of increasing the rate of renewable energy use to 50% by 2030 (see page 34). Meanwhile, new initiatives have been launched to use ICT to track data related to workplace environments and employee health.

DANTOTSU Value Underpinning Three Pillars of Growth Strategies

Komatsu is committed to further advancing and enhancing the DANTOTSU Product, DANTOTSU Service, and DANTOTSU Solution initiatives that have supported its growth thus far. At the same time, we will accelerate efforts to realize the safe, highly productive, smart, and clean workplaces of the future with customers. The resolution of ESG issues and improvement of earnings achieved through the creation of this customer value constitutes Komatsu's DANTOTSU Value. We will strive for sustainable growth through linking every workplace and generate value through DANTOTSU with our global teams, customers, distributors, partners and communities.



Management Targets and Shareholder Return

The new mid-term management plan sets the targets of realizing the industry's top level in terms of growth, profitability, efficiency, and financial position while also setting new management targets for ESG indices. As we prioritize investment in the three pillars of growth strategies, we will also continue to issue shareholder returns through stable dividends with a policy of targeting a consolidated payout ratio of 40% or higher. Key performance indicators (KPIs) had been defined that are linked to our growth strategies and the ESG issues we seek to resolve. By working toward the accomplishment of the targets for these KPIs, we aim to resolve ESG issues through growth strategies in our core business.



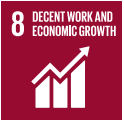
Index	Management Target
Growth	<ul style="list-style-type: none"> Sales growth rate Growth rate above the industry's average
Profitability	<ul style="list-style-type: none"> Operating income ratio An industry's top-level operating income ratio
Efficiency	<ul style="list-style-type: none"> ROE ROE of 10% or higher
Financial position	<ul style="list-style-type: none"> Net debt-to-equity ratio Industry's top-level financial position
Retail finance business	<ul style="list-style-type: none"> ROA ROA of 1.5%–2.0% Net debt-to-equity ratio 5.0 or under for net debt-to-equity ratio
(New) ESG	<ul style="list-style-type: none"> Reduction of environmental impact CO₂ emissions: Decrease by 50% in 2030 from 2010. Renewal energy use: Increase to 50% of total energy use in 2030. Evaluation by external organizations: Selected for DJSI*1 (World & Asia Pacific) and CDP*2 A-list (Climate Changes and Water Risk)
Shareholder return	<ul style="list-style-type: none"> Dividend payout ratio Keep a fair balance between investment for growth and shareholder return (including stock buyback), while placing main priority on investment. Set the goal of a consolidated payout ratio of 40% or higher.

*1 Dow Jones Sustainability Indices: SRI indices operated by S&P Dow Jones Indices of the United States and RobecoSAM of Switzerland

*2 International non-profit organization promoting protection of water resources and forests by advocating the reduction of greenhouse gas emissions by companies and governments

ESG Solutions through Three Pillars of Growth Strategies

Komatsu seeks to help resolve ESG issues by promoting the three pillars of growth strategies defined in the new mid-term management plan. We strive to realize a positive cycle of sustainable growth through improvements of earnings and resolutions to ESG issues. Our initiatives include reducing environmental impacts to combat climate change and supplying high-quality, high-performance products, services, and solutions ensuring safety. KPIs have been set to guide these initiatives solving ESG issues through our core business.

CSR Themes	ESG Solutions through Three Pillars of Growth Strategies	Relevant SDGs
<p>Enhancing Quality of Life — Providing Products Required by Society —</p>	<ul style="list-style-type: none"> • Provide products, service and solutions contributing to sustainable development of infrastructure, natural resources and circular environmental protection (remanufacturing and forestry). • Improve productivity, efficiency, safety and environmental impact (lower CO₂ emissions and higher ratio of renewable energy use) through innovations, such as automation in the entire value chain. • Make commitment to DANTOTSU Value which will realize better Earth and future by means of technology and reliability (creation and maximization of customer value). 	   
<p>Developing People</p>	<ul style="list-style-type: none"> • Develop a diverse workforce with a high level of productivity and technical skills. • Strengthen and develop diverse and global-scope talent to help achieve sustainable workplaces. • Develop talent with cross-value chain capabilities. 	
<p>Growing with Society</p>	<ul style="list-style-type: none"> • Offer resolutions for social issues through collaboration with stakeholders. • Act as a responsible corporate citizen ensuring corporate governance, compliance, and human rights. 	 

Komatsu has continued to act in accordance with a basic policy of advancing CSR activities through its core business. These activities have been concentrated on three CSR themes selected by identifying priority issues from the social issues that are important to both the business and stakeholders of Komatsu. Furthermore, Komatsu has linked its activities to five goals from among the 17 United Nations Sustainable Development Goals that are particularly relevant to Komatsu's business.

Key Initiatives under New Mid-Term Management Plan	FY2021 KPIs
Reduction of CO₂ emissions (in comparison to FY2010)	
• Reduction of CO ₂ emissions from product use (fuel-efficiency equipment, hybrid hydraulic excavator, rate of SMARTCONSTRUCTION use, enhancement of ICT-intensive construction, mine automation, and underground mining equipment)	16% reduction (in comparison to FY2010)
• Reduction of CO ₂ emissions from production (plants with zero impact on environment and workers)	40% reduction (in comparison to FY2010)
Plants with zero impact on environment and workers	
• Rate of renewable energy use (including purchase of renewable energy)	15%
• Work environment burden coefficient (particle matter density)	30% reduction (in comparison to FY2018)
• Water consumption	40% reduction (in comparison to FY2010)
Value chain reforms and redefinition of the aftermarket business	
• Spare parts sales	11% increase
• Reman component lifespan (compared to new components)	16,000 workhours (80% of new components)
Assurance of mine operation safety and productivity	
• AHS units' population (promotion of mining platform business)	380 (aggregate)
DANTOTSU Product, DANTOTSU Service, and DANTOTSU Solution	
• ICT-intensive equipment introduced	1,590 units (per year)
• Sites adopting SMARTCONSTRUCTION	4,850 (per year)
• Automation, autonomous operation, electrification, and remote-controlling of equipment	
1. Automation of construction equipment	Test introduction of hydraulic excavators for automated loading
2. Automation, autonomous operation, and remote operation of mining equipment	Entry into mining bulldozer market
3. Automation of utility equipment	Development of technology for automated forklifts
4. Enhancement of mining equipment and hard rock mining businesses	Expansion of product series
Agricultural solutions and smart forestry	
• Creation of construction equipment demand in agricultural field	Japan: Expand lineup of agricultural loaders Indonesia: Increase number of users of agricultural techniques employing agricultural bulldozers
• Smart forestry projects	50
IoT and ICT work reforms	
• Sales in KOM-MICS platform business (visualization of production equipment operation)	1,900 units (including for internal use)
Development of a diverse workforce with a high level of productivity and technical skills	
• Enhancing employee engagement	Improvement of global surveys and indexes
• Work process reforms through expansion of diverse and flexible workstyles	Total workhours of less than 2,100; introduction of telework system (Japan)
• Promotion of KOMATSU Way (global dissemination of KOMATSU Way)	Training hours and number of participants
Strengthening and development of diverse and global-scope talent to help achieve sustainable workplaces	
• Revision of role of Japan in global management	Shifting of human resources to projects and improvement activities; globalization of organizations on by-function basis
• Foundations for global measures (systems, frameworks)	Introduction
• Empowerment of female employees ((1) non-consolidated ratio of female employees, (2) non-consolidated ratio of female managers, (3) consolidated ratio of female managers (Japan))	(1) 12.5%, (2) 10.0%, and (3) 5.0%
• Rate of employment of people with disabilities (comply with requirements in Japan)	Above 2.3% (legally mandated rate)
• Support for regional human resource development for job creation (regional human resource development with Cummins Inc.)	Chile, Australia, South Africa, others
Development of talent with cross-value chain capabilities	
• Cultivation of SMARTCONSTRUCTION consultants (capable of proposing solutions using ICT to improve productivity and safety throughout construction workplaces)	430 (aggregate)
Resolutions to social issues through collaboration with stakeholders	
• Promotion of industry-government-academia collaboration as well as of collaboration with customers	Promotion of Brand Management and activities creating value for customers
• Shareholders and individual investors (shareholder meetings, shareholder factory tours, individual investor meetings)	Number of meetings held
• Institutional investors (ESG meetings)	Number of meetings held
• Communities (business site fairs)	Number of fairs held
• Employees (meetings)	Number of meetings held
Action as a responsible corporate citizen addressing corporate governance, compliance, and human rights	
• Occupational health and safety, support for establishing environmental and safety systems at suppliers, response to Japan's Corporate Governance Code (corporate governance reports), evaluations of effectiveness of Board of Directors, internal control, and internal audits	Ongoing improvements made in reflection of relevant laws and regulations and social expectations

Message from CFO

To strive for the sustainable increase of our corporate value, we are building a sound financial position and strengthen our competitiveness, which are resilient to changes in the external environment and market demand fluctuations.

Takeshi Horikoshi

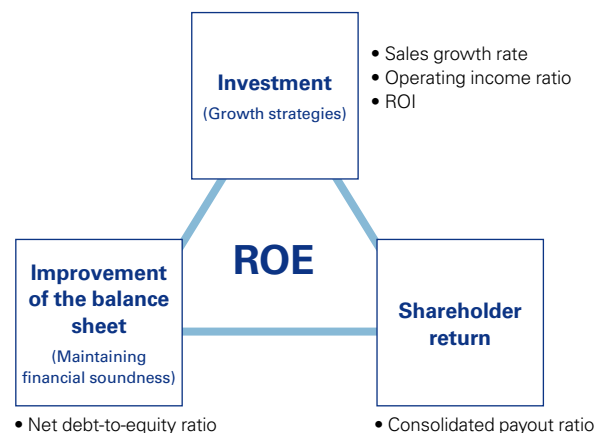
Executive Officer and CFO



Our management principle is to maximize corporate value, as we are committed to Quality and Reliability. We believe the maximization of our corporate value should result from balanced dialogues with an extensive range of stakeholders, from customers, distributors, suppliers, business partners and communities to employees, shareholders and investors.



To strive for the sustainable increase of our corporate value, we are building a sound financial position and strengthen our competitiveness, which are resilient to changes in the external environment and market demand fluctuations. To maximize growth and profits, our accounting and finance departments play the responsible roles of developing business plans, managing business performance and studying indices and methods thereof, as well as setting up investment decision-making criteria and making judgement on investment projects. They also strive to engage in a well-balanced allocation of our funds to 1) investment for growth, 2) improvement of the balance sheet (maintaining financial soundness), and 3) shareholder return. In the following pages, I am going to explain our efforts according to the items upheld as the management targets in our new mid-term management plan.



Growth

Sales growth rate

We believe it is important for us to achieve sustainable growth staying free from demand changes in spite of the fact that the construction and mining equipment business is highly volatile. Having designated sales growth rate as a management index, we have set the target to achieve a higher rate than the industry's average.

Selective focus

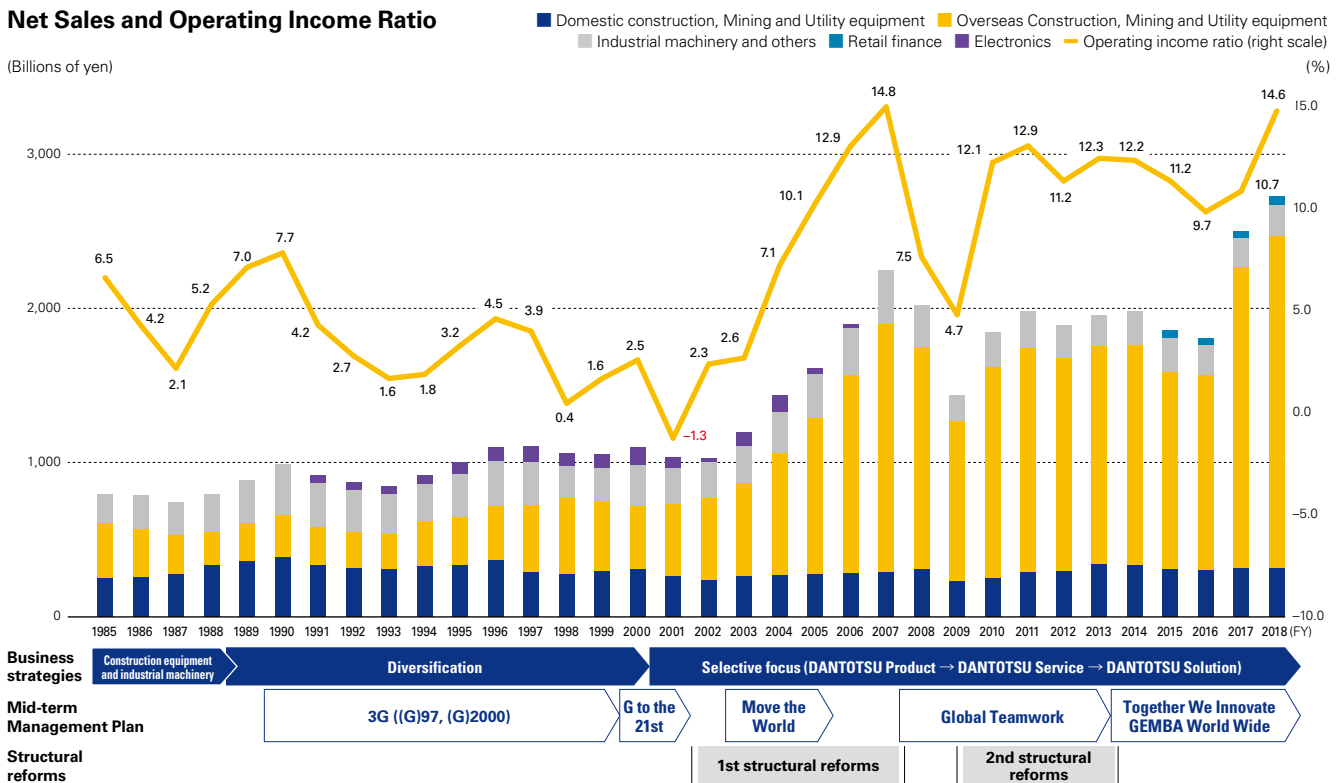
Since the start of the 2000s, we have promoted selective focus on business, allocating and shifting management resources, mainly to the construction, mining and utility equipment business, the retail finance business for our customers, and the industrial machinery business, the initial business of Komatsu, which we expect to generate synergy with the construction, mining and utility equipment business.

Under the new mid-term management plan, we are going to place priority on allocating management resources to the three pillars of growth strategies, 1) value creation by means of innovation, 2) growth strategies based on business reforms, and 3) structural reforms for growth. In this way we will work to achieve growth above the industry's average.

M&A

By positioning M&A as one of the means of growth, we have actively engaged in M&As under the policy of selective focus. Examples include Partek Forest AB (currently, Komatsu Forest AB) in 2004, NIPPEI TOYAMA Corporation (currently, Komatsu NTC Ltd.) in 2008, and Joy Global Inc. (currently, Komatsu Mining Corp. or "KMC" hereafter) in 2017. When we consider M&A, in addition to the importance on our business strategies, we emphasize ROI (Return on Investment) being above WACC (Weighted Average Cost of Capital) as one of our decision-making criteria. Even after closing the acquisitions, we regularly monitor their contributions to improving our group-wide corporate value as we compare ROI and WACC of the acquired companies, and check on synergy effects on consolidated business results. We believe M&A will remain an important means of growth strategies of our core businesses in the new mid-term management plan.

Net Sales and Operating Income Ratio



Note: Concerning the figures for the fiscal year ended March 31, 2002 and earlier, Komatsu Electronic metals Co., Ltd. and its subsidiaries and outdoor power equipment (OPE) of Komatsu Zenoah Co. and its subsidiaries engaging in the OPE business were not reclassified as discontinued operations resulting from the sale thereof.

Message from CFO

Profitability

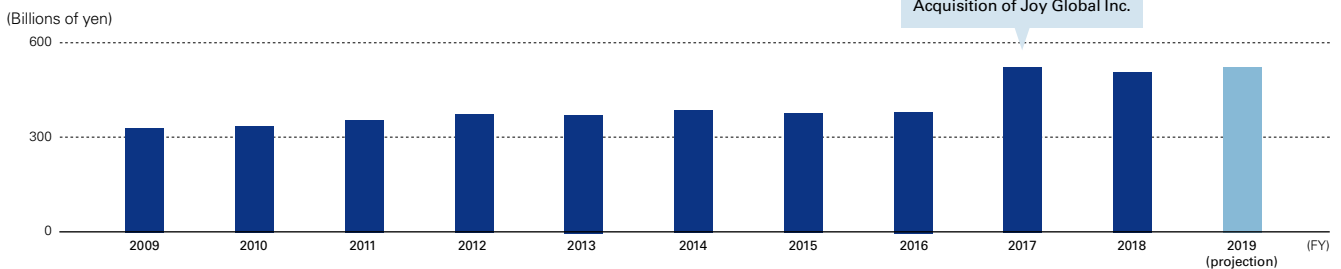
Operating income ratio

It is important for us as a leader of the industry to maintain and improve selling prices and continuously reduce production and fixed costs. As the operating income ratio reflects those efforts comprehensively, we believe it is an important index which evaluates the value of our corporate existence. As the management target for our operating income ratio, we will aim at the industry's top level.

Cost control

While making investment needed for growth, we have thoroughly ensured the unfailing reduction of costs simultaneously, thereby working to secure profitability (separation of costs from growth). To build a financial position capable of weathering drastic market changes, we will continue to thoroughly control fixed costs.

Fixed Costs

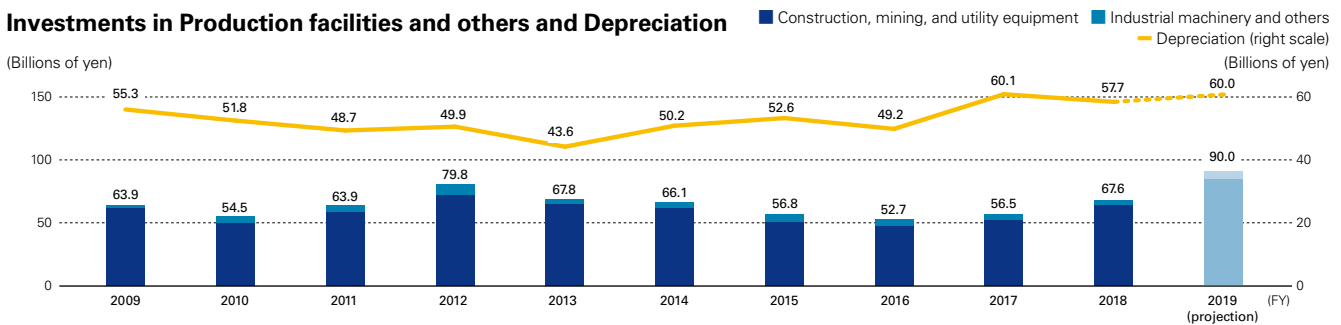


Note: Amounts for performance from FY2009–FY2018 have been translated based on the foreign exchange rates in the projection for FY2019 performance (JPY105.0 = USD1, etc.).

Decision-making of investment

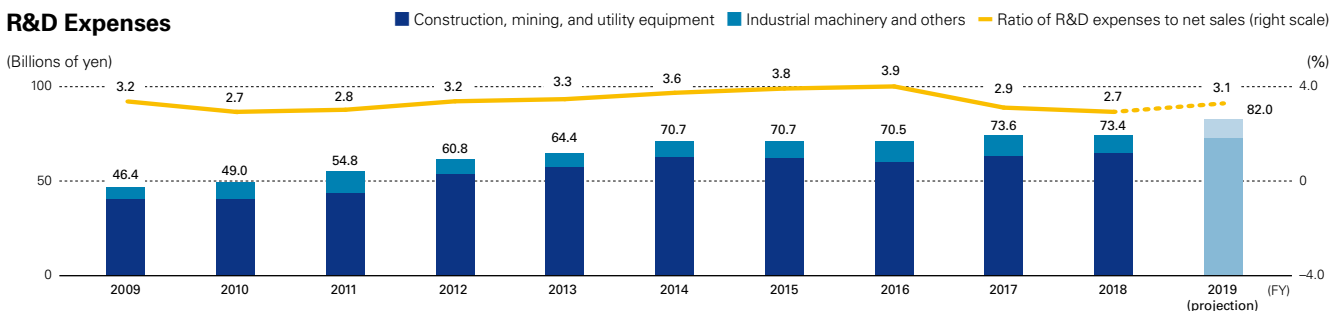
While seeding steadily for future growth, such as investment and R&D in growth areas, we will shift investment from conventional areas to growth areas, thereby working to suppress the increase of fixed costs. Concerning specific investment projects, we make careful decisions after considering payback periods in our Strategy Review Committee and Steering Committee. Based on these efforts, we are working to achieve growth and improve profitability above the industry's average.

Investments in Production facilities and others and Depreciation



Note: Excludes investments in rental assets

R&D Expenses



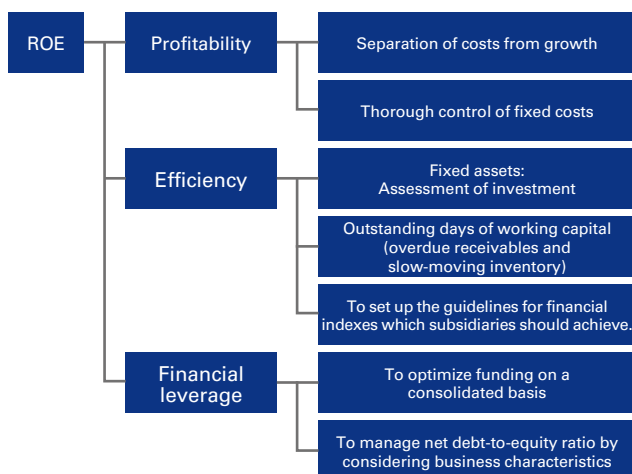
Efficiency

ROE (Return on Equity) is a general index, covering profitability, asset efficiency and financial leverage. Thus, we monitor it as one of our management index while continuously keeping close attention to cost of shareholders' equity.

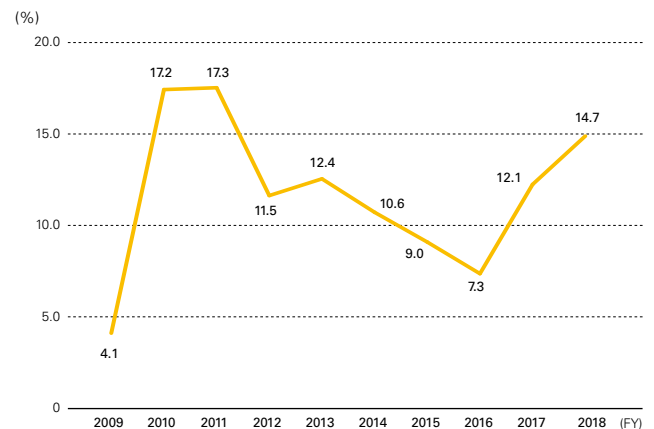
We estimate that our cost of equity is around 8% on a global basis. Thus, we have set up an ROE of 10% or higher as the management target. To expand equity spread (ROE – cost of shareholders' equity), we will work to both improve ROE and reduce cost of shareholders' equity.

To promote sustainable improvement of ROE, as I have already mentioned, we will work to improve profitability by giving weight to growth. Concerning asset efficiency, we apply ROIC (Return on Invested Capital) to internal control. To control working capital appropriately in response to the volatility of market demand, we periodically monitor the cash conversion cycle of working capital through ROIC, for which invested capital in the ROIC formula is defined by the corresponding working capital plus tangible fixed assets. Meanwhile, for suppliers, we conduct early payment in line with the Future-oriented Trade Practices required by the Japanese government. For employees, we return as a business results-linked bonus. In this manner, we are working to improve ROE and vitalize employees' motivation at the same time.

For shareholders and investors, we are working to become a company, which they can invest in at ease, by improving IR programs and information disclosure. We are also working to reduce cost of shareholders' equity through a positive cycle of solving ESG issues and improving and stabilizing earnings in our core businesses, as we strengthen our governance in compliance with Japan's corporate governance code, and provide high-quality, high-efficiency products, services and solutions, reducing environmental impact and ensuring safety.



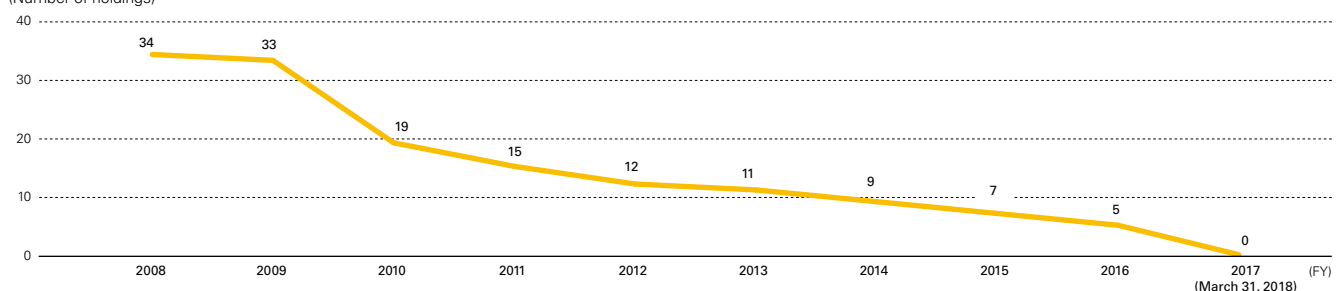
ROE



Concerning cross-shareholdings, unless they are necessary due to business relations or collaboration with Komatsu, under the policy of not owning stocks of listed companies in light of avoiding the risk of stock price fluctuation as well as ensuring the efficiency of assets, we had sold all concerned stocks by the end of FY2017 (ended March 31, 2018).

Cross-Shareholdings (Non-Consolidated)

(Number of holdings)



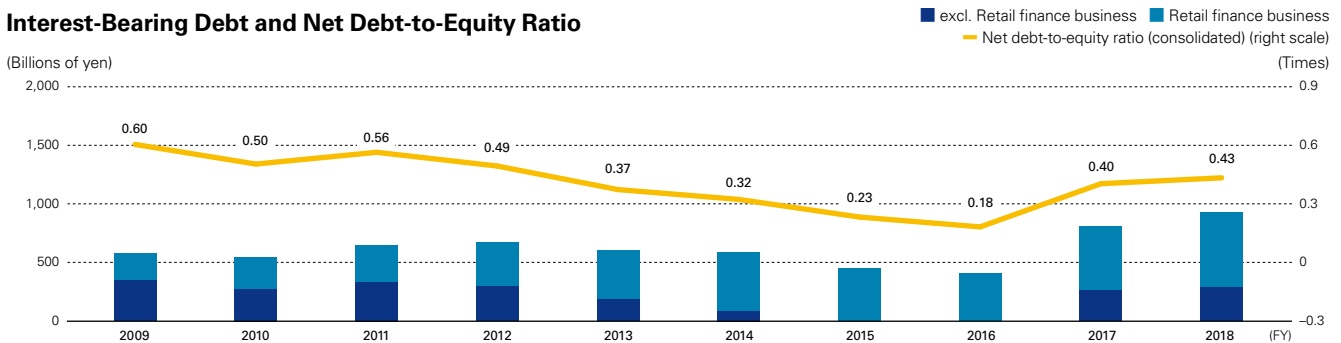
Message from CFO

Financial Position

Monitoring of net debt-to-equity ratio

We believe it is important to maintain a sound financial position in order for us to achieve sustainable growth, being free from changes in market demand. Taking into account of business characteristics of retail finance and future investment opportunities, we monitor net debt-to-equity ratio as an index of soundness.

Interest-Bearing Debt and Net Debt-to-Equity Ratio



Optimization of funding on a consolidated basis

To optimize funding on a group-wide basis and reduce foreign exchange risks by matching assets and liabilities in each currency, we have built a funding operation by region and maintain the policy of local funding. Equipped with a local funding function, each regional headquarter company advances funds to Komatsu Group companies regardless of business segment in the corresponding region mainly through the cash management system (CMS) for the region. Furthermore, through the global CMS, we are making efforts for funding efficiency on a consolidated basis, as we complement funding means in each region.

Concerning each business base of KMC which became a wholly owned subsidiary in FY2017, we have been integrating them into the CMS in each region. We will continue efforts to enhance asset efficiency on a consolidated basis into the future.

Improvement of financial positions of subsidiaries

We have set up the guidelines for subsidiaries to achieve their financial indexes. Having set up those, specifically, concerning soundness, safety and the ability to fulfill obligations, we strive to maintain and improve their financial position.

Concerning the debt of subsidiaries, we set the upper limit for each subsidiary. By doing so, we can not only help them improve their balance sheets but also have established an operational system which monitors soundness of their balance sheets through the trends of debt and takes necessary action promptly.

Retail Finance Business

Segmentation of the retail finance business

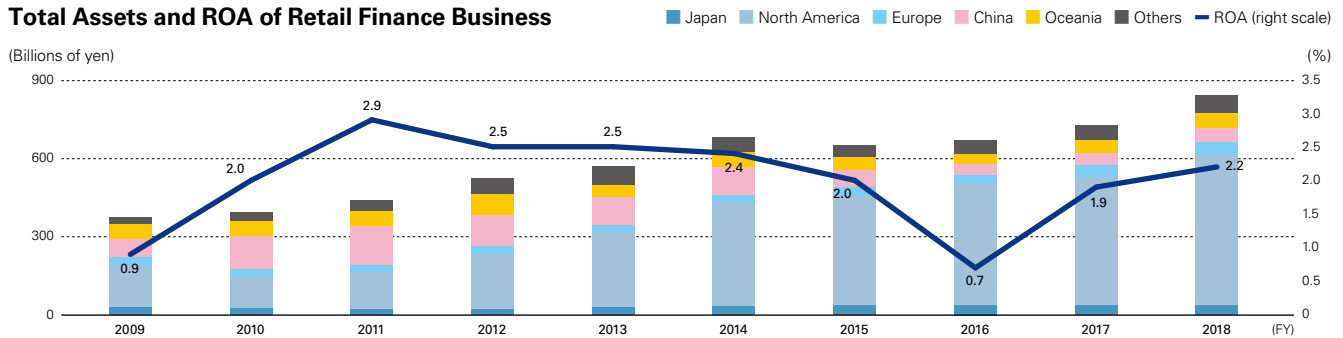
Our retail finance business, which handles financial products for customers to purchase our products, is responsible for promoting sales of construction and mining equipment by placing importance on efficiency and soundness in operation (management targets in the new mid-term management plan: 1.5%–2.0% for ROA and 5 or under for net debt-to-equity ratio). In FY2016, we created the retail finance business as an independent business segment, ensuring transparency of profitability and financial conditions.

Risk management of the retail finance business

In an effort to reduce risks in the retail finance business, we diversify portfolios, match the interest rates and periods of lending and funding, and match the currencies of lending and funding.

In addition, we also work to safekeep our credits by taking advantage of our strengths, for example, by using KOMTRAX (Komatsu Machine Tracking System), installed in our construction equipment as a standard feature, for credit management (monitoring on the location and operating conditions of construction equipment).

Total Assets and ROA of Retail Finance Business

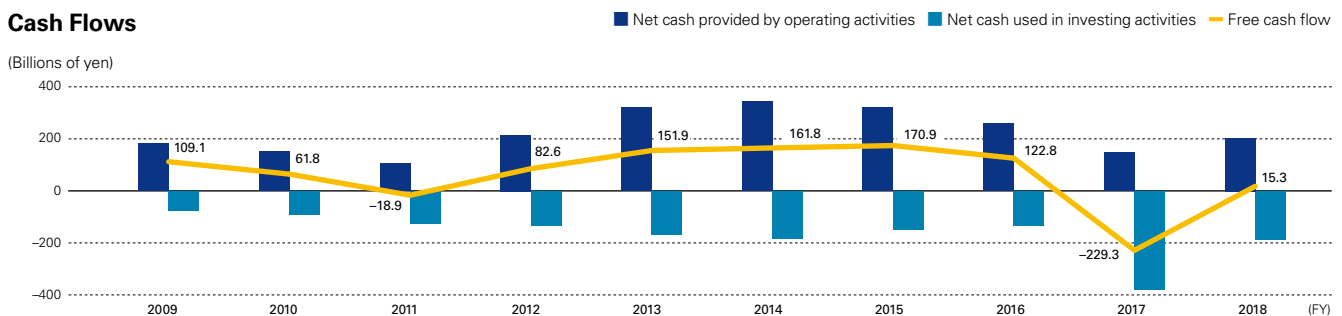


Shareholder Return

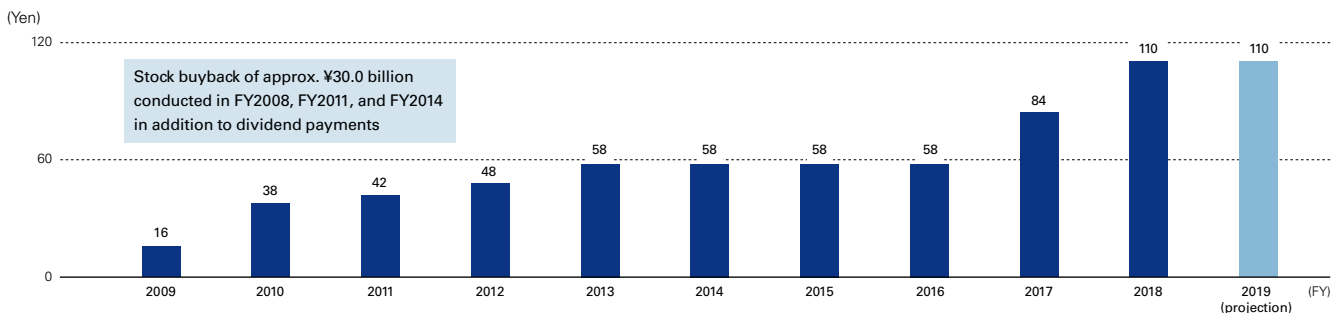
Concerning cash dividends, we have the policy of continuing stable payment of dividends after comprehensively considering consolidated business results and reviewing future investment plans, cash flows and the like. Specifically, we have the policy of maintaining a consolidated payout ratio of 40% or higher. Concerning stock buyback, we plan to do so timely and flexibly in response to market and financial conditions.

Looking ahead, we will promote efforts to achieve management targets of the new mid-term management plan and maximize our corporate value, as we play the roles of accounting and finance departments.

Cash Flows



Cash Dividends per Share



Dividend policy	20%–40%				30%–50%			40%–60%			40%~
Consolidated payout ratio (Total return ratio)	38.0%*	24.4%	24.2% (42.2%)	36.2%	34.7%	35.8% (55.2%)	39.8%	48.2%	40.3%	40.5%	48.3%

* Excluding structural reform expenses

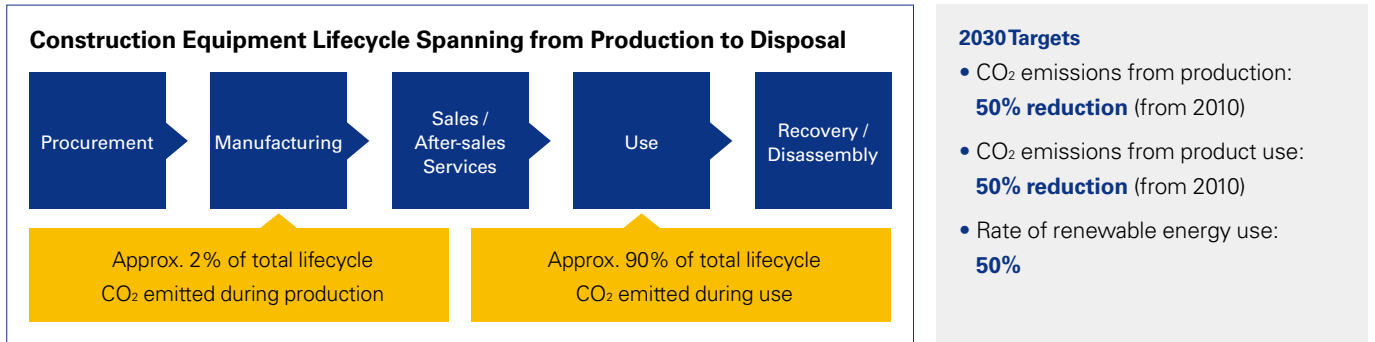
Environmental Issues

A step ahead of its peers in environmental preservation activities, Komatsu has continued to address environmental, social, and governance (ESG) issues through its business activities. The Company’s new Mid-Term Management Plan—DANTOTSU Value – FORWARD Together for Sustainable Growth—calls upon us to supply high-quality, high-performance products, services, and solutions that are designed for reduced environmental impacts, particularly in relation to climate change, and for safety. These efforts are to further us toward the realization of a sustainable society.

Priority Issues

With the increasing frequency of abnormal weather events, climate change is having an ever-greater impact on our lives. The adoption of the Paris Agreement sparked a large global movement toward the realization of a low-carbon society. In recognition of this issue, Komatsu put forth the bold target of halving its CO₂ emissions by 2030.

In its capacity as the operator of a global business, Komatsu is poised to help combat climate change by supplying the world with low-carbon products, services, and solutions that contribute to reduced CO₂ emissions during use and, of course, by cutting the emissions from its own production activities.



Komatsu is working to reduce the CO₂ emitted during the use of its construction equipment through the development of fuel-efficient products, such as those using high-efficiency engines and hybrid systems. We are also going further by taking part in initiatives for addressing CO₂ emissions throughout work sites by automating sites or using autonomous operation to increase construction efficiency. Another angle through which we are combating climate change with innovations is the development of electric construction equipment.

At production sites, we are looking to lower CO₂ emissions by reducing energy consumption. These efforts are taking the forms of improvements to the efficiency of individual pieces of equipment and the utilization of IoT technologies to heighten the overall efficiency of production lines and entire factories. In addition, we are pursuing increases in efficiency throughout production processes, including at suppliers. Renewable energy has also been positioned as an important tool for cutting CO₂ emissions. We have therefore set the target of increasing the rate of renewable energy use to 50% by 2030.

The Komatsu Earth Environment Charter, established in 1992, defines four environmental issues to be addressed in our efforts to preserve the global environment: 1) climate change; 2) establishment of a sound material-cycle society; 3) conservation of air, water, and other environments as well as management of chemical substances; and 4) biodiversity.

In addition to combating climate change, the focus of the initiatives described thus far, we believe that the effective use of resources is another important task needing to be addressed in order to realize a sustainable society. On this front, we are expanding our “Reman” business in which we remanufacture used engines, transmissions, and other key components so that they can be reborn with the same quality as new products and then sold on the market. In FY2018, the scale of the “Reman” business was more than four times larger than in FY2004, demonstrating its increased contributions to the establishment of a sound material-cycle society. Targets for 2030 for reductions to waste and water use have been set, and we are promoting the effective use of these resources to accomplish these targets. In regard to biodiversity, the Declaration of Biodiversity by Komatsu was unveiled in 2011. Guided by this declaration, each operating site chooses one biodiversity theme to address, with examples of themes including conservation activities targeting woodland areas, waterfronts, or rare animals. These sites are advancing initiatives pertaining to their themes both inside and outside of the premises through collaboration with local community members and organizations.

Going forward, Komatsu will continue to use products and solutions with superior environmental performance realized through cutting-edge technologies while innovating its production sites to enrich our lives today and help realize a sustainable society to be passed on to the future generations of tomorrow.

Environmental Initiatives

1 Initiatives for Products and Services

Approximately 90% of the CO₂ emitted over the course of the construction equipment lifecycles occurs during use. For this reason, Komatsu is working to reduce the CO₂ emitted from its products as a result of use. Through our three-step approach of focusing on DANTOTSU Product, DANTOTSU Service, and DANTOTSU Solution, we are targeting a reduction in CO₂ from product use of 50% from 2010's level by 2030.

Three-Step Approach toward Reducing CO₂ Emissions from Product Use

STEP 1 Reduce CO₂ Emissions through DANTOTSU Product

By delivering hybrid and electric equipment and other sophisticated products with exceptional fuel efficiency, we aim to reduce CO₂ emissions from product use.

• Research and Development of Electric Mini Excavator

Komatsu's Electric Mini Excavator was developed with a view to the future. This excavator was first exhibited at bauma 2019, an international construction equipment trade show held in Munich, Germany. Built upon the technologies cultivated through the creation of hybrid construction equipment and battery-powered forklifts, the miniature excavator is equipped with a newly developed charger and high-voltage transformer, which enables it to achieve excavating capacity equivalent to that of engine-powered excavators with the same output. Moreover, emissions are zero and noise pollution is greatly reduced, making this excavator friendly both toward the environment and people. These features will no doubt prove to be valuable in construction projects at hospitals, schools and in residential areas, where it was previously necessary to take steps to mitigate exhaust and noise pollution, in addition to tunnels, which could fill with exhaust gas. We are currently testing the excavator at actual construction sites with the aim of realizing a swift market launch.



Electric Mini Excavator exhibited at bauma 2019

STEP 2 Reduce CO₂ Emissions through DANTOTSU Service

Komatsu is pursuing reduction in CO₂ emissions by using next-generation KOMTRAX systems and Internet of Things technologies to track equipment operating conditions in order to realize increased work efficiency.

STEP 3 Reduce CO₂ Emissions throughout Construction Projects with DANTOTSU Solution

Through the provision of ICT equipment and optimal solutions for customers' operations, Komatsu aims to realize improvements in on-site construction methods and thereby reduce CO₂ emissions.

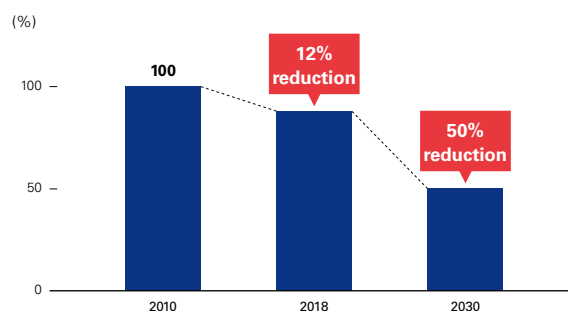
Reduction of CO₂ Emissions from Product Use

Basic unit
by 2030

-50%

(vs. 2010)

Targets for CO₂ Reductions from Product Use



CO₂ Reduction Measures

- Product improvements (fuel efficiency, etc.)
- Construction method improvements
- Development of electric and hybrid equipment

Environmental Issues

2 Initiatives for Production

Komatsu is endeavoring to reduce CO₂ emissions, waste production, and water use in its production activities. In regard to CO₂ emissions, the Company aims to accomplish the following targets by 2030.

1. Reduce CO₂ per unit of production at major production sites worldwide by 50% (in comparison with 2010)
2. Source 50% of the electricity used at major production sites worldwide from renewable energy

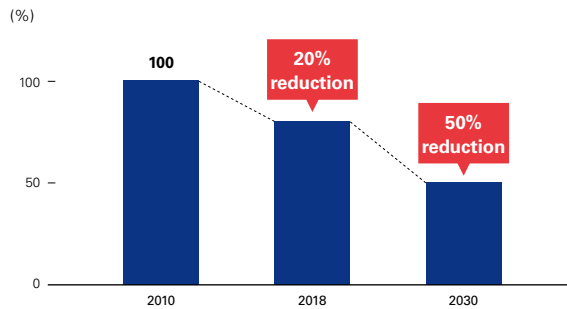
Reduction of CO₂ Emissions from Production

Basic unit by 2030

-50%

(vs. 2010, integrated global target)

Targets for CO₂ Reductions from Production



CO₂ Reduction Measures

- Energy conservation
- Renewable energy (in-house generation)
- Purchase of renewable energy

Production Activity Energy Conservation Initiatives

In January 2019, the Smart Line developed together with Group company Komatsu NTC Ltd. was installed at the Oyama Plant for use in major engine component machining processes. The Smart Line comprises six horizontal machining centers, a gantry conveyance system equipped with inspection functions, a submerged high-pressure washing machine, and a vacuum oven. The specifications of this line are being improved to ensure that each piece of equipment is able to deliver the best possible performance in its respective process. In addition, optimal design and control are employed to supply the drive systems of coolant pumps, hydraulic pumps, and other equipment with power in the necessary amounts at the necessary times. The line has thereby been able to achieve an 80% reduction in energy consumption compared to the previous line.

The Smart Line was first installed at the Oyama Plant. Going forward, we intend to introduce such lines at other plants that perform machining.



Expansion of Renewable Energy Use

In response to a request from the Thailand Board of Investment to take part in an energy conservation project,* Bangkok Komatsu Co., Ltd., a Group company in Thailand, commenced the installation of solar roofs. The first phase of the installation plan entailed the building of a solar roof on the company's manufacturing plant. This roof generated 690 MWh of solar energy in FY2017. The amount generated in FY2018 was 885 MWh, which contributed to a year-on-year increase in renewable energy generated of approximately 30% and accounted for 13.7% of power consumption at the factory. Bangkok Komatsu plans to install solar roofs on its assembly plant and casting plant going forward.

* Project that allows for a tax deduction equivalent to 50% of the cost of introducing a solar system should certification be received



Solar roof installed in FY2018

3 Initiatives with Suppliers

Komatsu views its suppliers as important partners that support its manufacturing activities by enabling it to procure materials, parts, components, and other articles. As we seek to build mutual trust and mutually beneficial win-win relationships, we are advancing the following initiatives together with suppliers.

- Implementation of Komatsu's Green Procurement Principles
- Assistance for developing of environmental management systems at suppliers
- Support for reducing environmental impacts at suppliers

Support for Reducing Environmental Impacts at Suppliers

Komatsu continues to advance the energy conservation activities it launched at its operating sites in 2011 while retooling these activities with the aim of reducing CO₂ emissions at suppliers. These activities target 50% reductions in energy use through product reforms. In addition, the Company is pursuing reduction in water use by suppliers. As one facet of these activities, we have been visiting selected suppliers offering advice on better water use since FY2017.



FY2018 water risk assessment at Midori-kai member company

4 Biodiversity Preservation

With the establishment of the Declaration of Biodiversity by Komatsu and the Biodiversity Guideline in January 2011, Komatsu business units worldwide began activities designed to preserve biodiversity. Komatsu is becoming directly involved in the preservation of biodiversity and at the same time expanding its "one-site, one-theme activities" to raise employees' awareness of the need to preserve local ecosystems.

Activities at Komatsu do Brasil

Located in Suzano, in the state of São Paulo, Brazil, Komatsu do Brasil Ltda. (KDB) is situated on an expansive site covered in forests that house a great variety of wildlife. A survey conducted in 2013 found that the site of KDB was located in part of the Atlantic Forest, and that the site was home to approximately 70 different species of fauna and 82 different species of flora. Among this rich variety of fauna and flora was the endangered and rare species pau-brasil (*Paubrasilia echinata*), a tree that is emblematic of Brazil. Going forward, KDB plans to expand the greenery around its facility while taking into account the ideal conditions for fauna and flora that inhabit the area. In addition, employees and members of their families take part in tree planting activities to raise their environmental awareness; adult fruit trees and saplings are donated to city offices; and other environmental education activities are conducted by KDB both inside and outside of its facility.



Pau-brasil tree registered as an endangered species



Green-billed toucan (*Ramphastos dicolorus*) living in greenery area of Komatsu do Brasil Ltda.

Business Risks

Komatsu operates on a global scale with development, production, sales and other bases established around the world. Komatsu has identified the following as its current primary business risks. (Any forward-looking statements included in the descriptions below are based on current Komatsu's judgement as of June, 2019.)

1 Economic and market conditions

The business environment in which Komatsu operates and the market demand for its products may change substantially as a result of economic and market conditions, political and social circumstances, competitive conditions, or the like, which differ from region to region. In economically developed countries in which Komatsu operates, Komatsu's business is generally affected by cyclical changes in the economies of such regions. Therefore, factors which are beyond Komatsu's control, such as levels of housing starts, industrial production, public investments in infrastructure development and private-sector capital outlays, may affect demand for Komatsu's products. In newly developing countries in which Komatsu operates, Komatsu constantly pays attention to the changes in demand for its products. However, these economies are impacted by a number of unstable factors, such as sudden changes of commodity prices and in the value of currencies and thus, changes in these factors could adversely affect Komatsu's business results. Furthermore, when economic and/or market conditions change more drastically than expected, Komatsu may also experience, among other things, fewer orders of its products, an increase in cancellation of orders by customers and a delay in the collection of receivables.

These changes in the business environment in which Komatsu operates may lead to a decline in sales, and inefficient inventory levels and/or production capacities, thereby causing Komatsu to record lower profitability and incur additional expenses and losses. As a result, Komatsu's results of operations may be adversely affected.

2 Foreign currency exchange rate fluctuations

A substantial portion of Komatsu's overseas sales is affected by foreign currency exchange rate fluctuations. In general, an appreciation of the Japanese yen against another currency would adversely affect Komatsu's results of operations, while a depreciation of the Japanese yen against another currency would have a favorable impact thereon. In addition, foreign currency exchange rate fluctuations may also affect the comparative prices between products sold by Komatsu and products sold by its foreign competitors in the same market, as well as the cost of materials used in the production of such products. Komatsu strives to alleviate the effect of such foreign currency exchange rate fluctuations by locating its production bases globally and engaging in production locally. Komatsu also engages in hedging activities to minimize

the effects of short-term foreign currency exchange rate fluctuations. Despite Komatsu's efforts, if the foreign currency exchange rates fluctuate beyond Komatsu's expectations, Komatsu's results of operations may be adversely affected.

3 Fluctuations in financial markets

While Komatsu is currently improving the efficiency of its asset management, its aggregate short- and long-term interest-bearing debt was ¥930.7 billion as of March 31, 2019. Although Komatsu has strived to reduce the effect of interest rate fluctuations using various measures, including procuring funds at fixed interest rates, an increase in interest rates may increase Komatsu's interest expenses and thereby adversely affect Komatsu's results of operations. In addition, fluctuations in the financial markets, such as fluctuations in the fair value of marketable securities and interest rates, may also increase the unfunded obligation portion of Komatsu's pension plans or pension liabilities, which may result in an increase in pension expenses. Such an increase in interest expenses and pension expenses may adversely affect Komatsu's results of operations and financial condition.

4 Laws and regulations of different countries

Komatsu is subject to relevant regulations and approval procedures in the countries in which it operates. If any new laws and regulations or amendments to existing laws and regulations relating to customs duties, currency restrictions and other legal requirements are implemented in the countries where Komatsu operates, Komatsu may incur expenses in order to comply with such laws and regulations or its development, production, sales and service operations may be affected adversely by them. With respect to transfer pricing between Komatsu and its affiliated companies, Komatsu is careful to comply with applicable taxation laws of Japan and the concerned foreign governments. Nevertheless, it is possible that Komatsu may be viewed by the concerned tax authorities as having used inappropriate pricing. Furthermore, if intergovernmental negotiations were to fail, Komatsu may be charged with double or additional taxation. When facing such an unexpected situation, Komatsu may experience an unfavorable impact on its business results.

5 Environmental laws and regulations

Komatsu's products and business operations are required to meet increasingly stringent environmental laws and regulations in the numerous countries in which Komatsu operates. To this end, Komatsu expends a significant share of its management resources, such as research and development expenses, to comply with environmental and other related regulations. If Komatsu is required to incur additional expenses and make additional capital investments due to revised environmental regulations adopted in the future, or if its development, production, sales and service operations are adversely affected by such revised regulations, Komatsu may experience an unfavorable impact on its business results.

6 Product and quality liability

While Komatsu endeavors to sustain and improve the quality and reliability of its operations and products based on stringent standards established internally, Komatsu may face product and quality liability claims including recalls or become exposed to other liabilities due to unexpected defect in its products or systems or accidents. If the costs for addressing such claims or other liabilities are not covered by Komatsu's existing insurance policies or other protective means, such claims may adversely affect its financial condition.

7 Alliances, collaborations, mergers and acquisitions, etc.

Komatsu has entered into and implemented alliances, collaborations, mergers and acquisitions, etc. with various business partners to reinforce its international competitiveness. Through such arrangements, Komatsu is working to improve and expand its product development, production, sales and service capabilities as well as its solutions business. However, Komatsu's failure to attain expected results or the termination of such alliances or collaborative relationships may adversely affect Komatsu's results of operations.

8 Procurement, production and other matters

Komatsu's procurement of parts and materials for its products is exposed to fluctuations in commodity and energy prices. Price increases in commodities, such as steel materials, as well as energies, such as crude oil and electricity, may increase the production cost of Komatsu's products. In addition, a shortage of product parts and materials, bankruptcies of suppliers or production discontinuation by suppliers of products used by Komatsu may make it difficult for Komatsu to engage in the timely procurement of parts and materials and manufacture of its products, thereby lowering Komatsu's production efficiency. With respect to an increase in the cost of production as mainly affected by an increase in the cost of materials, Komatsu mainly strives to reduce costs and make price adjustments of its products.

Komatsu also strives to minimize the effects of possible procurement or manufacturing issues by promoting closer collaboration among its related business divisions. However, if the increase in commodity and energy prices were to exceed Komatsu's expectations or a prolonged shortage of materials and parts were to occur, Komatsu's results of operations may be adversely affected.

9 Information security, intellectual property and other matters

Komatsu may obtain confidential information concerning its customers and individuals in the normal course of its business. Komatsu also holds confidential business and technological information. Komatsu safeguards such confidential information with the utmost care. To forestall unauthorized access by means of cyber-attacks, tampering, destruction, leakage and losses, Komatsu employs appropriate safety measures, including implementing technological safety measures and strengthening its information management capabilities. However, when a leak or loss of confidential information concerning customers and individuals occurs, Komatsu may become liable for damages, or its reputation or its customers' confidence in Komatsu may be adversely affected. In addition, if Komatsu's confidential business and technological information were leaked or lost, or misused by a third party, or Komatsu's intellectual properties were infringed upon by a third party, or Komatsu were held liable for infringing on a third party's intellectual property rights, Komatsu's business results may be adversely affected.

10 Natural calamities, wars, terrorism, accidents and other matters

If natural disasters (such as earthquakes, tsunamis and floods), epidemics, radioactive contamination, wars, terrorist acts, riots, accidents (such as fires and explosions), unforeseeable criticism or interference by third parties or computer virus infections were to occur in the regions in which Komatsu operates, Komatsu may incur extensive damage to one or more of its facilities that then could not become fully operational within a short period of time. Even if Komatsu's operations were not directly harmed by such events, confusion in logistic and supply networks, shortages in the supply of electric power, gas and other utilities, telecommunication problems and/or problems of supplier's production may continue for a long period of time. Accordingly, if delays or disruption in the procurement of materials and parts, or the production and sales of Komatsu's products and services, or deterioration of the capital-raising environment or other adverse developments were to take place as a result of such events, Komatsu's business results may be adversely affected.

Human Rights Policy

Komatsu established its Human Rights Policy in September 2019, thereby declaring its commitment to promoting respect for human rights in line with internationally accepted standards. Through human rights due diligence based on the United Nations Guiding Principles on Business and Human Rights, we will implement measures for preventing or mitigating negative impacts on human rights. In addition, frameworks will be put in place to allow for corrective measures to be instituted should it be found that the Company was directly or indirectly involved in activities that had a negative impact on human rights.

Human Rights Policy

1 Respect for Human Rights

The KOMATSU Way describes the values that all officers and employees in the Komatsu Group, including those at top management level, should inherit in a lasting way. To implement the KOMATSU Way, it is necessary that we act responsibly in accordance with the expectations of society.

Komatsu believes that it is essential to ensure that respect for human rights is firmly embedded within our company and therefore applies the human rights policy to Komatsu's worldwide operations to conduct its business.

This policy is formulated based on international human rights principles encompassed by the Universal Declaration of Human Rights. In addition to promoting business activities in line with this philosophy, Komatsu promotes activities that respect human rights such as the prevention of child labor and forced labor and the elimination of excessive working hours, the prevention of discrimination and harassment, the right to freedom of association, the right to collective bargaining, minimum wage, health & safety, etc., in accordance with the "United Nations (UN) Guiding Principles on Business and Human Rights" and the "ILO Core Labour Standards".

Komatsu Group will comply with the laws and regulations of all countries where it conducts its business activities. Where established international human rights norm exists as well as national laws, we will follow the higher standard; where they are in conflict and will seek ways to respect internationally recognized human rights to the greatest extent possible.

2 Stakeholder Engagement

When we talk about "stakeholders," we refer collectively to all parties that are affected by our business activities. Stakeholders include customers, shareholders, investors, distributors, suppliers, local communities and employees.

We will consult with independent external knowledge on human rights issues and respect dialogue and discussions with internal and external stakeholders to understand human rights related issues. We will regularly and publicly communicate our activities on human rights based on this policy through our reports and/or Group website.

3 Local Communities

Companies cannot continue to exist without maintaining good harmony with the local community. Komatsu wishes to be the most transparent company which actively seeks harmonious balance of interests with the local communities through close communication and contributes to the local communities as a valued corporate citizen.

4 Human Rights Issues (Assessment and Due Diligence)

In our effort to apply the major principles for protecting human rights, we conduct human rights risk assessments for our existing and new construction/mining equipment and forestry machinery businesses worldwide with the help of external experts.

In addition to risk assessments, we will conduct CSR procurement assessments for suppliers and promote CSR procurement through improvement activities based on the results of the assessments.

5 Guidance for employees, distributors and suppliers

In order to ensure the effectiveness of this policy, we will conduct appropriate training and activities to raise awareness in employees throughout the Group. We will also expect and encourage our distributors and suppliers to comply with this policy in their own operations.

6 Remedy

We have established and maintained a Global Compliance Hotline at its headquarters to take reports relating to non-compliance, including regarding human rights issues and make this Hotline number known to all Komatsu Group Members. Any employee who believes a conflict arises between this policy and the laws, customs or practices of the place where he or she works, or who has questions about this policy or would like to confidentially report a potential violation of this policy, should raise those questions and concerns with the Hotline anonymously. In addition to the Hotline for Komatsu Group Members, anyone other than Komatsu Group Members who become aware of any circumstance or action that violates or appears to violate this policy or applicable law with respect to human rights, can file a report anonymously. They can contact us at <https://home.komatsu/en/inquiry/> or call at +81-3-5561-4711.

Human Rights Training and Awareness-raising

Recognizing it is important for all employees to correctly understand and adhere to the Human Rights Policy, Komatsu will conduct ongoing activities to raise awareness along with human rights training such as human rights e-learning program to be instituted in FY2019.

In addition, we publish the monthly Compliance Newsletter to further contribute to awareness-raising in employees. This newsletter contains articles explaining important legal regulations, highlighting the lessons to be learned from episodes at other companies, and describing comprehensive principles in business today with regards to human rights, prevention of harassment, traffic rules, etc.

Future Human Rights Initiatives

Komatsu has established the CSR Committee on Human Rights, which comprises the President and CEO as well as the heads of relevant divisions and departments (Construction Equipment Marketing Division, Mining Business Division, Production Division, Procurement Division, Human Resources Department, and legal affairs, risk management, compliance and CSR promotion divisions). This committee will serve as a forum for in-depth understanding of human rights issues.

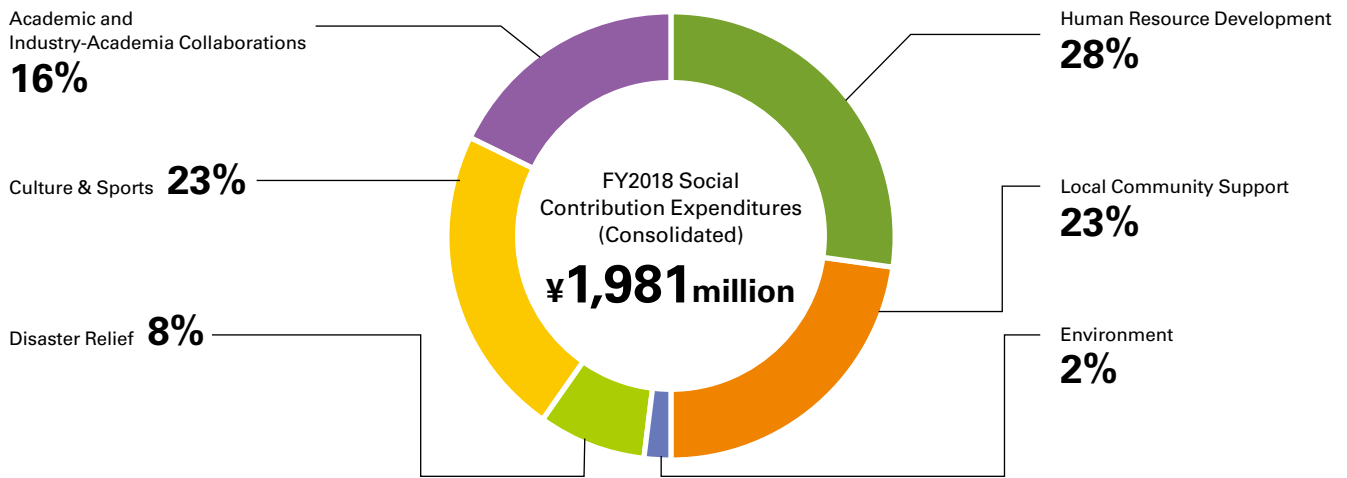
Going forward, the CSR Committee on Human Rights will endeavor to identify priority issues and lay out clear policies for addressing individual issues. In addition, concrete implementation plans will be established for implementing to these issues in actual business practices.

Social Contribution Activities

Komatsu recognizes that social contributions to the communities in which it conducts its business activities are an important corporate responsibility. Komatsu defines the social contribution activities as activities related to its three CSR themes that are not directly aimed at generating earnings. Based on this definition, we seek to contribute to society in a manner that leverages the strengths of our core business.

Social Contribution Activities in FY2018

The following chart shows expenditures for social contribution activities by Komatsu Group aggregated based on six general categories.



Type of Social Contribution Expenditure

Cash contributions	Employee dispatchment and time contributions	Expense related to providing own facilities for public use	Expense related to events for the community	Total
¥528 million	¥445 million	¥352 million	¥656 million	¥1,981 million

South Africa: Education Program Instituted through Collaboration with Cummins

Technical Education for Communities (TEC) is a program designed to provide students majoring in mechanical and/or electrical engineering with a curriculum of technical and practical vocational training. This program is implemented by leveraging the strong partnership between Cummins Inc., a U.S. engine manufacturer, and Komatsu.

In May 2018, we started implementing a three-year curriculum at Sedibeng TVET College in Johannesburg, South Africa, accepting 31 students into this program. In this curriculum, students learn how to maintain engines and operate construction and mining equipment.

Through the TEC program, students acquire knowledge that is useful for practical application, which increases their ability to access job opportunities with favorable conditions. Also, in the long term, the students are expected to play an active part in local companies and thereby contribute to the local economy.

The companies that have been playing a major role in promoting TEC in South Africa are Cummins Africa, Cummins Middle East FZE, and Komatsu Africa Holdings (Pty) Ltd.

In providing this curriculum, these companies worked to dispatch dedicated instructors; provide educational materials; and support the creation of the training curriculum. Since the launch of the curriculum, the companies have been providing ongoing, finely tuned support for the entire program.

Moving forward, Komatsu will build upon its collaboration with Cummins and promote the operation of TEC programs globally.



Students of Sedibeng TVET College and President Ohashi of Komatsu (current Chairman)

United States: A Partnership to Bring Back Forests

In April 2019, Komatsu announced that it will be involved in a forest restoration project at the site of a closed mine in the Appalachian region of the U.S.

Partnering with Green Forests Work (GFW), a nonprofit organization specializing in mine reclamation and greenification techniques that utilize the benefits of forests, Komatsu embarked on a three-year project through which it plans to restore 1,000 acres (4 square kilometers) of West Virginia's Monongahela National Forest by 2021. For this project, we will be supported by the U.S. Department of Agriculture and Forest Service.

In this project, Komatsu will offer support for land reformation and sapling purchases, rent equipment, and provide employee volunteers for tree planting activities. We will also work to spread sustainable mine reclamation techniques that are friendly toward forests and other vegetation.

More than one billion people directly depend on forests for their livelihood. And the rest of the world's population relies on forests for a variety of economic, social and environmental benefits.

"These forests provide all of our recreation, all of our value to why we live here," said Shanda Minney, executive director of the Appalachian Stewardship Foundation and a resident of West Virginia in the Appalachian region of the eastern United States. "It makes a huge difference to our quality of life as well as the environmental sustainability of the land around us."

Minney's foundation works to protect and restore natural forested environments in Appalachia, an area impacted significantly by the long-term mining of natural resources. One of her partners in this effort is Dr. Christopher Barton, founder of Green Forests Work, a non-profit organization dedicated to proper mine reclamation methods and the reforestation of formerly mined lands.

"What we were seeing in the Appalachian region was a shift in land use and the elimination of these vital forests," Barton said. "What was predominantly a forested environment prior to mining was being reclaimed as grasslands because it was the only thing that grew in the tightly compacted land required for mine closure. And as time went on the amount of that grassland got larger and larger. We got to the point where, looking at Google Earth, you can see these huge footprints of former forest land where trees no longer grow."

Since the organization was founded in 2009, Green Forests Work (GFW) and its volunteers have planted millions of trees to restore more than 4,000 acres of formerly mined land in Appalachia. Now, through a partnership with Komatsu, GFW is on track to restore an additional 1,000 acres in West Virginia's Monongahela National Forest by 2021.

"Our equipment digs the earth and it's part of our job to make sure that we're good stewards of that earth and doing things that are helping our local communities," said Rod Schrader, chairman & CEO—Komatsu Americas Corp.

Schrader and the leaders of Komatsu's North American subsidiaries joined GFW, the Appalachian Stewardship Foundation, the U.S. Forest Service and others this May to plant thousands of trees as part of the restoration efforts in the Monongahela. Using Komatsu excavators and bulldozers, the land is first prepped for planting by ripping up the tightly compacted soil left from outdated mine reclamation methods. GFW advocates for a more natural approach to mine closure—one that accounts for erosion concerns while still allowing natural forested environments to thrive for generations to come.

"The fact that we make equipment that mined the resource out of the ground and now we can be a part of making sure it's restored to



Former mine site that was inhospitable to trees in 2009 (top) and same site after forest restoration activities by GFW with 75% tree survival rate seven years later in 2017 (bottom)

its natural habitat, also with our equipment, is very exciting," Schrader said. "It's part of our job to make sure that we are good stewards of the earth and doing things that are helping our local communities."

Komatsu's partnership with GFW includes equipment loans, employee volunteers to plant, money to cover the costs of site preparation and tree seedlings, and shared advocacy of the need for mine reclamation methods that allow growth of natural vegetation and forests.

"With Komatsu's support, we're taking what we've done here in Appalachia and hopefully moving it to other parts of the world," Barton said. "We see this as an opportunity for doing the same type of engagement with local communities on a global perspective."

An added benefit to local communities is the creation of vital new jobs, tied to the reforestation efforts.

"Our idea was to create what we called a regenerative economy," Barton said. "To regenerate the forest, hire local people to run equipment to do site preparation, hire local people to collect seed and to plant the trees ... We work to put all that money right back into these areas that were impacted."

"Willing partners are necessary to make the impact required," Minney said. "There's an endless need and that need can't be met by any one group on their own. Partnerships are critical to bringing all of the resources and all of the money in to do this important work."

With the power of Komatsu and our industry partners behind reforestation efforts, the opportunity to affect positive change grows exponentially.

"I think this is a great example of a major effort Komatsu is making to contribute to the community and to the planet," said Jeffrey Dawes, president & CEO—Komatsu Mining Corp. "The concept to be working in reforestation is great but we needed a catalyst. We needed someone to help us join. Green Forests Work has the ideas and the know how. We've got the resources and we've got the intention. So we're a great match to get this done."

John Fiedler, president—Hensley Industries, Inc., who was with Dawes and Schrader at the May planting, agreed wholeheartedly.

"Komatsu stepping up and saying this is something that's important, to be conscious of the environment and give back, is great," Fiedler said. "I think us contributing will make a big difference."



Tree planting event for employee participants in Monongahela National Forest (May 2019, approx. 1,500 trees planted)

Corporate Governance

Basic Stance on Corporate Governance

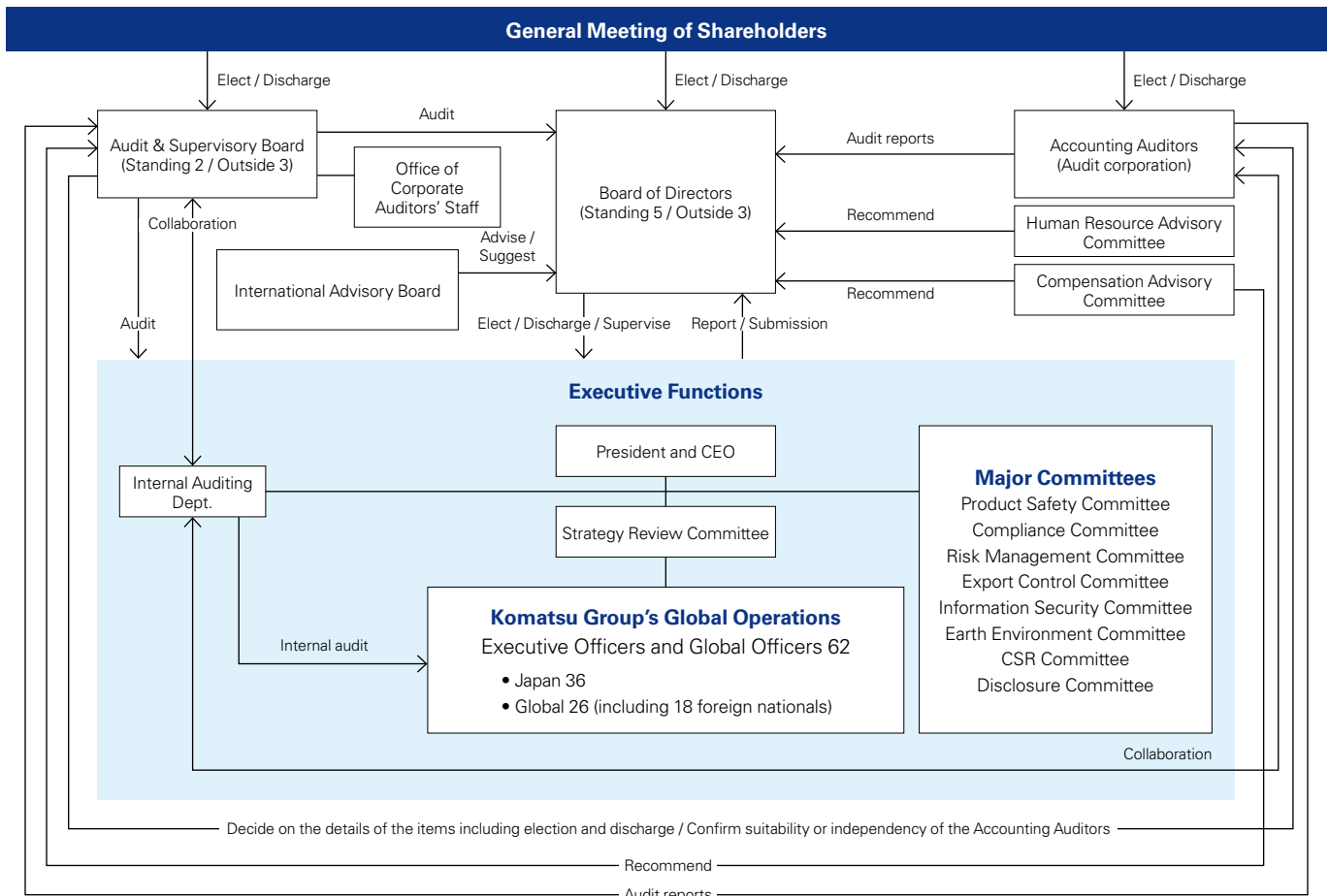
To become a company which enjoys more trust from shareholders and all other stakeholders, the Company is working to strengthen corporate governance, improve management efficiency, advocate corporate ethics and ensure sound management on a group-wide basis. To further improve the transparency of management for its shareholders and investors, the Company discloses information in a fair and timely manner and actively engages in investor relations' activities by holding meetings with shareholders and investors.

Corporate Governance Framework

At the Company, 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, the Company has 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, the

Company has separated management decision making and supervisory functions from executive functions to the extent permitted by laws and regulations, and while appointing both Outside Directors and Outside Audit & Supervisory Board Members, limits the Board of Directors to a small number of members.

Corporate Governance of the Company (As of June 30, 2019)



Composition of the 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 Komatsu, and rigorously controls and supervises the execution of duties by all members of the executive management team including Representative Directors. Of the eight (8) Directors on the Board, three (3) are Outside Directors to ensure transparent and objective management.

To promote efficient management of the Board of Directors, the Company has established a Strategy Review Committee consisting of Senior Executive Officers and senior managers. Based on the reviews of the Committee, Executive Officers and senior managers execute their duties within the authority delegated by the Board of Directors.

Directors' Execution of Duties

In FY2018, the Board of Directors met 15 times. The Board made decisions on important management matters based on the Standards for Matters to be Referred to a Meeting of the Board of Directors, and reported on business execution. Business execution reports cover virtually 100% of businesses on a consolidated net sales basis. Even extremely small-scale businesses are reported at a meeting of the Board of Directors, mainly with respect to safety, compliance, and risk. Sufficient time is secured to ensure full discussions at a meeting of the Board of Directors

and the Company has adopted a process of raising important matters for discussion and decision-making on predetermined days over two meetings of the Board of Directors.

The Board of Directors also receives a monthly report from the President regarding recent important matters and topics, such as safety, compliance, and risk. The CFO also reports each month on the status of sales, profits and losses, orders received, and borrowings.

Human Resource Advisory Committee

The Human Resource Advisory Committee, consisting of three (3) Outside Directors (one of them as Committee Chairperson), Chairperson of the Board and President, discusses appointment and discharge of senior management officers including President (CEO), and reports the results to the Board of Directors. Based on the report, the Board of Directors discusses and decides appointments of the candidates for directors and Audit & Supervisory Board Members as well as appointments and discharges of executive and other officers.

Members of the Human Resource Advisory Committee

Chairperson: Masayuki Oku

Members: Mitoji Yabunaka, Makoto Kigawa,
Tetsuji Ohashi, Hiroyuki Ogawa

Compensation Advisory Committee

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, which consists of four (4) external members (one (1) outside expert, two (2) Outside Audit & Supervisory Board Members and one (1) Outside Director) and one (1) internal member. Taking its reports and recommendations into consideration, the remuneration for Directors is determined by the Board of Directors, and the remuneration for Audit & Supervisory Board Members is determined by discussions by the Audit & Supervisory Board Members, respectively, within the range previously determined by resolution of the General Meeting of Shareholders.

Members of the Compensation Advisory Committee

Chairperson: Tsuguoki Fujinuma

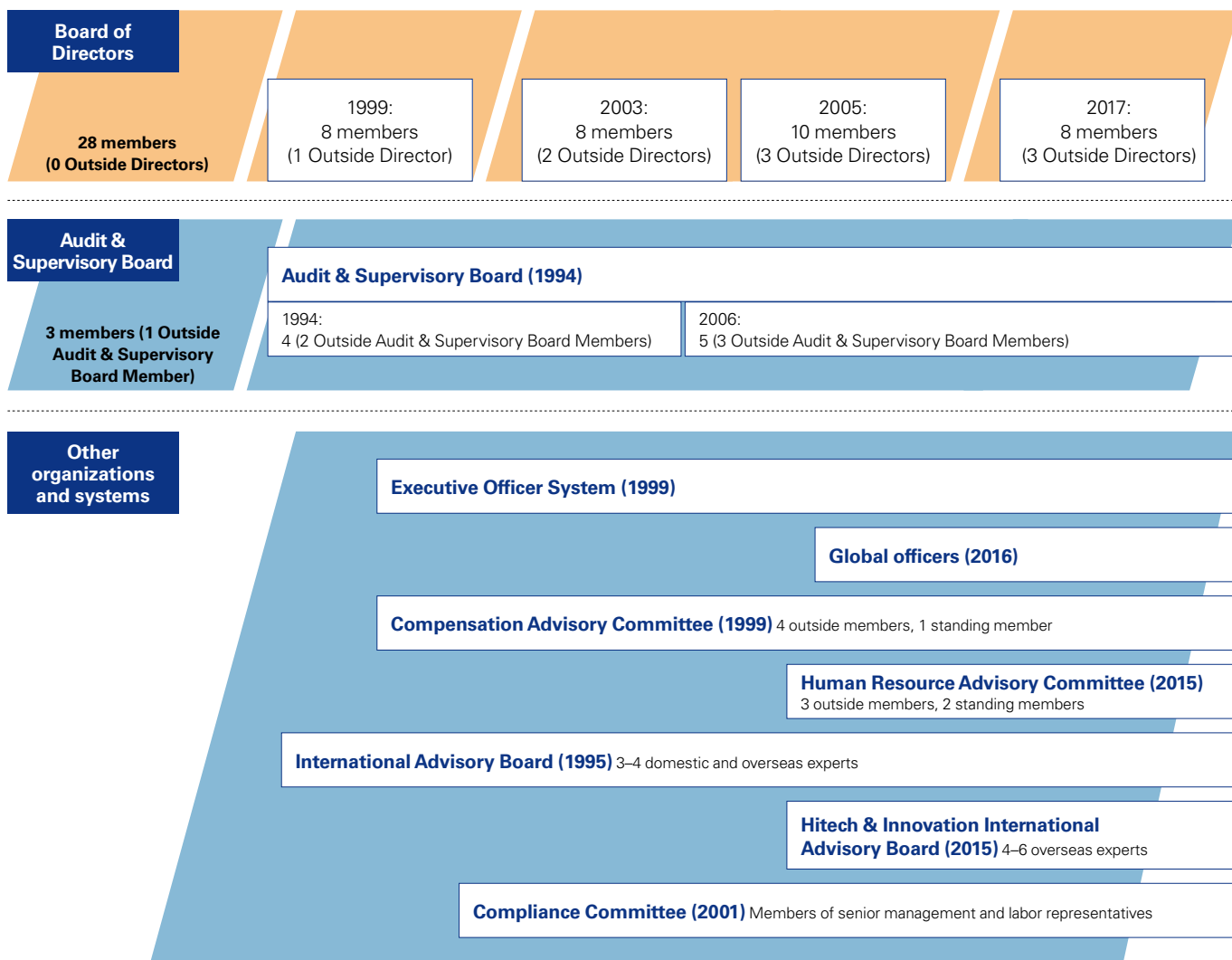
Members: Hirohide Yamaguchi, Eiko Shinotsuka,
Masayuki Oku, Tetsuji Ohashi

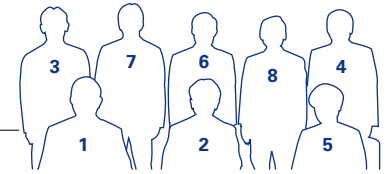
Corporate Governance

Corporate Governance Reforms

The Company has proceeded to implement reforms to its corporate governance system in order to ensure effective and adequate performance of matters related to decision making, management and supervision, such as 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 to supplement executive functions, the Company established the International Advisory Board (IAB) in 1995. Through the IAB, the Company aims to secure objective advice and suggestions from experts from Japan and abroad about how to function as a global company by exchanging opinions and holding discussions. Going forward, the Company will pursue increases to the effectiveness of the Board of Directors while appointing Outside Directors to ensure transparency and soundness and promoting openness and accountability in management.





Directors



Chairman of the Board and Representative Director

1 Tetsuji Ohashi

Apr. 1977 Joined the Company
Product Control Section, Planning & Coordination Department of Awazu Plant

Oct. 1998 General Manager of Planning & Cooperation Department of Awazu Plant, Production Division

Oct. 2001 Plant Manager of Moka Plant, Production Division

Jan. 2004 President and Chief Operating Officer (COO), Komatsu America Corp. (until Mar. 2007)

Apr. 2007 Took office as Executive Officer of the Company
President of Production Division

Apr. 2008 Took office as Senior Executive Officer

Jun. 2009 Took office as Director and Senior Executive Officer

Apr. 2012 Took office as Director and Senior Executive Officer

Apr. 2013 Took office as President and Representative Director, and CEO

Apr. 2019 Took office as Chairperson of the Board and Representative Director (current)

Director and Senior Executive Officer

5 Kuniko Urano

Area of responsibility:
Supervising Human Resources & Education, Safety & Health Care, Corporate Communications, and CSR

Apr. 1979 Joined the Company
Education Section, Human Resources Department

Apr. 2005 General Manager of Logistics Planning Department, Production Division

Apr. 2010 General Manager of Corporate Communications Department

Apr. 2011 Took office as Executive Officer

Apr. 2014 General Manager of Human Resources Department

Apr. 2016 Took office as Senior Executive Officer

Jun. 2018 Took office as Director and Senior Executive Officer (current)

President and Representative Director, and CEO

2 Hiroyuki Ogawa

Apr. 1985 Joined the Company
Production Engineering Section, Production Engineering Department of Kawasaki Plant

Apr. 2004 Plant Manager of Chattanooga Manufacturing Operation, Komatsu America Corp. (until Mar. 2007)

Apr. 2007 General Manager of Planning & Coordination Department of Osaka Plant, Production Division

Apr. 2010 Took office as Executive Officer
Plant Manager of Ibaraki Plant, Production Division

Apr. 2013 President of Procurement Division, Production Division

Apr. 2014 Representative of All Indonesia Operations
Chairperson of PT Komatsu Marketing & Support Indonesia (until March 2016)

Apr. 2015 Took office as Senior Executive Officer

Apr. 2016 Took office as President of Production Division

Apr. 2018 Took office as Senior Executive Officer

Jun. 2018 Director and Senior Executive Officer

Apr. 2019 Took office as President and Representative Director and CEO (current)

Outside Director

6 Masayuki Oku

Apr. 1968 Joined The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation, hereinafter "the Bank")

Jun. 1994 Took office as Director of the Bank

Nov. 1998 Took office as Managing Director of the Bank

Jan. 2001 Took office as Representative Director and Senior Managing Director of the Bank

Apr. 2001 Took office as Representative Director and Senior Managing Director of Sumitomo Mitsui Banking Corporation (hereinafter "SMBC")

Dec. 2002 Took office as Representative Director and Senior Managing Director of Sumitomo Mitsui Financial Group, Inc. (hereinafter "SMFG")

Jun. 2003 Took office as Representative Director and Deputy President of SMBC

Jun. 2005 Took office as Chairman of the Board and Representative Director of SMFG
Took office as Representative Director and President of SMBC

Apr. 2011 Retired from SMBC
Took office as Chairman of the Board and Director of SMFG

Jun. 2014 Took office as Director of the Company (current)

Apr. 2017 Took office as Director of SMFG

Jun. 2017 Took office as Honorary Advisor of SMFG (current)

Director and Senior Executive Officer

3 Masayuki Moriyama

Area of responsibility:
President of Mining Business Division

Apr. 1982 Joined the Company
Technology Management Department, Vehicle Development Center of Kawasaki Plant

Mar. 2000 Komatsu America Corp. (until March 2003)

Apr. 2010 Took office as Executive Officer of the Company
General Manager of Construction Equipment/Technical Center 1, Development Division

Apr. 2014 President and Chief Operating Officer (COO) of Komatsu America Corp.

Apr. 2015 Took office as Senior Executive Officer

Apr. 2017 President of Mining Business Division (current)

Apr. 2018 Took office as Senior Executive Officer

Jun. 2019 Took office as Director and Senior Executive Officer (current)

Outside Director

7 Mitoji Yabunaka

Apr. 1969 Joined the Ministry of Foreign Affairs hereinafter "MOFA"

Jan. 2008 Took office as Vice-Minister for Foreign Affairs

Aug. 2010 Took office as Adviser to Ministry of Foreign Affairs

Jun. 2014 Took office as Director of the Company (current)

Director and Senior Executive Officer

4 Kiyoshi Mizuhara

Area of responsibility:
President of Construction Equipment Marketing Division

Apr. 1983 Joined the Company
General Sales Department, Export Sales Division

Sep. 1988 Komatsu Dresser Company (currently Komatsu America Corp.) (until Mar. 1993)

Mar. 1997 Joined Komatsu Hanomag GmbH (currently Komatsu Germany GmbH) (until Mar. 2003)

Apr. 2008 General Manager of Business Control Department, Construction & Mining Equipment Marketing Division

Apr. 2011 General Manager of Construction Equipment Corporate Planning Department, Construction & Mining Equipment Marketing Division

Apr. 2013 Took office as Executive Officer
Representative of All India Operations

Apr. 2017 Took office as Senior Executive Officer
President of Construction Equipment Marketing Division (current)

Apr. 2019 Took office as Senior Executive Officer

Jun. 2019 Took office as Director and Senior Executive Officer (current)

Outside Director

8 Makoto Kigawa

Apr. 1973 Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)

Apr. 2004 Took office as Managing Director, Chief Risk Officer / Head of Risk Management Group, and Chief Human Resources Officer / Head of Human Resources Group of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)

Mar. 2005 Retired from Mizuho Corporate Bank, Ltd.

Apr. 2005 Joined Yamato Transport Co., Ltd. (currently Yamato Holdings Co., Ltd.)

Jun. 2005 Took office as Managing Director of Yamato Transport Co., Ltd. (currently Yamato Holdings Co., Ltd.)

Nov. 2005 Took office as Representative Managing Director of Yamato Holdings Co., Ltd.

Apr. 2006 Took office as Representative Director and Managing Executive Officer of Yamato Holdings Co., Ltd.

Jun. 2006 Took office as Representative Director and Senior Managing Executive Officer of Yamato Holdings Co., Ltd.

Mar. 2007 Took office as Representative Director and Executive Officer of Yamato Holdings Co., Ltd.
Took office as Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.

Apr. 2011 Took office as Representative Director, President and Executive Officer of Yamato Holdings Co., Ltd.

Apr. 2015 Took office as Chairman of the Board and Representative Director of Yamato Holdings Co., Ltd.

Jun. 2016 Took office as Director of the Company (current)

Apr. 2018 Took office as Director and Chairman of Yamato Holdings Co., Ltd.

Jun. 2019 Special Advisor of Yamato Holdings Co., Ltd. (current)

(as of June 30, 2019)

Corporate Governance

Audit & Supervisory Board



Standing Audit &
Supervisory Board Member
Kosuke Yamane

Apr. 1981 Joined the Company
Accounting Section, Administration Department of Awazu Plant
Aug. 1991 Touche Ross & Co, UK (until July 1992)
Mar. 1999 Financial Officer, Komatsu Asia & Pacific Pte Ltd.
(until March 2003)
Apr. 2003 General Manager of Corporate Communications & Investor
Relations Department of the Company
Apr. 2004 General Manager of Corporate Communications Department
Jan. 2006 General Manager of Finance & Treasury Department
Apr. 2008 General Manager of e-KOMATSU Technical Center
Apr. 2011 Took office as Executive Officer
President of Information Strategy Division
Jun. 2016 Took office as Standing Audit & Supervisory Board Member
(current)



Standing Audit &
Supervisory Board Member
Hironobu Matsuo

Apr. 1982 Joined the Company
Accounting Section, Administration Department of Osaka Plant
Dec. 1992 Hanomag AG (currently Komatsu Germany GmbH)
(until Oct. 1995)
Oct. 1995 Komatsu Baumaschinen Deutschland GmbH (until Jul. 1997)
Jan. 2006 Vice President of Komatsu (China) Ltd. (until Apr. 2008)
Apr. 2008 General Manager of Corporate Controlling Department of the
Company
Jun. 2012 General Manager of Internal Auditing Department
Apr. 2013 Took office as Executive Officer
Jun. 2017 Took office as Standing Audit & Supervisory Board Member
(current)



Outside Audit &
Supervisory Board Member
Hirohide Yamaguchi

Apr. 1974 Joined the Bank of Japan
Oct. 2008 Took office as Deputy Governor of Bank of Japan
Mar. 2013 Retired from Bank of Japan
Jul. 2013 Took office as Chairman of the Advisory Board of Nikko Financial
Intelligence, Inc. (currently Nikko Research Center, Inc.)
(current)
Jun. 2014 Took office as Audit & Supervisory Board Member of the
Company (current)



Outside Audit &
Supervisory Board Member
Eiko Shinotsuka

Apr. 1993 Took office as Professor at Ochanomizu University
Apr. 2008 Took office as Professor emeritus at Ochanomizu University
(current)
Jun. 2015 Took office as Audit & Supervisory Board Member of the
Company (current)



Outside Audit &
Supervisory Board Member
Kotaro Ohno

Apr. 1976 Appointed as Prosecutor
Jul. 2009 Took office as Vice-Minister of Justice
Jul. 2012 Took office as Superintending Prosecutor of Tokyo High Public
Prosecutors Office
Jul. 2014 Took office as Prosecutor-General of Supreme Public
Prosecutors Office
Sep. 2016 Retired from the position of Prosecutor-General of Supreme
Public Prosecutors Office
Nov. 2016 Attorney at law, Special Counsel of Mori Hamada & Matsumoto
(current)
Jun. 2017 Took office as Audit & Supervisory Board Member of the
Company (current)

(As of June 30, 2019)

Audit & Supervisory Board Members

Audit & Supervisory Board Members attend important meetings such as meetings of the Board of Directors, Strategy Review Committee, Compliance Committee, and Risk Management Committee, visit and inspect offices and plants of the Company and its subsidiaries in Japan and overseas, exchange opinions with the representative directors, other Directors and Audit & Supervisory Board Members, and management of the Company and its main subsidiaries, and hold liaison meetings and individual interviews with the standing Audit & Supervisory Board Members of subsidiaries in Japan. Through these activities, they monitor the upgrading and implementation status of the internal control system.

They also periodically exchange opinions with the Internal Auditing Department and the Accounting Auditors and maintain close contact to enhance the effectiveness of audits.

The Company has allocated the required employees to the Office of Corporate Auditors' Staff to assist the Audit & Supervisory Board Members in their duties, and allocates, and appropriately manages and executes, a budget to cover the anticipated expenses necessary for execution of the Audit & Supervisory Board Members' duties based on the audit plan.

Komatsu's Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

The Company emphasizes independence when selecting Outside Directors and Outside Audit & Supervisory Board Members, and has therefore established its own "Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members." In addition, through its departments engaged in business transactions with the companies where candidates for Outside Board Members are concurrently employed (or execute business thereof), the Company reviews the business relationship of these companies by making direct inquiries to the concerned companies and implementing other means, thereby evaluating their independence from the Company.

Basic Stance

Independent Outside Board Members are defined as Outside Board Members who have no potential conflict of interest with ordinary shareholders of the Company. In the event that they are critically controlled by the top management of the Company or they can critically control the top management of the Company, they are deemed to have a conflict of interest with ordinary shareholders of the Company. Therefore, the Board of Directors determines that they have no independence from the Company.

Major Activities of Outside Directors and Outside Audit & Supervisory Board Members in FY2018

Outside Directors

Name	Attendance to the Meetings	Details of Major Activities
Masayuki Oku	Meeting of the Board of Directors 100% (15 meetings out of the 15 meetings held)	Mr. Masayuki Oku previously served as Representative Director of Sumitomo Mitsui Banking Corporation. During FY2018, based on his rich experience in the business world, he provided comments at meetings of the Board of Directors concerning such issues as valuation indicators for the mid-term management plan, growth strategies following M&A activities, and financing. In addition, he was a member of the Company's Human Resource Advisory Committee and Compensation Advisory Committee.
Mitoji Yabunaka	Meeting of the Board of Directors 100% (15 meetings out of the 15 meetings held)	Mr. Mitoji Yabunaka previously served as Vice-Minister for Foreign Affairs. During FY2018, based on his standpoint as a specialist in international affairs, he provided comments at the meetings of the Board of Directors concerning such issues as projection of demands in the mid-term management plan, trade policies in various countries, and country risk. In addition, he was a member of the Company's Human Resource Advisory Committee.
Makoto Kigawa	Meeting of the Board of Directors 100% (15 meetings out of the 15 meetings held)	Mr. Makoto Kigawa previously served as Representative Director at both Yamato Holdings Co., Ltd., and Yamato Transport Co., Ltd. During FY2018, based on his rich experience in the business world, he provided comments at the meetings of the Board of Directors concerning such issues as target and execution of the mid-term management plan, the ICT strategy for SMARTCONSTRUCTION, and inventory control on a global basis. In addition, he was a member of the Company's Human Resource Advisory Committee.

Outside Audit & Supervisory Board Members

Name	Attendance to the Meetings	Details of Major Activities
Hirohide Yamaguchi	Meeting of the Board of Directors 100% (15 meetings out of the 15 meetings held) Meeting of the Audit & Supervisory Board 100% (15 meetings out of the 15 meetings held)	Mr. Hirohide Yamaguchi previously served as Deputy Governor of the Bank of Japan. During FY2018, based on his professional standpoint, he provided comments at the meetings of the Audit & Supervisory Board and the meetings of the Board of Directors concerning such issues as overseas economic trends, governance of Komatsu Group and audit frameworks. In addition, he was a member of the Company's Compensation Advisory Committee.
Eiko Shinotsuka	Meeting of the Board of Directors 100% (15 meetings out of the 15 meetings held) Meeting of the Audit & Supervisory Board 100% (15 meetings out of the 15 meetings held)	Ms. Eiko Shinotsuka possesses wide-ranging knowledge and experience in fields such as economics, labor relations and law. During FY2018, based on her professional standpoint, she provided comments at the meetings of the Audit & Supervisory Board and the meetings of the Board of Directors concerning such issues as human resource development with global perspective, diversity and risk management. In addition, she was a member of the Company's Compensation Advisory Committee.
Kotaro Ohno	Meeting of the Board of Directors 100% (15 meetings out of the 15 meetings held) Meeting of the Audit & Supervisory Board 93% (14 meetings out of the 15 meetings held)	Mr. Kotaro Ohno possesses rich experience in the legal profession. During FY2018, based on his professional standpoint, he provided comments at the meetings of the Audit & Supervisory Board and the meetings of the Board of Directors concerning such issues as legal risk, internal reporting system and strategy for intellectual properties. In addition, he was an observer of the Company's Compliance Committee.

Independence Standards (Excerpt)

Based on the basic stance above, the Board of Directors determines an Outside Board Member who is listed below has no independence from the Company.

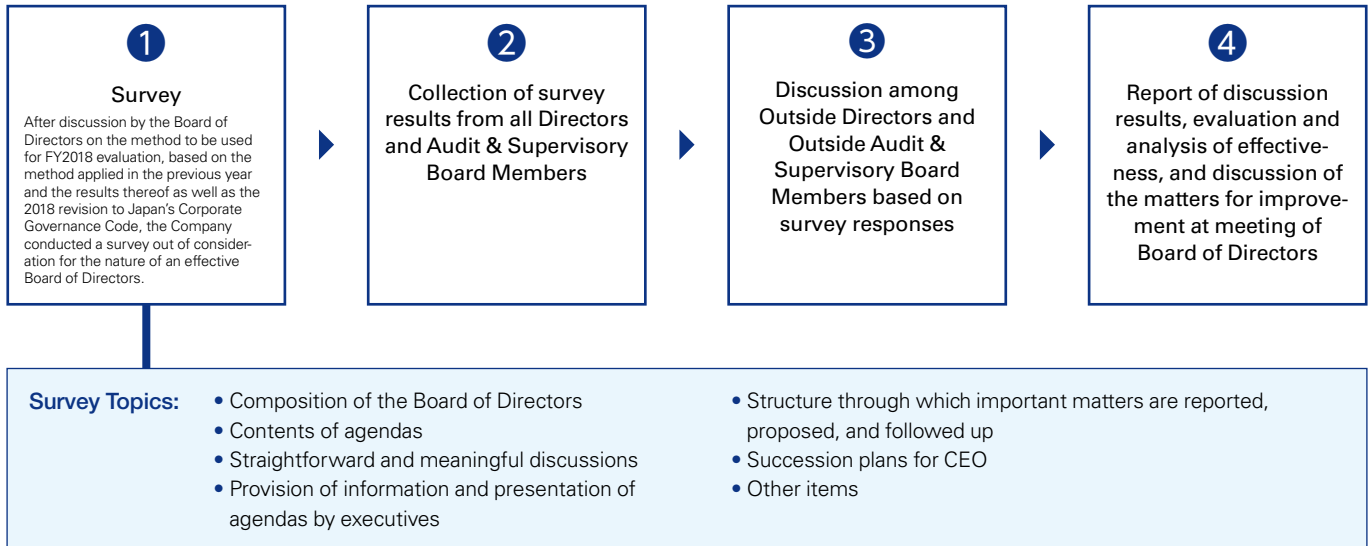
- 1) Person engaged in transactions or execution of business with the Company or its subsidiary as his/her major business partner (This is applicable to a business partner or a person engaged in business execution with the Company or its subsidiary, and the Company or its subsidiary can give significant influence on decision making of the concerned partner or person.)
- 2) Main business partner of the Company or person engaged in business execution thereof (This is applicable to a business partner or a person engaged in business execution with the Company, and the concerned business partner or person engaged in business execution thereof can give significant influence on the Company's decision making.)
- 3) Consultant(s), certified public accountant(s), lawyer(s) or other professional(s) obtaining large amounts of money or other financial benefits, other than remunerations of Outside Board Members of the Company (when such financial benefits are obtained by an incorporated entity, this matter applies to a person belonging to such organization.)
- 4) Person who is applicable to any of 1) through 3) above for last one year
- 5) Spouse or a relative in second degree of an important person among the following persons (person engaged in business execution of subsidiaries of the Company, etc.)

Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

Komatsu is working to improve the effectiveness of the Board of Directors and performs annual evaluations and analyses of the effectiveness of the Board of Directors for this reason.

Evaluation Process



Overview of Results of FY2018 Evaluation

The assessment shows a generally high level of achievement for each item and confirms that there were no serious problems concerning the effectiveness. As in the case of the previous survey, the Company received excellent evaluations for monthly reports by the President himself in Board meetings. The Company also enjoyed high marks for new efforts, such as improved diversity of the Board with a female inside director, the holding of the Board meeting at Komatsu Mining Corp. (acquired in 2017) as part of Board of Directors' visit and discussions and reviews held four times by the Board when the Company was developing the new mid-term management plan.

With respect to the conducting of Board meetings, there were a few suggestions for improvement. The Company will make those improvements and work to make the Board of Directors further effective in the future.

Succession Plans

One of the items that has been contained in the Code of Conduct for Leadership/Top Management described in the KOMATSU Way since its establishment in 2006 is "continue to think about your succession plan." The KOMATSU Way positions the cultivation of management successors as an important task that can only be entrusted to top management. Members of top management are thus expected to always have clearly defined successors and to take steps to foster within these successors the capacity to identify the underlying causes of issues by providing them with opportunities to experience and gain understanding of various work sites.

The Human Resource Advisory Committee, which comprises the chairman of the Board, the president, and outside directors, consistently engages in discussions regarding the selection and cultivation of candidates for positions as next the president (CEO) and the next president (CEO) to follow.

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. Taking its reports and recommendations into consideration, the remuneration for Directors is determined by the Board of Directors, and the remuneration for Audit & Supervisory Board Members is determined by discussions by the Audit & Supervisory Board Members, respectively, within the range previously determined by resolution of the General Meeting of Shareholders. With regards to remuneration levels, their 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 Director") 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 remuneration (fixed remuneration) designed to support their role to make recommendations with respect to the overall management of the Company as a member of the Board of Directors. Furthermore, the remuneration for Audit & Supervisory Board Members only consists of basic remuneration (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.

Composition of Remuneration of Directors and Audit & Supervisory Board Members

Internal Directors	Basic Remuneration (Fixed Remuneration)	Performance-Based Remuneration for a Single Year (Monthly Remuneration x 0-24 months)		Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan (Monthly Remuneration x 0-3 months)
	Monthly remuneration x 12 months	Bonus in Cash (2/3, in principle)*	Stock-Based Remuneration A (1/3, in principle) Restricted Stocks	Stock-Based Remuneration B Restricted Stocks
Outside Directors and Audits	Basic Remuneration (Fixed Remuneration)	← Not influenced by Company performance		
	Monthly remuneration x 12 months			

* The upper limit for Bonus in Cash is set at 12 months' worth of monthly remuneration; the remainder of bonuses is to be paid as Stock-Based Remuneration A.

Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan

The Company will pay Internal Directors the equivalent of a three-month portion of monthly remuneration every fiscal year as remuneration linked to the period of the Company's Mid-Term Management Plan by granting restricted stock as stock-based remuneration, after the expiry of the period of the mid-term management plan, the number of shares on which to lift transfer restrictions (within range of 0-100%) will be decided based on the achievement of the management targets of the Mid-Term Management Plan and as a general rule, the restriction of transfer on the shares will be lifted after three years from delivery.

Management Targets, Valuation Bases and Valuation Indicators in Previous Mid-Term Management Plan (FY2016-FY2018)

Management Targets	Valuation Bases and Valuation Indicators
Growth (Aim at a growth rate above the industry's average)	Comparison of growth rate of consolidated sales with those of major competitors*1
Profitability (Aim at the industry's top-level operating income ratio)	Comparison of consolidated operating income ratio with those of major competitors*1
Efficiency (Aim at 10%-level ROE)	Achievement of a consolidated ROE of 10% or More
Financial Position (Aim at the industry's top-level financial position)	Comparison of net debt-to-equity ratio*2 with those of major competitors*1
Management focused on ESG (Environment, Social and Corporate Governance)	Achievement rate of targets in respect of mid-term ESG activities

*1 Relative comparison with domestic and foreign major competitors in the same industry

*2 Net debt-to-equity ratio = (Interest-bearing debt - Cash and cash equivalents - Time deposits) / Shareholders' equity of the Company

Corporate Governance

Risk Management

While continuing to make efforts to raise its corporate value, the Company recognizes the problems related to legal compliance, environment, product quality, disasters and information security in particular, and other matters, as major risks for continuous growth and has been thus implementing the following countermeasures.

- 1) The Company shall establish "Risk Management Rules" to correctly recognize and manage risk. In accordance with the rules, the Company has appointed personnel in charge of individual risks, further promoting the build-up of a solid foundation for risk management.
- 2) The Company shall establish Risk Management Committee to devise risk management policies of Komatsu, evaluate risk

measures in place, and take control of risks when they emerge. The Risk Management Committee regularly reports its reviews and activities to the Board of Directors.

- 3) The Company shall establish an emergency headquarters when serious risks emerge, and work to minimize damage(s) and implement appropriate measures.

In FY2018, the Risk Management Committee met twice a year. The Committee evaluated status of implementation of risk measures and worked to prevent risks from surfacing. It also reported on its reviews and activities to the Board of Directors. The Committee also worked to improve the risk management systems on a group worldwide basis including at subsidiaries.

Compliance

The Company shall establish the "Compliance Committee" as Komatsu to oversee compliance, and the Committee regularly reports its reviews and activities to the Board of Directors. The Company shall also establish a system to ensure all Directors and employees thorough compliance to business rules as well as laws and regulations through a variety of measures, including the provision of "Komatsu Code of Worldwide Business Conduct," appointment of the Executive Officer in charge of compliance, and establishment of the Compliance Department. Through all of these, we work to supervise, educate and train Directors, Audit & Supervisory Board Members and employees.

In addition, the Company shall establish the internal reporting system where those who are discretely reporting questionable actions in light of laws and regulations and business rules will not be given any disadvantageous treatment.

The Compliance Committee conducts various activities, such as revising the Komatsu Code of Worldwide Business Conduct, providing various education and disseminating information, and upgrading and operating internal reporting system. It also reports on its reviews and activities to the Board of Directors. The Compliance Committee met twice in FY2018. The Committee also conducted a "visualization survey" of latent risks. Monthly publication of the Company bulletin "Compliance for Everyone" continued into its 14th year. The Committee also conducts periodic audits with regard to major compliance risks and strives to prevent them from surfacing.

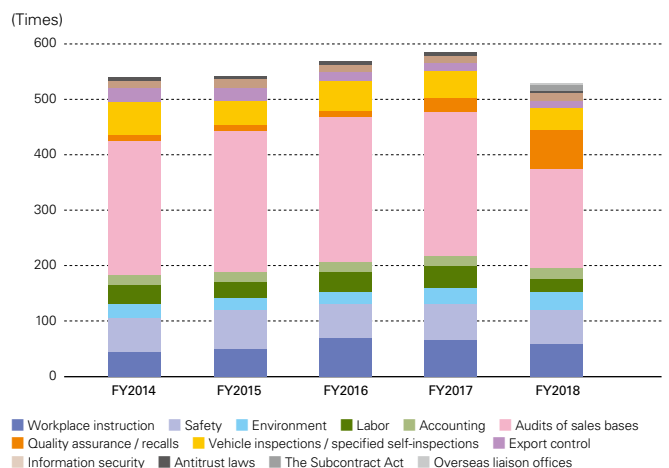
Compliance and Risk Audits

As a part of its risk management activities, Komatsu has been conducting compliance and risk audits (CR audits) since FY2008. These audits cover areas not included in the J-SOX audits.* CR audits also seek to identify latent compliance risks, with a particular focus on confirming and evaluating the status of legal compliance.

Through these audits, we strive to raise the control and compliance awareness levels at each company and in every department. Going forward, we aim to improve our case-by-case audit methods and raise the operational level of CR audits as a part of risk management functions.

* Audits conducted in accordance with the Financial Instruments and Exchange Act of Japan to evaluate internal controls related to financial reporting

Implementation Status of Compliance and Risk Audits



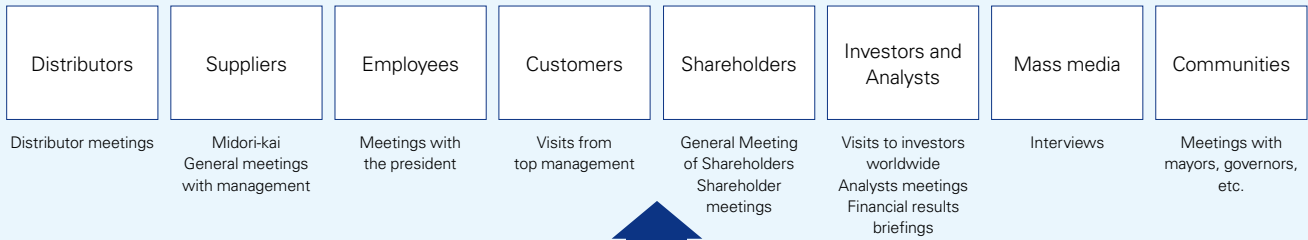
Stakeholder Engagement

In order to gain more trust from all stakeholders, the Company is strengthening corporate governance and top management is practicing direct engagement with stakeholders.

Corporate Value = Total Sum of Trust Given to Us by Society and All Stakeholders

Share information on the Komatsu Group's vision and the issues it faces (employees, suppliers, distributors)

Provide as many opportunities for engagement as possible and practice proper information disclosure to facilitate understanding of Komatsu



Direct Communication by Top Management

Major Investor Relations Activities in FY2018

To further improve the transparency of management for our shareholders and investors, we disclose information in a fair and timely manner and actively engage in investor relations activities by holding meetings with shareholders and investors.

For Shareholders and Individual Investors



- Shareholder meetings (2 times)
- Factory tours for shareholders (10 times)
- Individual investor meetings (9 times)
- Gifts of appreciation for long-term shareholders

Homepage



- Financial information
 - Financial results briefings
 - Sales and profits gains reports
 - Quarterly reports, etc.
- Web interviews with the president (4 times)
- KOMATSU REPORT, etc.

For Institutional Investors



- Financial results briefings (4 times)
- Small meetings (8 times)
- Business briefings (2 times)
- Business site tours (1 time)
- Overseas investor relations activities (5 times; approx. 80 companies)
- Individual meetings (over 250)
- Visits to overseas business sites (21 times)

Executive Officers and Global Officers

(as of June 30, 2019)

Executive Officers

Senior Executive Officer (*Senmu*)

Yuichi Iwamoto

Chief Technology Officer (CTO)
Supervising Research & Development
and Environment

Senior Executive Officers (*Jomu*)

Ichiro Nakano

Vice President, Development Division

Susumu Ueno

President, Japanese Domestic Marketing,
Construction Equipment Marketing Division

Masaki Nobuhara

President, Production Division

Taiichiro Kitatani

Vice President, Construction Equipment
Marketing Division
General Manager, ICT Project Department

Naoki Fujita

Supervising Industrial Machinery Business

Seiichi Fuchita

President, Development Division

Yoshiharu Sato

President, Quality Assurance Division

Kazuya Kuriyama

President, Procurement, Production Division

Hiroyuki Terada

Vice President, Production Division (Responsible
for Parts & Reman)

Executive Officers

Keiko Fujiwara

General Manager, Department for Promotion
of Distributor HR Development, Construction
Equipment Marketing Division

General Manager, Business Reform Department,
Construction Equipment Marketing Division

Akihiko Nakazawa

General Manager, Komatsu Economic Strategy
Research Center

Assistant to President, Construction Equipment
Marketing Division

Chikashi Shike

President, Smart Construction Promotion
Division

Yasuo Suzuki

Ibaraki Plant Manager, Production Division

Yuushi Oshikawa

Vice President, Development Division

General Manager, Future Mining Equipment
Development Department

Taisuke Kusaba

General Manager, Vehicle Development Center 3,
Development Division

Kazuaki Miura

Vice President, Japanese Domestic Marketing,
Construction Equipment Marketing Division

President, Komatsu Customer Support Japan Ltd.

Takeshi Horikoshi

Chief Financial Officer (CFO)

Nozomu Okamoto

Awazu Plant Manager, Production Division

Masami Naruse

General Manager, Vehicle Development Center
1, Development Division

Koichi Honda

General Manager, Human Resources
Department

Yasuji Nishiura

Vice President, Mining Business Division

General Manager, Marketing Department, Mining
Business Division

Takuya Imayoshi

General Manager, Business Coordination
Department

Kosei Okamoto

General Manager, Vehicle Development Center
2, Development Division

Kenichi Tanaka

President, Defense Systems Division

Shinji Maeda

President, Information Strategy Division

Norikatsu Nishiyama

Himi Plant Manager, Production Division

Hiroshi Makabe

Supervising Legal, General Affairs & Compliance

Mitsuko Yokomoto

General Manager, General Affairs Department
Responsible for Risk Management

Hidefumi Obikane

Oyama Plant Manager, Production Division

Toru Sunada

President, Service Division, Construction
Equipment Marketing Division

Hiroyuki Umeda

President, Product Marketing Division

Takayuki Furukoshi

Osaka Plant Manager, Production Division

Executive Officers (Global) Note: Executive officers overseas concurrently serve as global officers.

North America

Senior Executive Officers

Rodney Schrader

Chairman & CEO, Komatsu America Corp.

Jun Ohshima

Executive Vice President and President, North America R&D Division, Komatsu America Corp.

Jeffrey Dawes

President & CEO, Komatsu Mining Corp.
Vice President, Mining Business Division

Korekiyo Yanagisawa

EVP & COO, Komatsu Mining Corp.

Executive Officers

Hideyuki Takatsuki

President & COO, Komatsu America Corp.

Gary Kasbeer

Executive Vice President and CFO,
Komatsu America Corp.

Latin America

Senior Executive Officer

Yasushi Sakano

Representative of All Latin America* Operations
President, Komatsu Cummins Chile Ltda.
President & CEO, Komatsu Holding South America Ltda.

* "Latin America" does not include Brazil.

Europe

Senior Executive Officer

Mitsuru Ueno

President and CEO, Komatsu Forest AB

Executive Officer

Masatoshi Morishita

President and CEO, Komatsu Europe International N.V.

Asia/Oceania

Executive Officer

Pratjojo Dewo S.

President, PT Komatsu Indonesia

China

Senior Executive Officer

Yasuhiro Inagaki

Representative of All China Operations
Chairman, Komatsu (China) Ltd.

Executive Officers

Quanwang Zhang

President & CEO, Komatsu (China) Ltd.

Takashi Yasukawa

President, Production & Procurement Division,
Komatsu (China) Ltd.

Global Officers

North America

Peter Salditt

President, Underground and Hard Rock Mining,
Komatsu Mining Corp.

John Koetz

President, Surface Mining, Komatsu Mining Corp.

Jorge Mascena

President & CEO, Modular Mining Systems, Inc.

John Fiedler

President, Hensley Industries, Inc.

Europe

Paul Blanchard

Managing Director, Komatsu UK Ltd.

Ralf Petzold

President and MD, Komatsu Germany GmbH

Göksel Güner

Executive Vice President, Komatsu Germany GmbH

President, Construction Division, Komatsu Germany GmbH

Enrico Prandini

Managing Director, Komatsu Italia Manufacturing S.p.A

Asia/Oceania

Somsak Techacheewapong

President, Bangkok Komatsu Co., Ltd.

Sean Taylor

Managing Director, Komatsu Australia Pty. Ltd.

China

Fangchang Liu

President, Komatsu (Shandong) Construction Machinery Corp.

Dechun Tian

President, Komatsu Shantui Construction Machinery Co., Ltd.

Africa

Michael Blom

Managing Director, Komatsu South Africa (Pty) Ltd.

11-Year Summary

	FY2008	FY2009	FY2010	FY2011
Net sales	2,021,743	1,431,564	1,843,127	1,981,763
Operating income	151,948	67,035	222,929	256,343
Operating income ratio (%)	7.5	4.7	12.1	12.9
Income from continuing operations before income taxes and equity in earnings of affiliated companies	128,782	64,979	219,809	249,609
Net income attributable to Komatsu Ltd.	78,797	33,559	150,752	167,041
Capital investment	162,512	96,191	97,738	122,038
Depreciation and amortization* ¹	97,241	90,215	88,442	89,015
Research and development expenses	53,736	46,449	49,005	54,843
Total assets	1,969,059	1,959,055	2,149,137	2,320,529
Shareholders' equity	814,941	833,975	923,843	1,009,696
Shareholders' equity ratio (%)	41.4	42.6	43.0	43.5
Net interest-bearing debt* ²	509,248	502,818	459,110	563,814
Net debt-equity ratio (times)	0.62	0.60	0.50	0.56
Net cash provided by operating activities	78,775	182,161	150,402	105,608
Net cash used in investing activities	(145,368)	(72,967)	(88,509)	(124,539)
Net cash provided by (used in) financing activities	57,219	(116,363)	(56,365)	18,781
Cash and cash equivalents, end of year	90,563	82,429	84,224	83,079
Number of common share issued (thousands of shares)	998,744	998,744	998,744	983,130
Net income attributable to Komatsu Ltd. per share (yen)	79.95	34.67	155.77	173.47
Cash dividends per share (yen)	40.0	16.0	38.0	42.0
Consolidated payout ratio (%)* ³	40.0	38.0	24.4	24.2
ROA (%)	6.3	3.3	10.7	11.2
ROE (%)	9.3	4.1	17.2	17.3
Exchange rate for the U.S. dollar (yen)* ⁴	101	93	85	79
Exchange rate for the Euro (yen)* ⁴	143	131	113	110
Exchange rate for the Chinese Renminbi (yen)* ⁴	14.7	13.6	12.7	12.4
Number of employees (persons)	39,855	38,518	41,059	44,206
Overseas employee ratio (%)	51.4	51.9	55.5	57.5
CO ₂ emissions in Japan (kt)	276	188	264	264
CO ₂ emissions overseas (kt)	172.8	140.2	287	315
Waste generated in Japan (kt/year)	29.8	14	19.5	19.8
Waste generated overseas (kt/yen)	95.4	66.5	93.8	102.3
Volume of water used in Japan (thousand m ³)	7,570	5,436	6,347	5,652
Volume of water used overseas (thousand m ³)	814	721	1,136	1,228

*1 Depreciation is the total of depreciation on property, plant and equipment and on intangible assets.

*2 Net interest-bearing debt = interest-bearing debt – cash and equivalents – time deposits.

*3 Figures for FY2008 and FY2009 exclude structural reform expenses.

*4 Average exchange rates for the fiscal year.

Millions of yen

FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
1,884,991	1,953,657	1,978,676	1,854,964	1,802,989	2,501,107	2,725,243
211,602	240,495	242,062	208,577	174,097	268,503	397,806
11.2	12.3	12.2	11.2	9.7	10.7	14.6
204,603	242,056	236,074	204,881	166,469	291,807	377,471
126,321	159,518	154,009	137,426	113,381	196,410	256,491
136,962	179,070	192,724	160,051	142,006	145,668	179,210
88,005	85,837	100,666	111,174	103,219	132,442	129,860
60,788	64,479	70,715	70,736	70,507	73,625	73,447
2,517,857	2,651,556	2,798,407	2,614,654	2,656,482	3,372,538	3,638,219
1,193,194	1,376,391	1,528,966	1,517,414	1,576,674	1,664,540	1,815,582
47.4	51.9	54.6	58.0	59.4	49.4	49.9
585,926	513,918	481,817	349,081	286,512	663,740	779,890
0.49	0.37	0.32	0.23	0.18	0.40	0.43
214,045	319,424	343,654	319,634	256,126	148,394	202,548
(131,397)	(167,439)	(181,793)	(148,642)	(133,299)	(377,745)	(187,204)
(71,814)	(155,349)	(143,983)	(173,079)	(107,718)	243,949	(3,660)
93,620	90,872	105,905	106,259	119,901	144,397	148,479
983,130	983,130	971,967	971,967	971,967	971,967	972,252
132.64	167.36	162.07	145.80	120.26	208.25	271.81
48.0	58.0	58.0	58.0	58.0	84.0	110.0
36.2	34.7	35.8	39.8	48.2	40.3	40.5
8.5	9.4	8.7	7.6	6.3	9.7	10.8
11.5	12.4	10.6	9.0	7.3	12.1	14.7
83	100	110	121	109	111	111
107	133	140	132	119	130	129
13.2	16.3	17.7	19.0	16.2	16.8	16.5
46,730	47,208	47,417	47,017	47,204	59,632	61,908
64.3	61.8	61.0	60.7	62.7	66.7	68.4
209	200	190	167	180	203	206
258	239	211	165	193	244	264
15.8	16.9	15.2	12.7	14.1	16.3	18.1
97.8	84.2	67.7	49.4	69.2	96.9	99.6
4,734	4,144	3,475	2,994	2,660	3,295	2,885
1,081	970	789	633	670	720	878

Corporate Information

(as of March 31, 2019)

Name

Komatsu Ltd.

Head Office

2-3-6 Akasaka, Minato-ku, Tokyo 107-8414

Date of Establishment

May 13, 1921

Common Stock Outstanding

Consolidated: ¥68,311 million based on
U.S. GAAP

Non-consolidated: ¥70,561 million

Number of Employees

Consolidated: 61,908

Non-consolidated: 11,537

Shares of Common Stock Issued and Outstanding

972,252,460 shares
(excluding shares of treasury stock)

Number of Shareholders

193,434

Number of Shares per Trading Unit

100

Securities Code

6301 (Japan)

Stock Listings

Tokyo

Transfer Agent for Common Stock/ Management Institution for Special Account

Mitsubishi UFJ Trust and Banking
Corporation4-5, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8212, Japan

Depositories (ADRs)

The Bank of New York Mellon

101 Barclay 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: <http://www.adrbnymellon.com>

Ticker Symbol: KMTUY

Major Shareholders

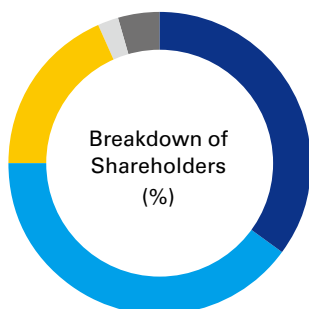
	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	62,825	6.65
Japan Trustee Services Bank, Ltd. (Trust Account)	52,363	5.54
JP MORGAN CHASE BANK 380055 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	36,906	3.90
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	36,633	3.87
Taiyo Life Insurance Company	34,000	3.60
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	26,626	2.81
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	18,484	1.95
Japan Trustee Services Bank, Ltd. (Trust Account 7)	18,419	1.95
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS (Standing proxy: Sumitomo Mitsui Banking Corporation)	18,018	1.90
Sumitomo Mitsui Banking Corporation	17,835	1.88

Notes:

1) Shareholding ratio is calculated by subtracting treasury stock.

2) Although Komatsu Ltd. holds 27,864 thousand shares of treasury stock, it is excluded from the major shareholders listed above.

Stock Information (excluding shares of treasury stock)

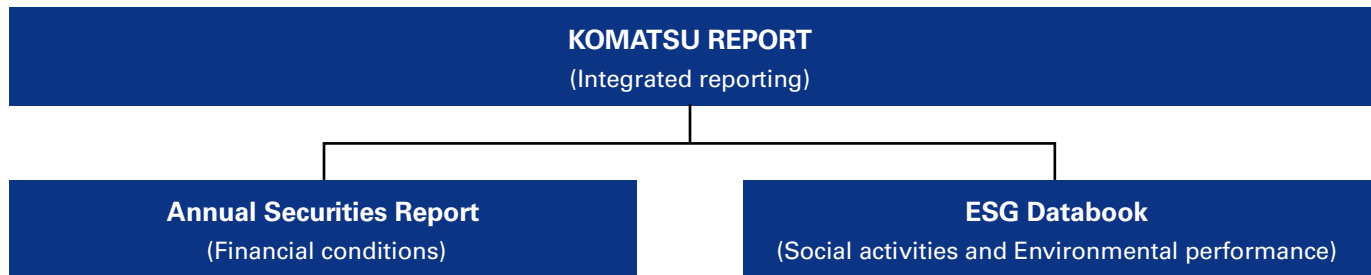


Financial	35.1%	341,334,249 shares	204 shareholders
Foreign	39.9%	388,893,581 shares	1,058 shareholders
Individual and other	18.2%	177,688,128 shares	190,543 shareholders
Corporate	2.2%	21,797,926 shares	1,456 shareholders
Securities	4.3%	42,538,576 shares	173 shareholders

About KOMATSU REPORT

Published annually, KOMATSU REPORT (integrated report) provides financial and non-financial information on the Company's efforts to realize continuous, long-term improvements in corporate value. Separate reports are prepared and disclosed to provide detailed financial information and information on environmental and social initiatives.

Structure of Komatsu's Annual Reports



* KOMATSU REPORT, Annual Securities Report and ESG Databook, in both Japanese and English, are uploaded on Komatsu's website.

* Komatsu Ltd. issues the KOMATSU REPORT only on the website.

Please refer to "Annual Securities Report" for more company and financial information.

- Overview of the Company and Its Consolidated Subsidiaries
- Business Overview
- Property, Plants and Equipment
- Information on the Company
- Financial Information



Please refer to "ESG Databook" for more information concerning social and environmental efforts.

- Stance on CSR Efforts
- Theme 1: Enhancing Quality of Life (Safety, environmental indexes, etc.)
- Theme 2: Developing People (Diversity, etc.)
- Theme 3: Growing with Society (Compliance, risk management, governance, etc.)



<https://komatsu.disclosure.site/en/>



- Komatsu has signed the United Nations Global Compact (UNGC). Click this link for more information about the Ten Principles advocated by the UNGC and how they pertain to Komatsu's initiatives.



wbcscd

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

KOMATSU

Komatsu Ltd.

2-3-6, Akasaka, Minato-ku, Tokyo 107-8414, Japan

<https://home.komatsu/en>

Corporate Communications Department

e-mail: JP00MB_info@global.komatsu