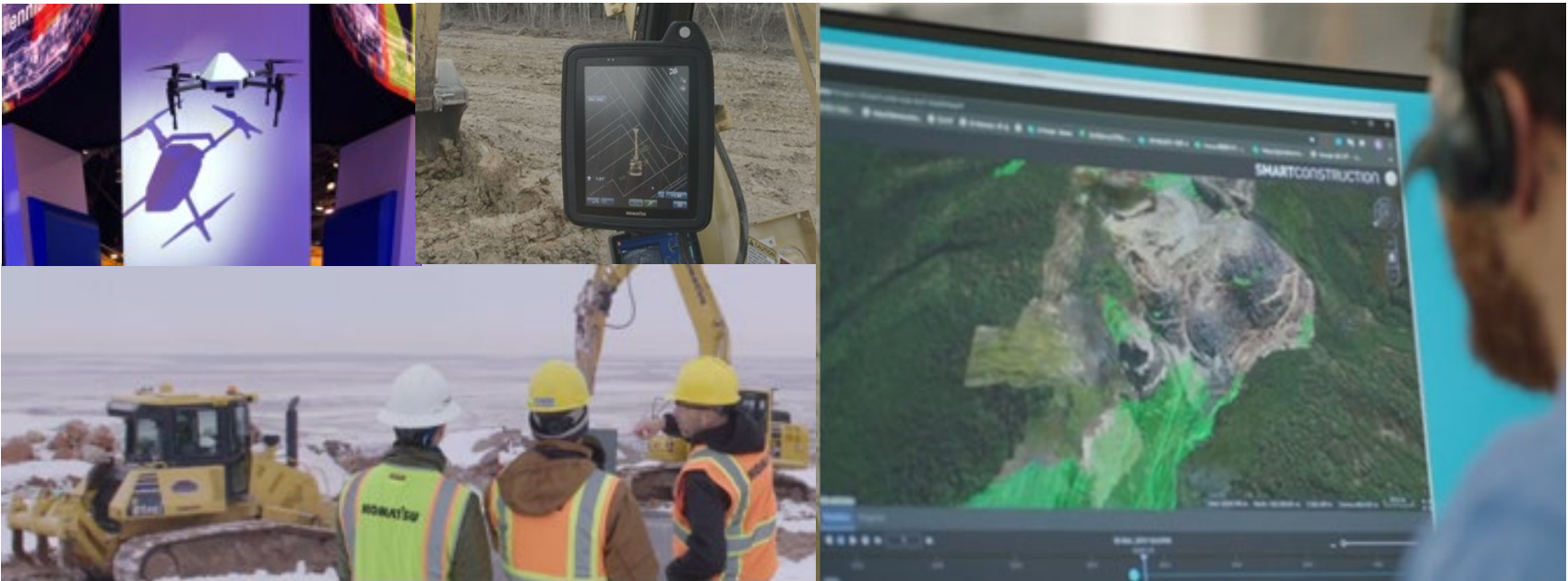


# Komatsu Ltd.

## Meeting with individual shareholders

**December 23, 2020**



- 1. Company Overview**
- 2. Mid-term Management Plan**  
**:Efforts under Growth Strategies**
- 3. Efforts for Solving ESG Issues**
- 4. Business Results and Shareholder Return**

# 1. Company Overview

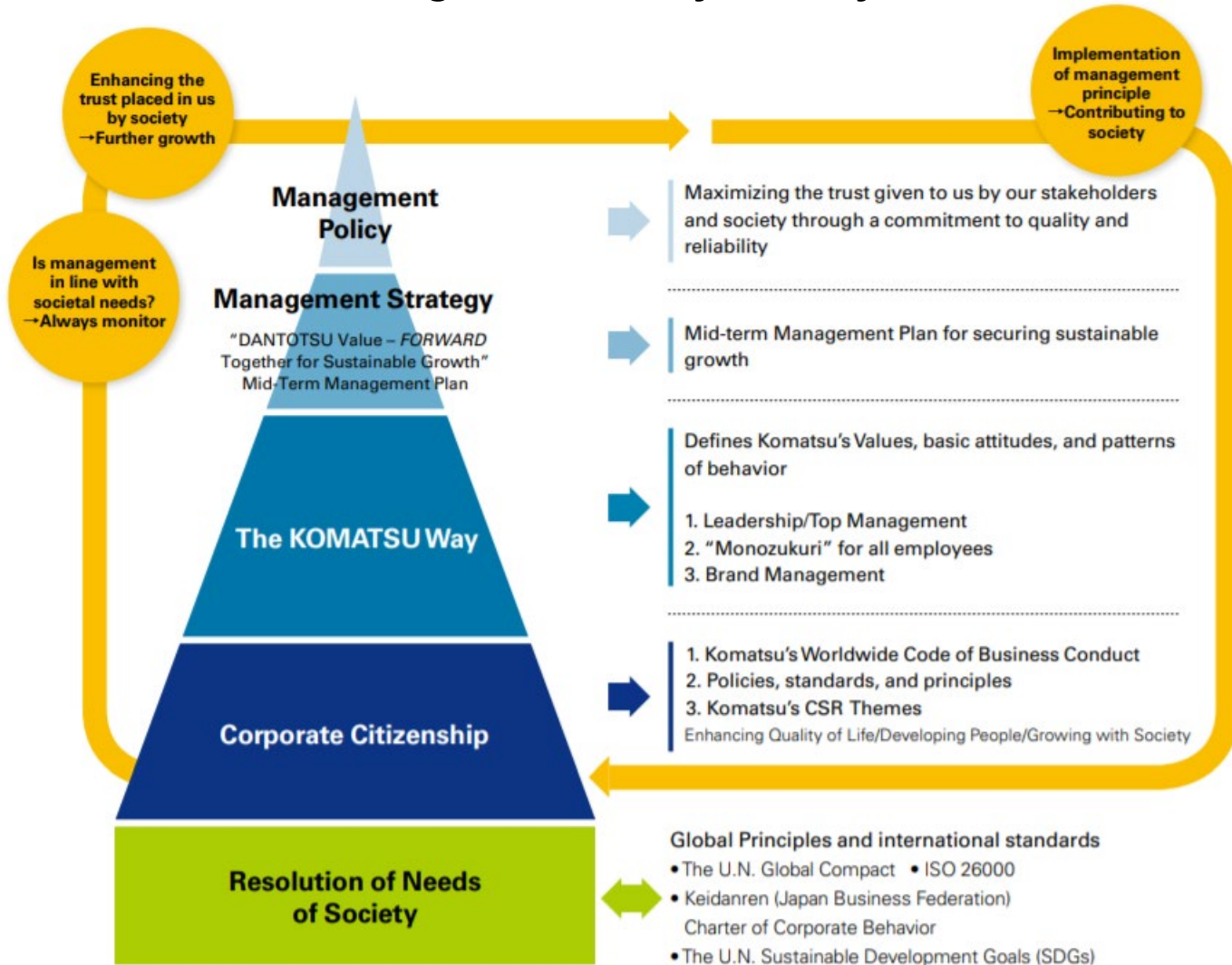
## 2. Mid-term Management Plan

:Efforts under Growth Strategies

## 3. Efforts for Solving ESG Issues

## 4. Business Results and Shareholder Return

Komatsu Group's corner stone of management lies in commitment to Quality and Reliability in order to maximize its corporate value. We define our corporate value as the total sum of trust given to us by society and all stakeholders.





Mission of Meitaro Takeuchi, Founder, born in Kochi Prefecture

## 工業富國基

Industry is the foundation to enrich the nation.

Human resource development is the basics of the above.

- ◆ Established Komatsu Iron Works to develop mining machinery. (1917)
- ◆ Founded Komatsu Ltd. on May 13, 1921.

Founder's principles have been passed on to us  
in the form of DNAs, transforming into Komatsu's strengths.

Develop technologies that meet and challenge world's standards.



*Meitaro Takeuchi (1860-1928),  
Founder*

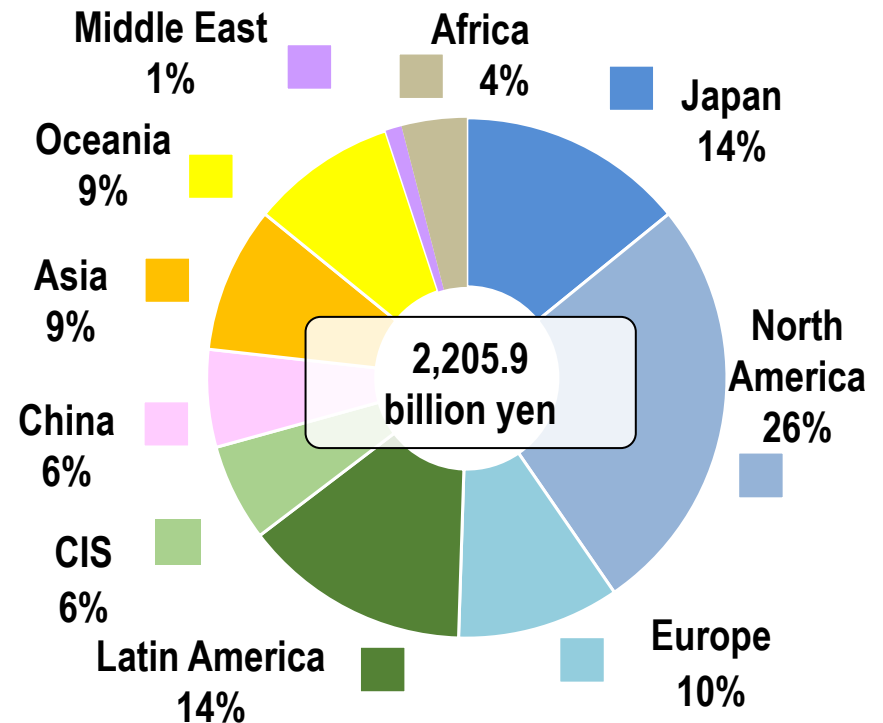
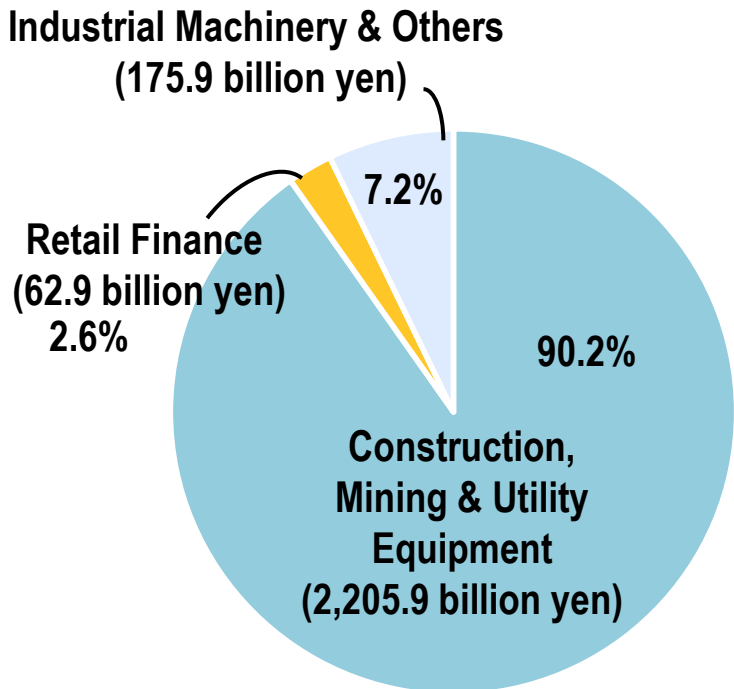
- ◆ Quality First
- ◆ Technological Innovation
- ◆ Global Expansion
- ◆ Employee Development

100th Anniversary in 2021

- **Established** : May 13, 1921
- **Net sales** : 2,444.8 billion yen
- **Operating income** : 250.7 billion yen
- **Total assets** : 3,653.6 billion yen
- **Consolidated subsidiaries:** 219 (13 in Japan and 206 in overseas)
- **Consolidated number of employees:** 62,823 (non-Japanese: approx. 68%)

Sales\* by Segment

Sales\* breakdown of Construction, Mining & Utility Equipment by Region



\*Sales to outside customers

## ■ Construction and Mining Equipment:

Komatsu is ranked second in the international construction and mining equipment industry. Our products promote infrastructure development and urbanization. They also support mining of minerals.



**Bulldozer**



**Hydraulic excavator  
(Crawler-type)**



**Hydraulic excavator  
(Wheel-type)**



**Wheel loader**



**Dump truck**



**Articulated  
dump truck**



**Motor grader**



**Forklift truck  
(Electric)**

**■ Mining Equipment:**

By acquiring Komatsu Mining Corp.(Former Joy Global), we expand our product line-up.

**<Surface mining>****Electric rope shovel****Dragline****Blasthole drill****Mining equipment simulators**

By Immersive acquired in July 2019

**<Underground mining>****Continuous miner****Sheerer****LHD  
(Load, haul, dump machine)**



**■ Forestry Equipment:**

Our products support sustainable use of wood resources.  
Komatsu has recently expanded this business through M&As.

**Harvester****Forwarder****Felling head**

By Quadco acquired in Feb 2018

**Simulator of forest machine**  
By Oryx Simulations acquired in April 2018**Feller-buncher**

By TimberPro acquired in April 2019

**Planter based on bulldozer**

**■ Industrial Machinery and Others:**

One of the world's top manufacturers of large presses and machine tools for the automobile manufacturing industry



**Large AC servo press system**  
[Komatsu Industries Corp.]



**Crankshaft miller**  
[Komatsu NTC Ltd.]



**Press brake**  
[Komatsu Industries Corp.]



**Wire saw**  
[Komatsu NTC Ltd.]



**Machining center**  
[Komatsu NTC Ltd.]



**Excimer Lasers  
for semiconductor  
lithography equipment**  
[GIGAPHOTON INC.]



**Temperature-control  
equipment for  
semiconductor  
manufacturing** [KELK Ltd.]



- Integrated development and production: Mother plants equipped with development and production capabilities.
- Development and production of key components in Japan and generation of technology innovation in Japan
- Assembly of finished machines in the regions with big market demand → Overseas production ratio: 66%(FY2019)

Major assembly plants of construction, mining and utility equipment



: Mother plants equipped with development capability

### Objectives of local assembly / production

- 1) Win customers' trust.
- 2) Provide early solutions for quality-related problems.
- 3) Incorporate local specs.
- 4) Shorten lead-time.
- 5) Respond flexibly to foreign exchange risks.

Overseas production ratio	FY 2017	FY 2018	FY 2019
	59%	61%	66%

Key components of hybrid excavators:  
Produced at the Shonan Plant:



Generation motor



Swing motor



Capacitor

Note: Excl. cells

Key components: Produced at the Oyama Plant



Diesel engines



Hydraulic units



Axles

### No. of production bases by region

Incl. local assembly plants for underground mining equipment  
( ): No. of Mother plants as of March 2020

Americas	Europe & CIS	Middle East & Africa	Asia	China	Japan	Total
36(1)	14(4)	1	13	9	12(4)	85(9)

- Global sales & service distributor networks □ Covering 99% of global demand
- Direct investment in and management of distributors in the countries with strong demand for mining equipment
- Reinforcement of Reman/rebuild facilities and training centers for distributors' human resource development

### Europe & CIS

Sales & service subsidiaries	14
Parts centers	6
Training centers	7
Reman/rebuild center	2

### China

Sales & service subsidiaries	4
Parts centers	2
Training centers	1
Reman/rebuild center	2

### Americas

Sales & service subsidiaries	22
Parts centers	15
Training centers	3
Reman/rebuild center	3

### Middle East & Africa

Sales & service subsidiaries	5
Parts centers	2
Training centers	2
Reman/rebuild center	1

### Japan

Sales & service subsidiaries	1
Parts centers	5
Training centers	2
Reman/rebuild center	0

### Asia & Oceania

Sales & service subsidiaries	12
Parts centers	15
Training centers	2
Reman/rebuild center	5

As of March 2020

● Mining equipment distributors(Komatsu as major shareholder)

1. Company Overview

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## Mid-Term Management Plan (FY2019 – FY2021)

# **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.**

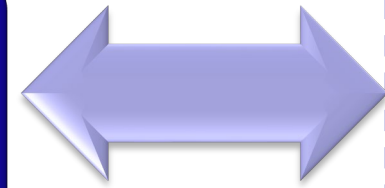
**What can we do to help overcome these challenges while remaining sustainable?**

**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.**

« Expectations of society and stakeholders »



Solutions for ESG issues  
Sustainable growth



Shared growth  
based on growth  
strategies

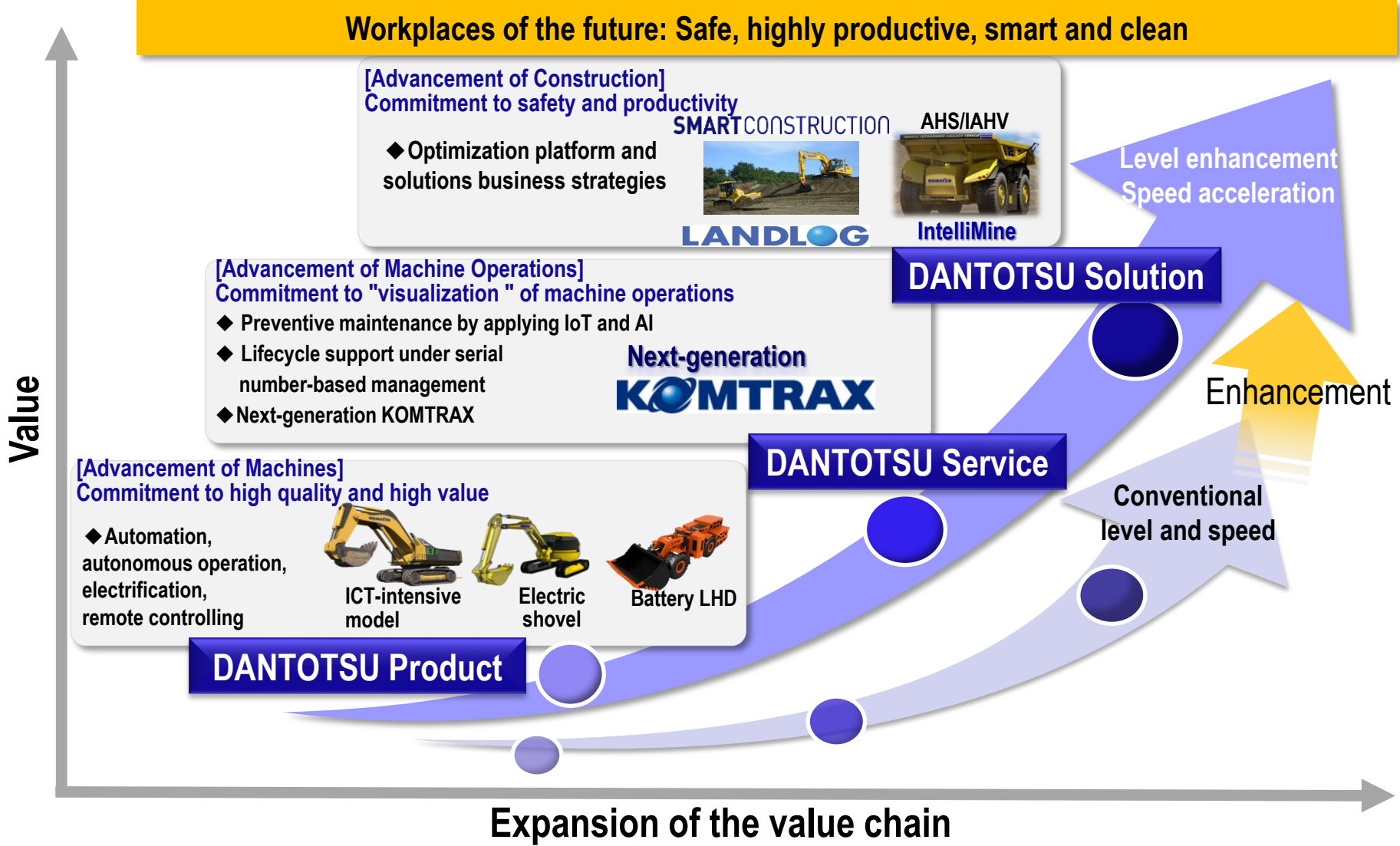


Sustainable increase  
of earnings

« Growth Strategy Aligned  
with Management Principles »



**DANTOTSU Value (ESG solutions through the creation of customer value and improvement of earnings)**





**Workplaces of the future: Safe, highly productive, smart and clean**

- Level 5**  
Optimization of Construction
- Level 4**  
Automation of Construction Planning
- Level 3**  
3-Dimensional Construction Planning
- Level 2**  
3-Dimensional Topographical Map
- Level 1**  
3-Dimensional Design Data

**Processes [Optimization Level of Construction]**

**LANDLOG**

**"Visualization" of workplace data**

**Digital Transformation of Construction**

**"H"orizontal: connect digitized "V"s**

Planning

Earth moving

Inspection

**"V"ertical: contextually digitize CEs, labor, materials and earth into data**

• Automatic generation of daily tasks from daily optimized construction plans  
 • Collaboration and autonomous operation of equipment on the workplace

**ICT Construction**

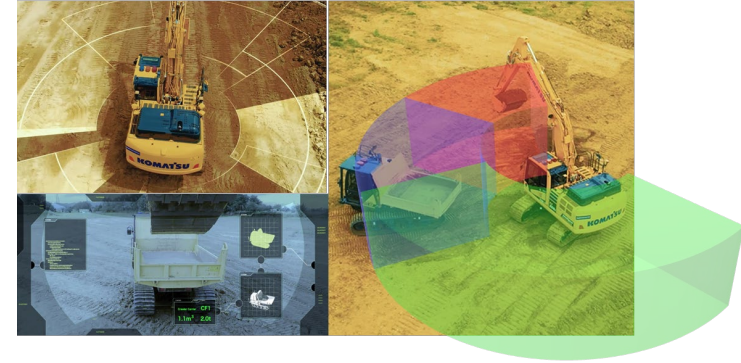
ICT-intensive construction & machines      Visualization of progress  
 Utilization of topographical data

**Introduction of advanced ICT-intensive models**

**Products [Level of Automation and Autonomous Operation]**

- Level 1**  
Limited Operation Support
- Level 2**  
Advanced Operation Support
- Level 3**  
Advanced Solo Automation
- Level 4**  
Advanced Collaborative Autonomous Operation
- Level 5**  
Advanced Decision-making Autonomous Operation

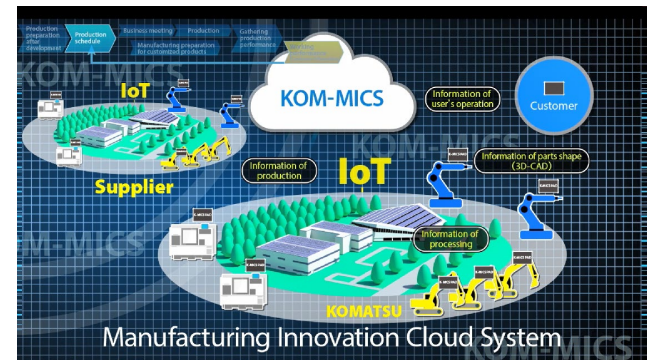
**Value creation by means of innovation**

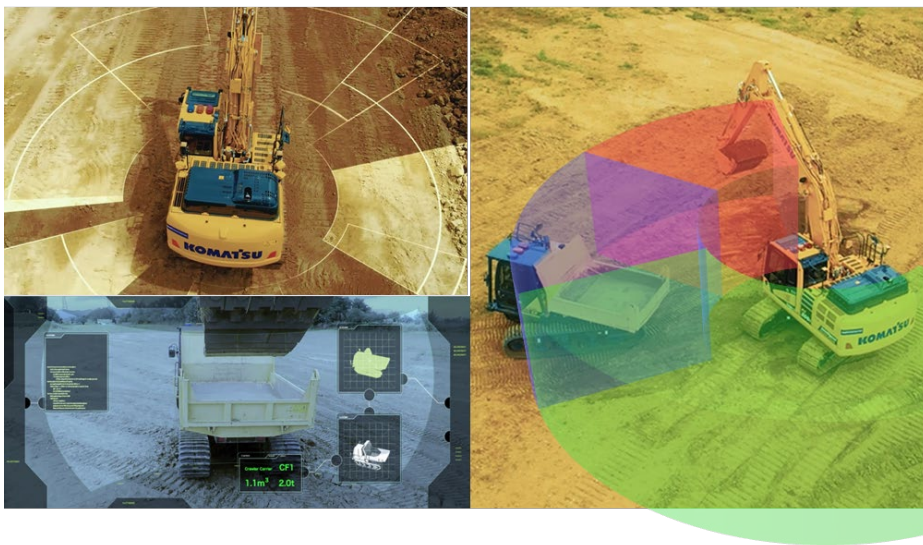


**Growth strategies based on business reforms**



**Structural reforms for growth**





## Value creation by means of innovation

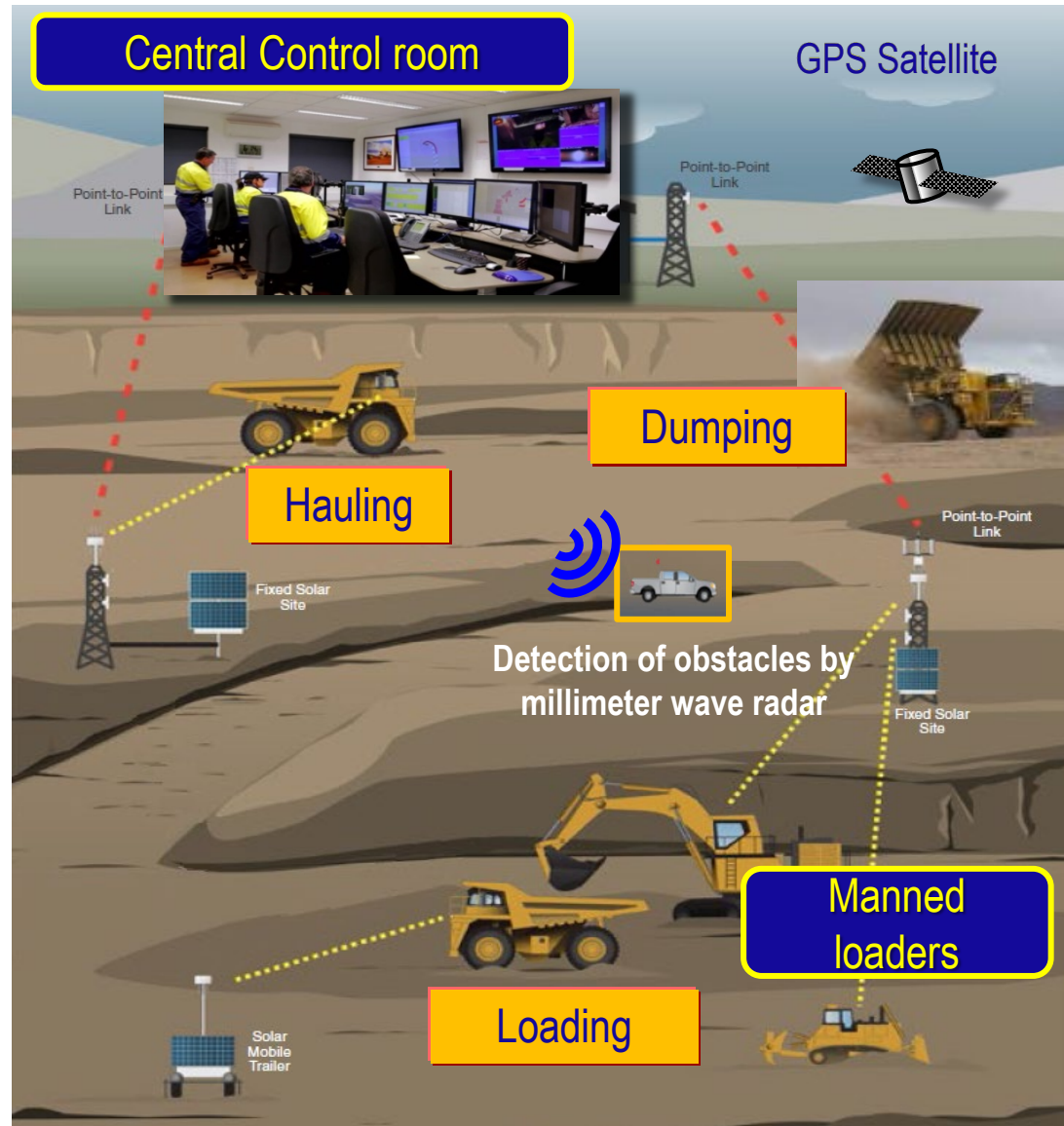
- ◆ Advancement of optimization platform and solutions business strategies
  - \* SMARTCONSTRUCTION, Autonomous Haulage System (AHS), and platforms (LANDLOG and IntelliMine)
- ◆ Automation, autonomous operation, electrification and remote controlling of construction, mining and utility equipment
- ◆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



AHS operates unmanned dump trucks by using high-precision GPS and wireless LAN technologies. In 2008, Komatsu led the world in the commercialization of its kind. Over 260 trucks are in operation in Chile and Australia today.

## 【Merits for customers】

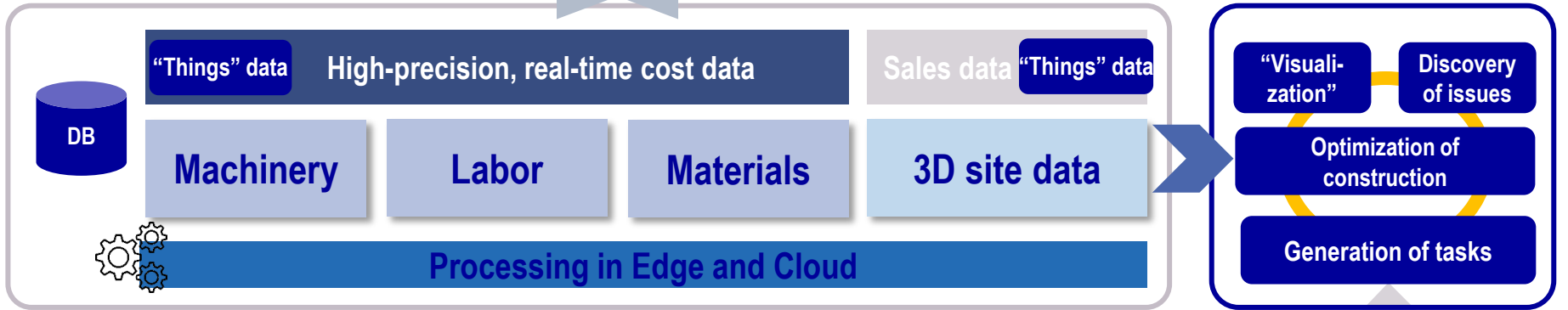
- ① Safety
- ② Economy
- ③ Productivity
- ④ Environmental friendliness



## LANDLOG

Open to a wide range of solution providers

## DX SMARTCONSTRUCTION



Data development in high precision, high-speed, easy inexpensive manners



All people, machines and materials related to construction sites



## Growing interest in SMARTCONSTRUCTION to avoid 3Cs on construction sites

Conventional meeting (Worksite office)



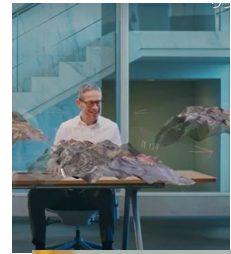
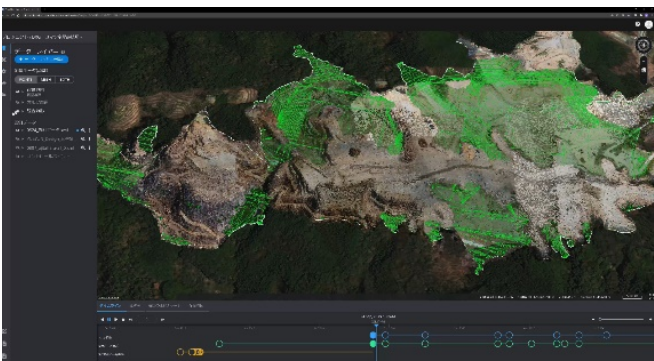
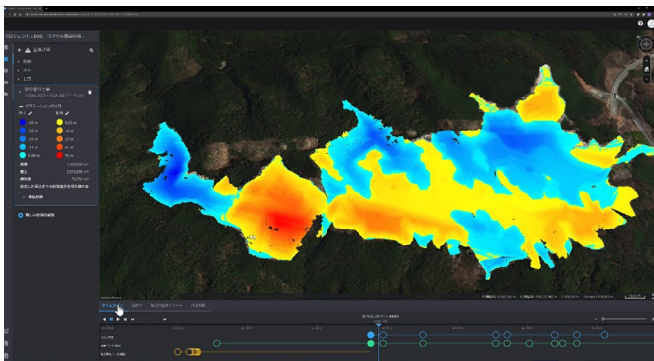
Orders for SMARTCONSTRUCTION received by KCSJ\*

April – September 2020:  
Up **144%** YoY

\*Rental Dept. of  
Komatsu Customer Support Japan Ltd.(KCSJ) alone



Enables sharing of visualized construction progress on SC Dashboard at remote locations via video conference system.

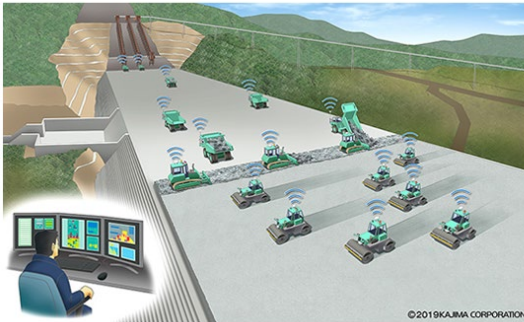




**Automation**

**D65 bulldozers and HD465 dump trucks (our automation compatible models) at the Naruse dam construction project in Akita Prefecture, Japan**

**Embarked on operation of bulldozers in full-scale automation in July 2020.**



Conceptual drawing of the automated construction system being applied to the Naruse dam construction project undertaken by Japan's Ministry of Land, Infrastructure, Transport and Tourism



Photo courtesy of KAJIMA CORPORATION

**Electrification**

**Fully Electric**

Forklifts & mini construction equipment

Battery driven



**Commercialized**

**Hybrid & Diesel Electric**

Medium-sized and large models

Hybrid

Diesel electric

Battery driven



**Fully Electric**

Surface mining equipment

Battery driven

Fuel cell

Trolley

Diesel electric



Hybrid

Battery driven

Underground mining equipment

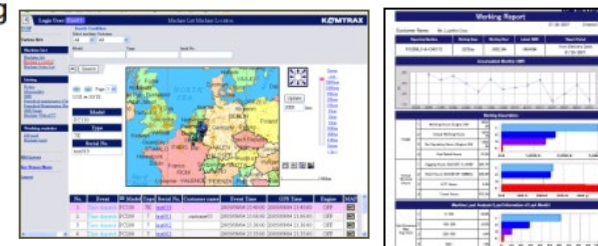
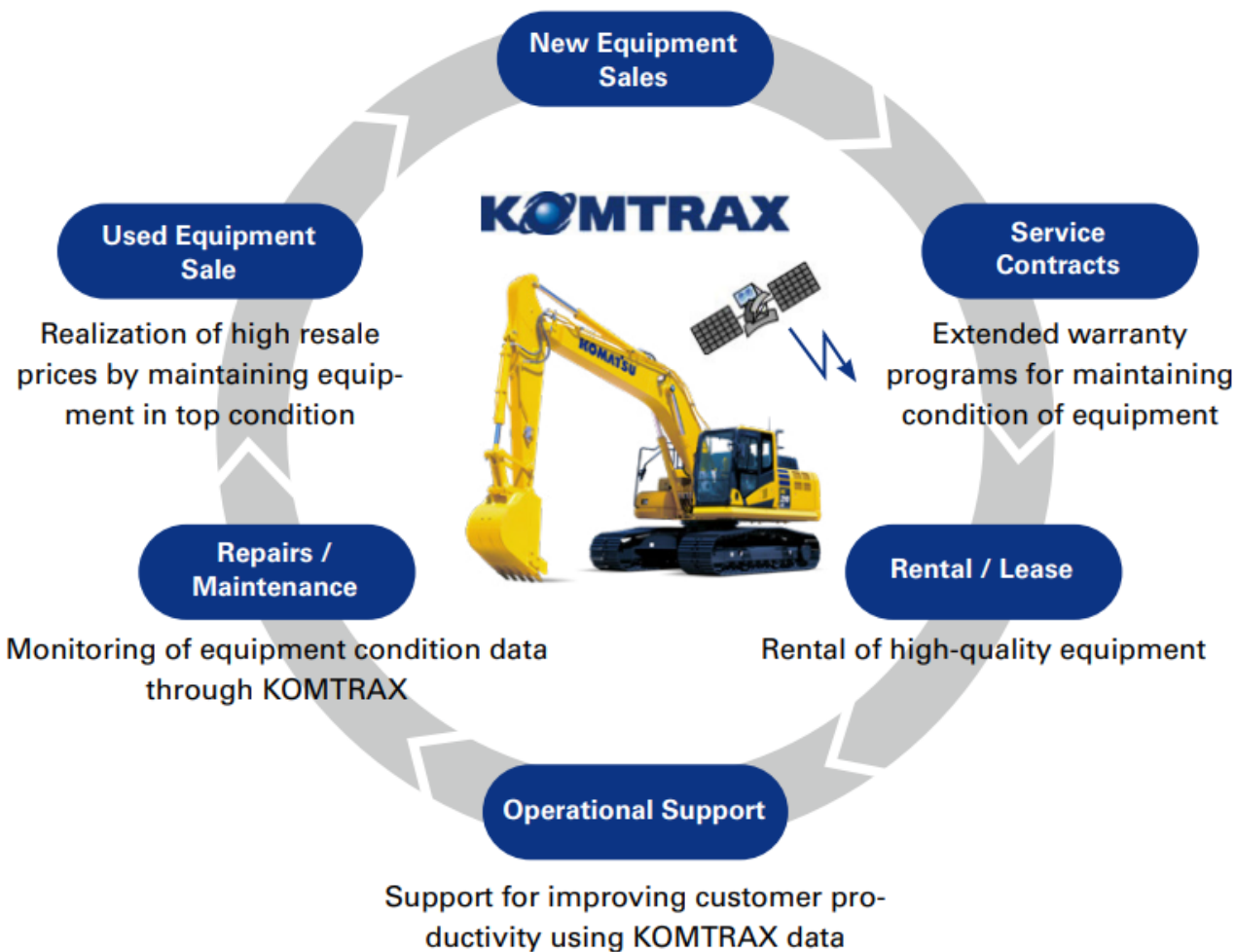




## Growth strategies based On business reforms

- ◆ Synergy from integration of KMC and growth strategies
- ◆ Value chain reforms and redefinition of the aftermarket business
  - \* Preventive maintenance by using IoT and AI prediction technology, and lifecycle support based on serial number management
  - \* Logistic reforms \* Next-generation key components
- ◆ Next-generation KOMTRAX
- ◆ Reinforcement of operations in application-specific sectors, such as aggregate & cement, agriculture and forestry
- ◆ DANTOTSU No. 1 in Asia, and efforts in growth markets of India and Africa
- ◆ Reforms of the industrial machinery business (expansion of synergy with the construction equipment business and growth by means of core technologies)

## ICT-Powered Lifecycle Support to Enhance Customer Relationships Business Model Encompassing Everything from New Equipment Sales to Trade-Ins of Used Equipment





Komatsu is working to mechanize forestry operation, including planting, cultivating, and harvesting trees, to contribute to sustainable forestry and CO2 reduction.

- Introduction of New Tree Planting Products

**Planting**



D61EM-23M0 automated tree planter

**Land preparation**



D85EX subsoiling machine

- Improvement of Harvesting and Extracting Productivity and Safety

**Harvesting**



PC130F Harvester  
(forest machine based on hydraulic excavators)

**Extracting**



Forwarder 895  
Forest Forwarder Usable on Slopes



In November 2018, Komatsu Africa Holdings (KAfH) opened a new campus, strengthening its support capabilities in South Africa. In September 2020, KAfH completed the new Reman factory.



## New Reman factory



## KAfH head office

Central hub in Southern Africa



## Stock yard

Stocks mining and construction equipment for sales in Southern Africa.



## Workshop

Equipped with the work bay capable of accommodating HD1500 trucks

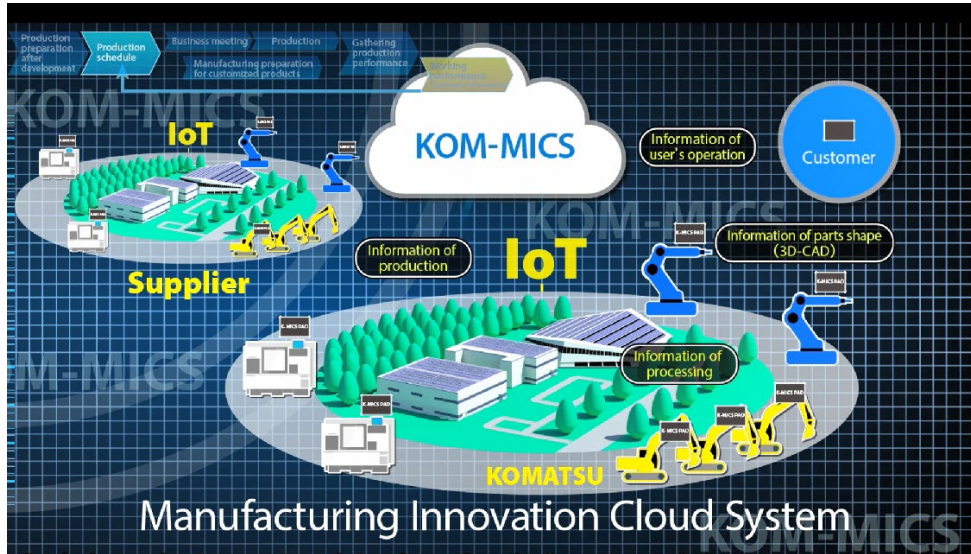


## Training center

Offers 36 technical training courses, supporting customers' operations.







## Structural reforms for growth

- ◆ Business reforms by applying ICT and IoT
- ◆ Structural reforms of development operation
  - \* Model base development
  - \* Open innovation
- ◆ Connectivity of mfg. plants and plants with no impact on natural and work environments
- ◆ Development of global human resources

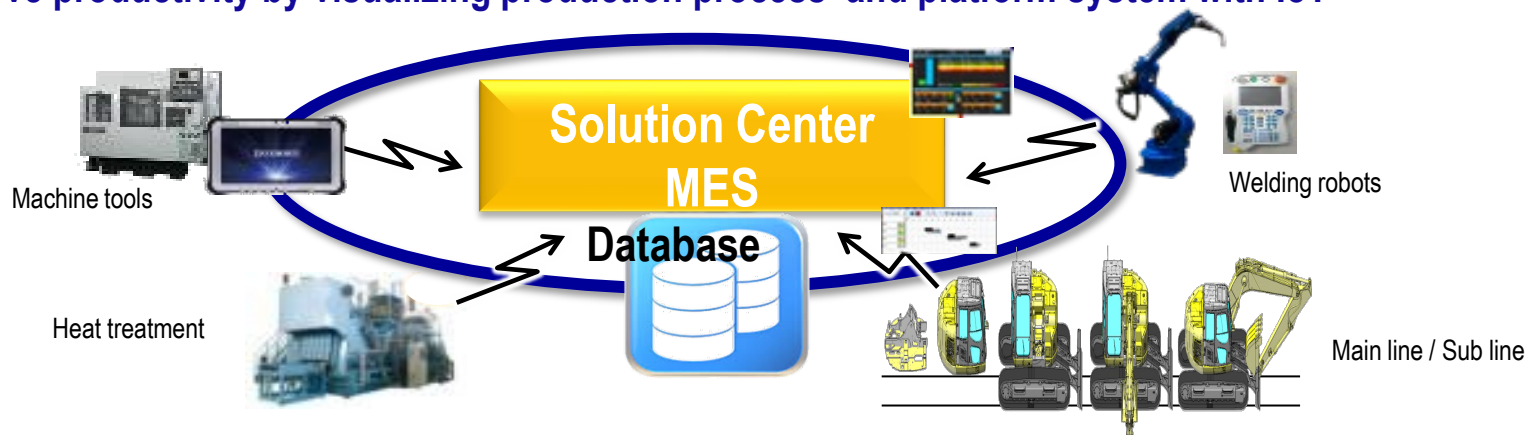
## “IoT” of Komatsu

Real-time connection and information flow of all stages through IoT

## KOM-MICS

**KOM-MICS** : **KOMATSU** *M*anufacturing *I*nnovation *C*loud *S*ystem

“Visualization” of processing information and networking of production  
 Improve productivity by visualizing production process and platform system with IoT



### Processing innovation by using IoT

Twice as productive, Manpower saving  
 Quality improvement, L/T reduction



Slimming down factories  
 (Smart Factory)



## ◆ Relocation of KMC's head office and plant in Milwaukee

- FY2019: Design **completed**
  - FY2020: Construction **started in July**
- Invested: About JPY33.0 billion



### New Milwaukee Plant: Conceptual drawing



Lake Michigan

Milwaukee, Wisconsin

Plant

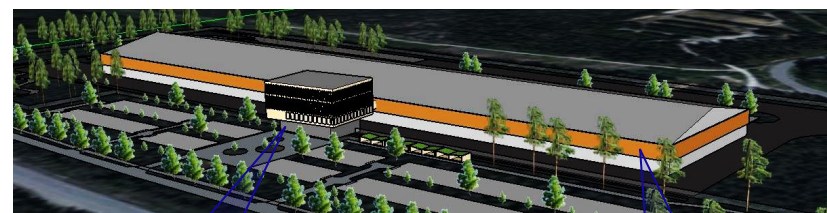
Office bldg.

## ◆ KFAB's new Umea Plant (Sweden)

- FY2019: Construction **started (Dec. 2019)**
  - FY2020: Office bldg. **started in April**
- Invested: About JPY10.0 billion



### Relocation plan



New office bldg.

New plant







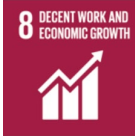


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CSR Themes	ESG Solutions through Core Business	Relationship with SDGs*
<p><b>Enhancing Quality of Life</b></p> <p>-Providing products required by society-</p>	<p>➤ Provide high-quality, high-performance products, service and solutions ensuring safety and reduction of environmental impact in response to climate change.</p>	<p><b>Innovation and Infrastructure</b>    <b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p><b>Sustainable Cities and Communities</b>    <b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p> <p><b>Climate action</b>    <b>13</b> CLIMATE ACTION</p> <p><b>Partnerships for the goals</b>    <b>17</b> PARTNERSHIPS FOR THE GOALS</p>
<p><b>Developing People</b></p>	<p>➤ Develop a diverse workforce.</p> <p>➤ Strengthen and develop diverse and global-scope talent.</p>	<p><b>Decent work and economic growth</b>    <b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>
<p><b>Growing with Society</b></p>	<p>➤ Offer solutions for social issues through collaboration with stakeholders.</p> <p>➤ Act as a responsible corporate.</p>	<p><b>Sustainable Cities and Communities</b>    <b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p> <p><b>Partnerships for the goals</b>    <b>17</b> PARTNERSHIPS FOR THE GOALS</p>

## ESG Solutions through Core Business

\*SDGs : Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership.

	<b>Index</b>	<b>Targets</b>
<p><b>【New】 ESG</b></p>	<ul style="list-style-type: none"> <li>• Reduction of environmental impact</li> <li>• Evaluation by external organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of environmental impact CO<sub>2</sub> emissions: Decrease by 50% in 2030 from 2010. Renewal energy use : Increase to 50% of total energy use in 2030.</li> <li>• Evaluation by external organizations: Selected for DJSI * (World &amp; Asia Pacific) and CDP** A-list (Climate Changes and Water Risk)</li> </ul>

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

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



## Reduce CO<sub>2</sub> Emissions from Products

- **Hybrid Excavator**  
22%Reduction  
(vs conventional PC300-10)
- **Improvement**
- **with Model Change**  
CO<sub>2</sub> reduction of Tier4-Final



HB335-3



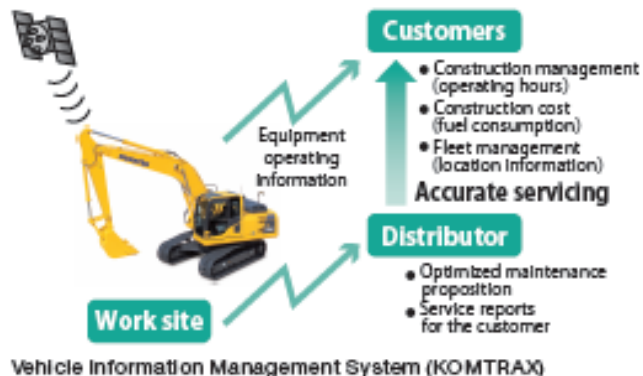
WA380-8



HM300-5

## Proposal for Higher Fuel Efficiency driving with "KOMTRAX"

- Analyze machine operation and propose better efficient driving

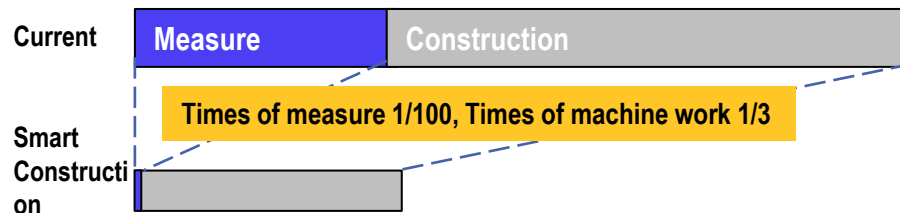


## CO<sub>2</sub> Reduction with "SmartConstruction"

- Increase Overall Efficiency of Construction and Reduce CO<sub>2</sub>



Example of Land Forming : 7000m<sup>2</sup>



- Autonomous Dump Track (Automation for mining)
- Promotion of Mining Platform Business
- Enhancement of Underground Mining (Hard rock)



Autonomous Dump Track /Mining platform business



Mining equipment for hard rock mining(LHD)

The value creation business model of working for sustainable growth by turning a positive cycle of improving earnings (financial indexes) and solving ESG issues (non-financial indexes) as it implements growth strategies in the mid-term management plan.

It is necessary to explain both core business and efforts for solving ESG issues and social contribution activities integrally.

→ We have published our integrated report, Komatsu Report, for our stakeholders to introduce the Group's efforts to realize sustainable growth in corporate value from 2019.



**【Komatsu Report 2020】**

- ◆ Message from the President (mid-term management plan)
- ◆ Message from the CFO (financial strategies)
- ◆ Updates FY2019 results of KPIs (key performance indicators), which are designed to track

Komatsu's contribution to solving ESG issues specified in “Komatsu Report 2019.”

[E:Environment] efforts related to the endorsement of the recommendations of TCFD

[S:Society] Developing People, Social Contribution Activities (contribution to agriculture, response the COVID-19 Pandemic)

[G:Governance] Risk Management (to the COVID-19 Pandemic etc.)



**Bulldozers became demining machines. Landmine-infested land became rice paddies and farming fields.**



**Komatsu has developed this demining machine based on its bulldozers.**



**People we have trained are developing communities.  
And they are promoting our corporate growth.**



**Occupational training school in Liberia and hydraulic excavators donated by Komatsu**



Can we save Japan's rice cultivation with our bulldozers? Farmers are facing a growing shortage of successors.



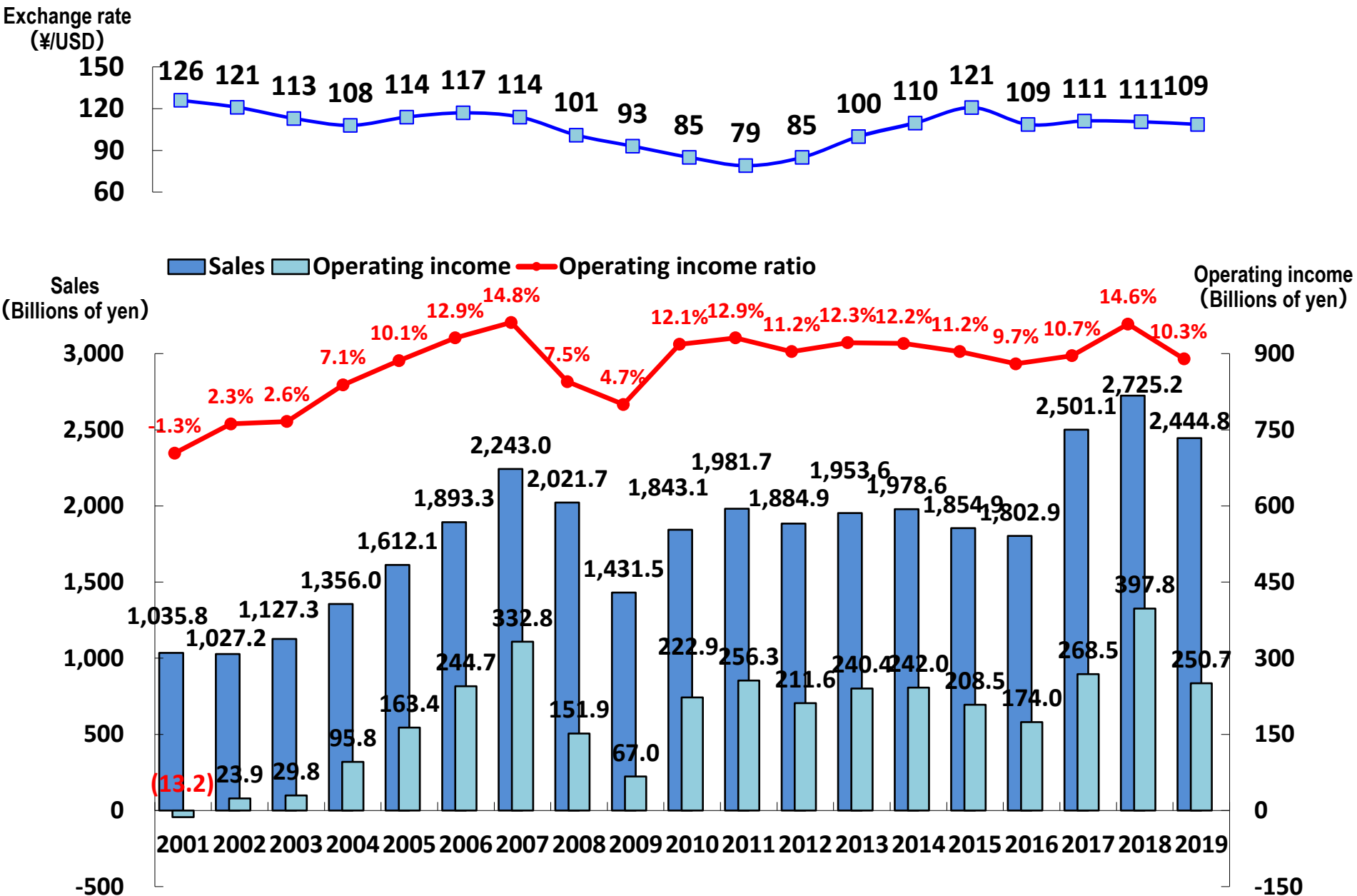
**D21L-8 agriculture-specific bulldozer at work**



As one of Social Contribution Activities, Komatsu has women's Judo club and support sports promotion. Thank you for your continuous support.



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# KOMATSU Progress towards Mid-Term Management Targets

	Targets	FY2019 (1st year of Mid-Term Management Plan)	
		Index	Result
<b>Growth</b>	<ul style="list-style-type: none"> <li>• Growth rate above the industry's average</li> </ul>	• Sales growth rate	<b>(10.3)%</b>
<b>Profitability</b>	<ul style="list-style-type: none"> <li>• An industry's top-level operating income ratio</li> </ul>	• Operating profit ratio	<b>10.3%</b>
<b>Efficiency</b>	<ul style="list-style-type: none"> <li>• ROE of 10% or higher</li> </ul>	• ROE	<b>8.6%</b>
<b>Financial position</b>	<ul style="list-style-type: none"> <li>• Industry's top-level financial position.</li> </ul>	• Net debt-to-equity ratio	<b>0.43</b>
<b>Shareholder return</b>	<ul style="list-style-type: none"> <li>• Keep a fair balance between investment for growth and shareholder return (incl. stock buyback), while placing main priority on investment.</li> <li>• Set the goal of a consolidated payout ratio of 40% or higher.</li> </ul>	• Dividend payout ratio	<b>57.7%</b>
<b>ESG</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Evaluation by external organizations: Selected for DJSI *1 (World &amp; Asia Pacific) and CDP*2 A-list (Climate Changes and Water Security)</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of environmental impact</li> <li>• Evaluation by external organizations</li> </ul>	CO2: To reduce by 40% in 2021. Renewable energy use: 15% in 2021 DJSI: Selected CDP: Score of climate change: A CDP: Score of water security: A-
<b>Retail Finance</b>	<ul style="list-style-type: none"> <li>• ROA: 1.5-2.0%</li> </ul>	• ROA	<b>1.5%</b>
	<ul style="list-style-type: none"> <li>• 5.0 or under for net debt-to-equity ratio</li> </ul>	• Net debt-to-equity ratio	<b>3.80</b>

Projection of full-year results for FY2020 (Outlook of Demand)

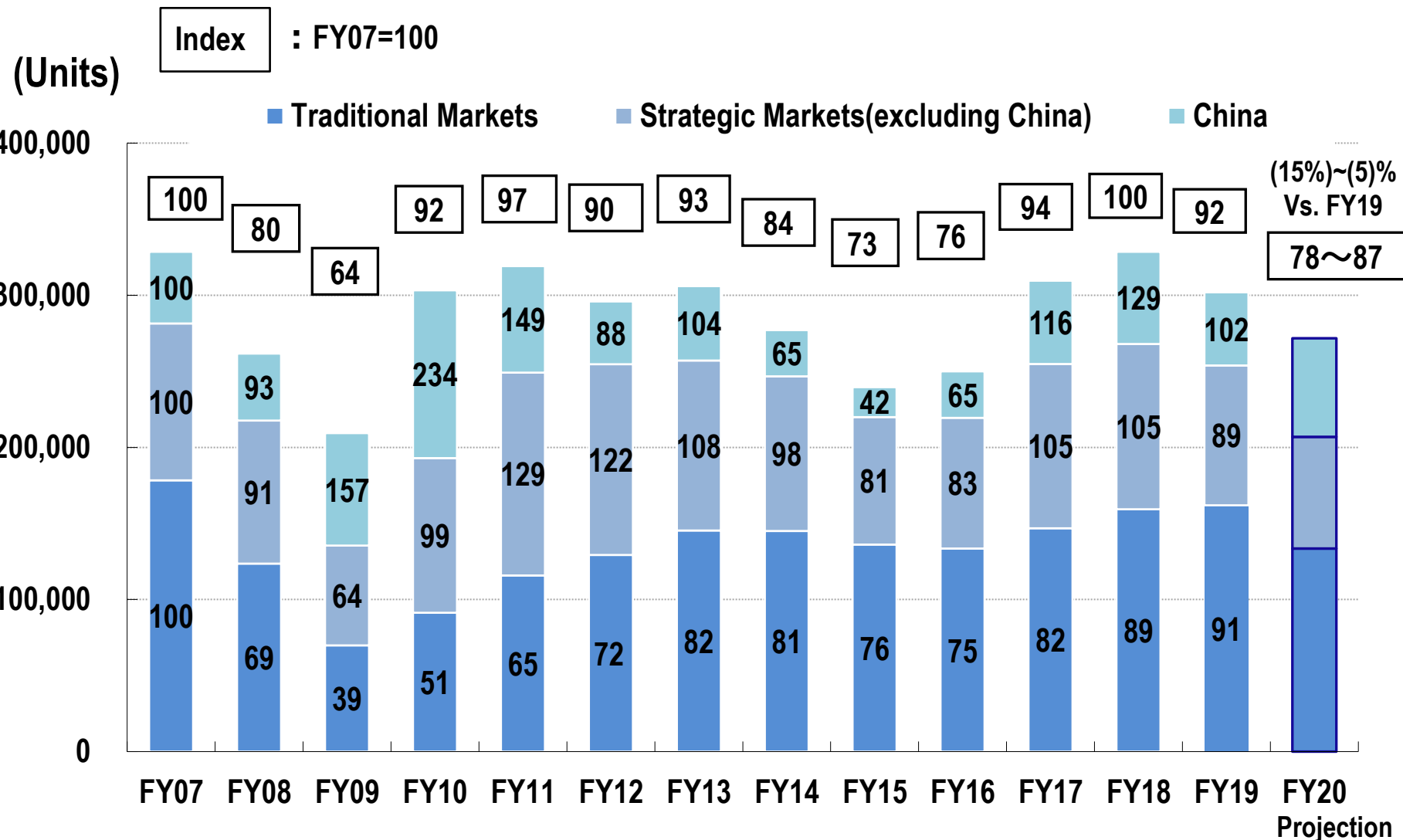
As of October 28, 2020

Construction, mining & utility equipment	Vs. FY19	Projection(Current)	*Traditional Markets: Japan, North America, Europe **Strategic Markets: China, Latin America, Asia, Oceania, Africa, Middle East, CIS
	Demand for 7 Major Products	(15)%~(5)%	
	Demand for Mining Equipment included	(20)%~(10)%	

by Region	Update
Traditional Markets*	While differences exist depending on region, the rate of declines began to slow down YoY in 2Q, remaining on a recovery track.
Strategic Markets**	While differences exist depending on region, the rate of declines began to slow down dynamically YoY in 2Q, remaining on a recovery track.
China	Demand expanded sharply in 1Q and 2Q due to postponed sales season in February and March as well as economic recovery. Demand should remain steady into the future.

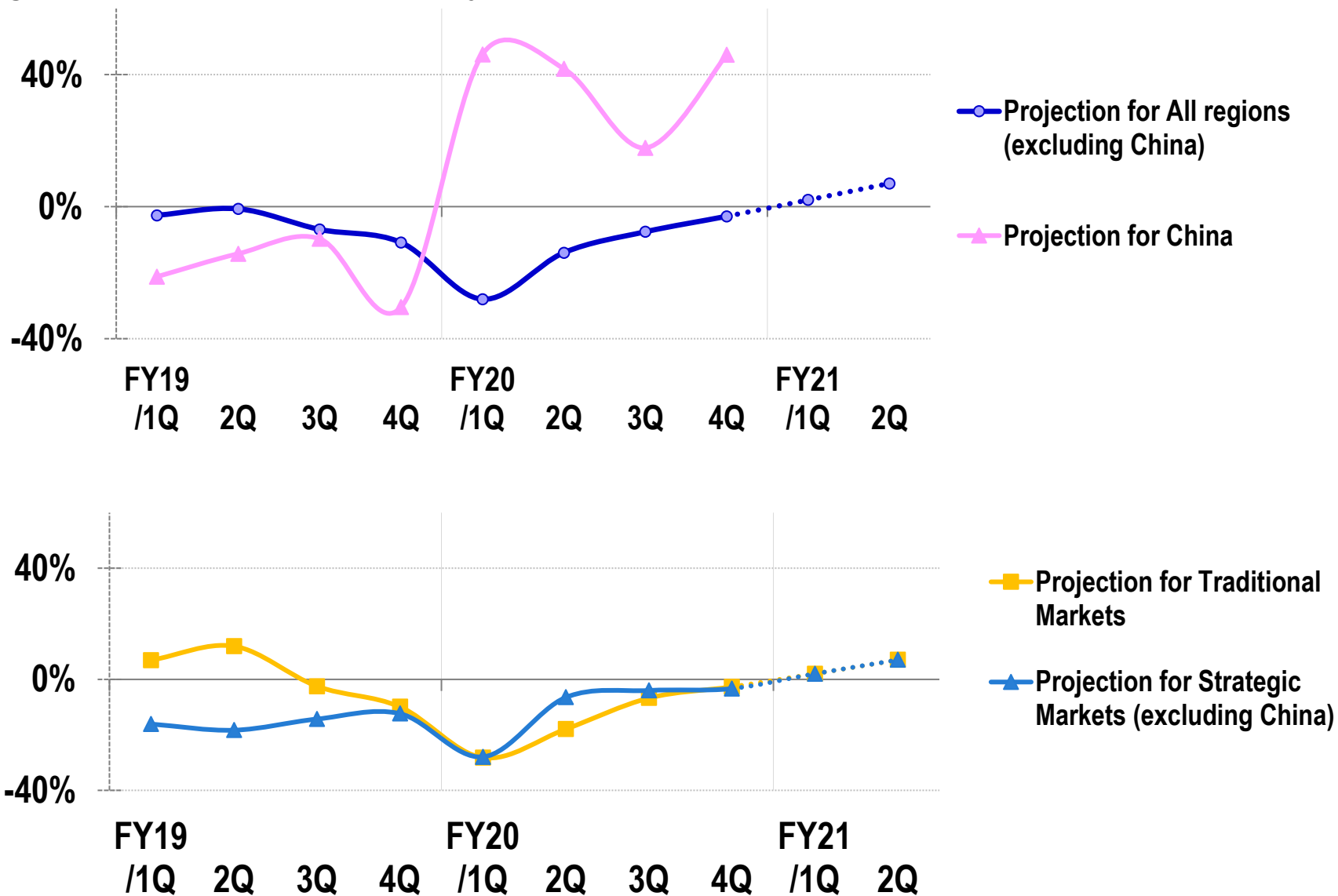
Industrial machinery & others	<p>Automobile manufacturing: Challenging conditions will continue for the full year, due to delays or curtailment of their capital investment.</p> <p>Semiconductors: Demand should remain steady.</p>
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# <Demand for 7 Major Products>



Source: Demand for 7 Major Products Estimated by Komatsu

<Y-o-Y growth rate of Demand for 7 Major Products (FY2019~FY2021)>



Source: Demand for 7 Major Products Estimated by Komatsu

Note: Demand in FY21 is based on the assumption that the current rate of growth will continue.



- Consolidated net sales will decrease by 13.3% from FY2019, to JPY2,119.0 billion.
- Operating income will decline by 46.6% to JPY134.0 billion.
- Annual cash dividends per share are being planned for JPY43.  
Consolidated payout ratio will become 50.8%.

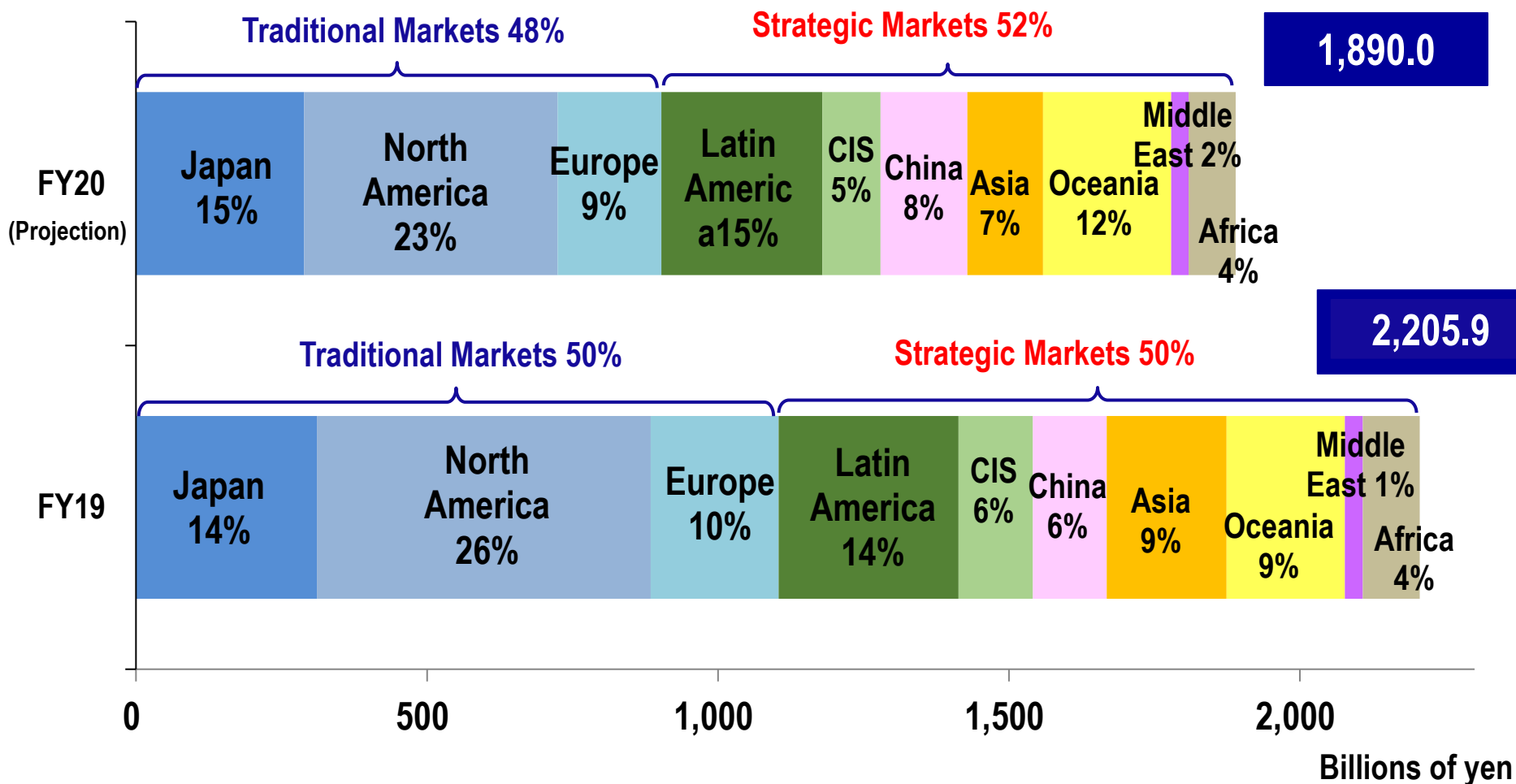
Billions of yen		FY2019 Results (A) ¥108.7/USD ¥120.8/EUR ¥15.6/RMB	FY2020 Projection (B) ¥106.1/USD ¥122.7/EUR ¥15.1/RMB	Changes (B-A)	
				Increase (Decrease)	Change %
Net sales		2,444.8	2,119.0	(325.8)	(13.3)%
Operating income		250.7	134.0	(116.7)	(46.6)%
Profit ratio		10.3%	6.3%	(4.0)pts.	-
Net income attributable to Komatsu Ltd		153.8	80.0	(73.8)	(48.0)%
ROE		8.6%	4.5%	(4.1)pts.	
Cash dividends per share	Interim	55yen	18yen	(37)yen	
	Total	39yen	25yen	(14)yen	
Consolidated payout ratio		57.7%	50.8%		

- Construction, Mining & Utility Equipment: Sales will reach JPY1,905.0 billion. Segment profit will total JPY118.0 billion.
- Retail Finance: Revenues will amount to JPY67.0 billion. Segment profit will total JPY 10.0 billion.
- Industrial Machinery & Others: Sales will total JPY172.0 billion. Segment profit will be JPY12.0 billion.

% : Profit ratio [ ] : Sales after elimination of inter-segment transactions

Billions of yen	FY2019 Results (A)	FY2020 Projection (B)	Changes (B-A)	
			increase (decrease)	Change %
<b>Net sales</b>	<b>2,444.8</b>	<b>2,119.0</b>	<b>(325.8)</b>	<b>(13.3)%</b>
Construction, mining & utility equipment	2,211.2 [2,205.9]	1,905.0 [1,890.0]	(306.2) [(315.9)]	(13.9)% [(14.3)%]
Retail finance	70.9 [62.9]	67.0 [58.0]	(3.9) [(4.9)]	(5.5)% [(7.9)%]
Industrial machinery & others	177.5 [175.9]	172.0 [171.0]	(5.5) [(4.9)]	(3.1)% [(2.8)%]
Elimination	(14.8)	(25.0)	(10.1)	-
<b>Segment profit</b>	<b>10.4%</b> <b>255.0</b>	<b>6.6%</b> <b>139.0</b>	<b>(3.8)pts.</b> <b>(116.0)</b>	<b>(45.5)%</b>
Construction, mining & utility equipment	10.3% 227.3	6.2% 118.0	(4.1)pts. (109.3)	(48.1)%
Retail finance	17.9% 12.6	14.9% 10.0	(3.0)pts. (2.6)	(21.1)%
Industrial machinery & others	7.7% 13.7	7.0% 12.0	(0.7)pts. (1.7)	(12.4)%
Corporate & elimination	1.3	(1.0)	(2.3)	-

- Sales to outside customers will decline by 14.3% from FY2019, to JPY1,890.0 billion.
- Sales will advance in China and Oceania, but decline drastically in North America, Asia and Europe.
- The proportion of Traditional Markets will decline to 48%.



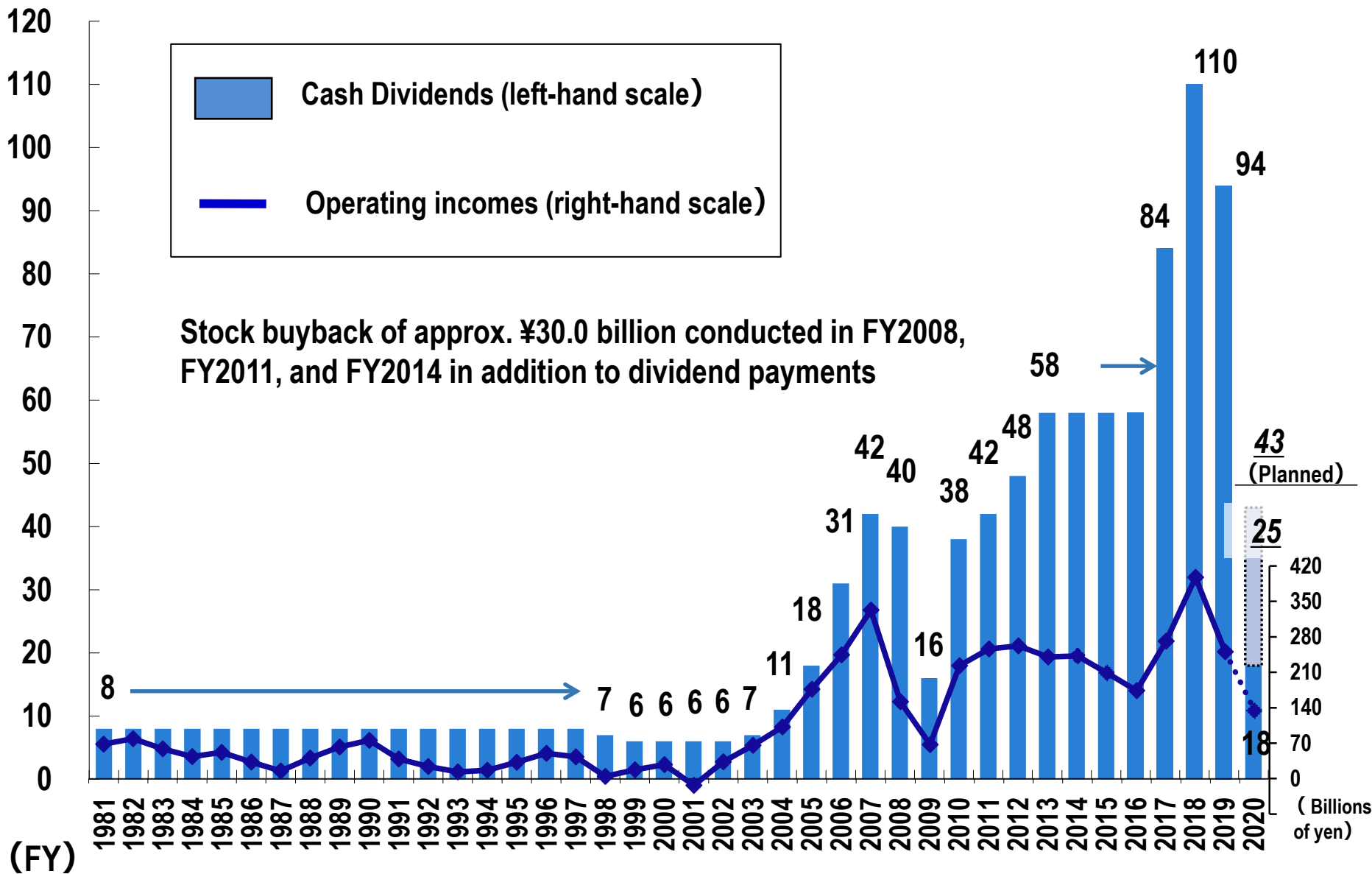
To sustainably increase our corporate value, we at Komatsu are working to secure a sound financial position and strengthen our competitiveness. Concerning cash dividends to our shareholders, we maintain the policy of continuing stable dividends by comprehensively considering consolidated business results,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

### <Dividend policy and Consolidated payout ratio>

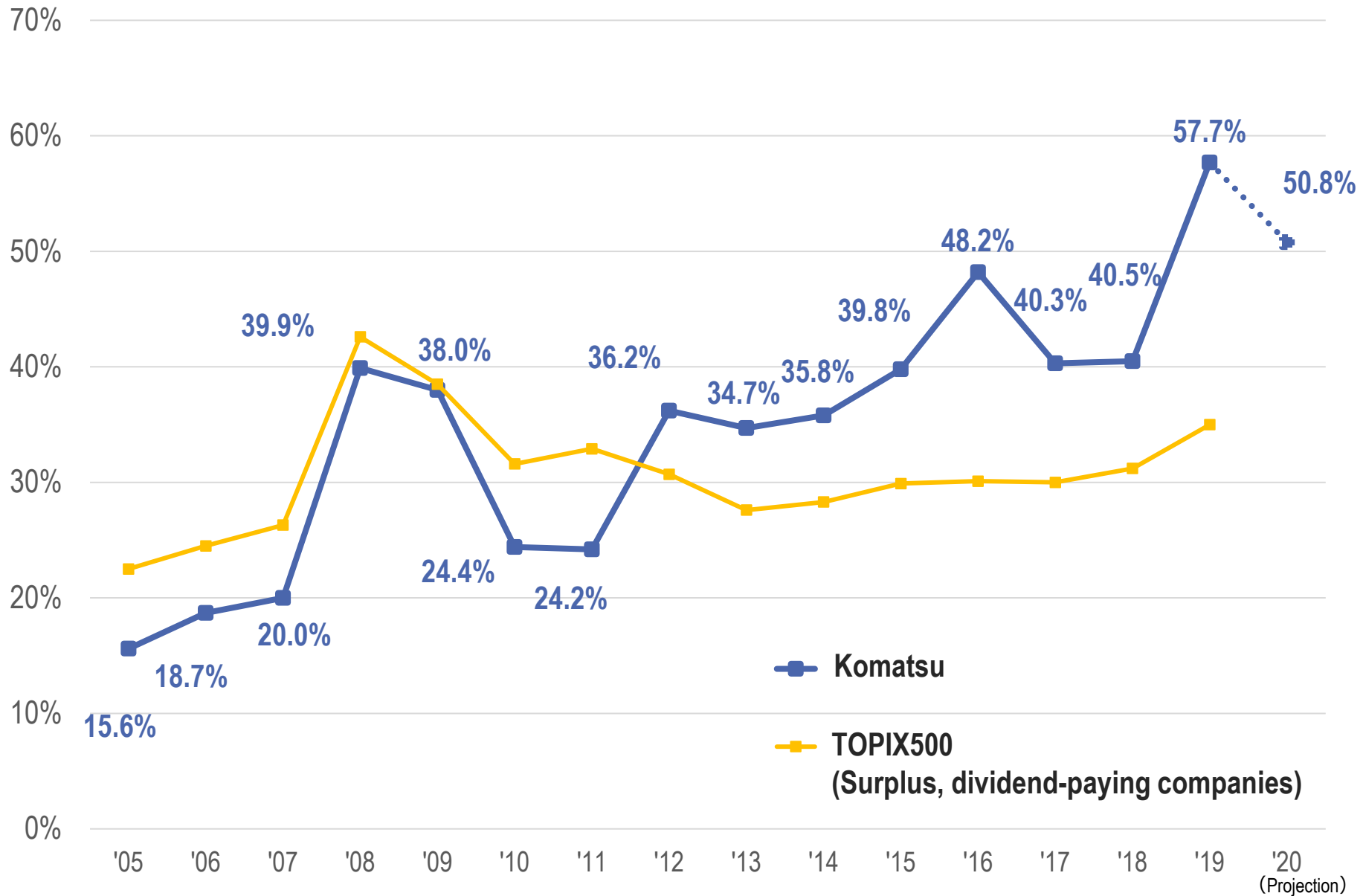
	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20 (Projection)
Dividend Policy	20~40%			30~50%			40~60%			40% or higher	
Consolidated payout ratio	24%	24%	36%	35%	36%	40%	48%	40%	40.5%	57.7%	50.8%



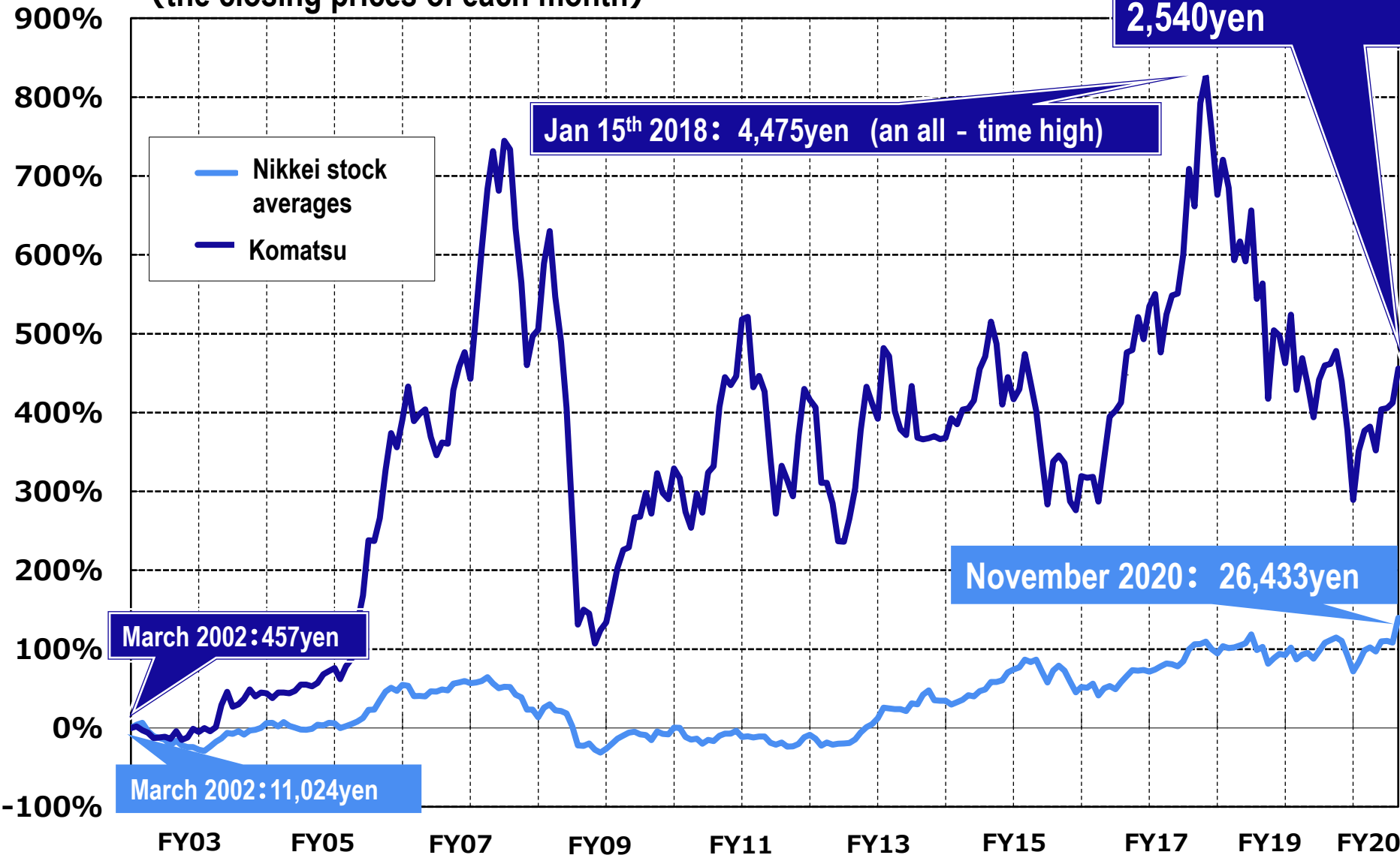
(Yen)



# Consolidated Payout Ratio



Changes of stock prices from March 2002  
(the closing prices of each month)





DXグランプリ2020  
Digital Transformation

Komatsu was awarded the "DX Grand Prix 2020" as a "leading company in the digital age" (one of 2 selected companies) from among "Digital Transformation Brands (DX Brands)" companies (35 companies), which were jointly selected by Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.



At the "3rd Japan Service Awards" sponsored by the Japan Productivity Center, our "Smart Construction" digital business format innovation for all civil engineering and construction services received the Prime Minister's Award.



Date	Awards		Evaluations
Feb.2019	Nikkei Smart Work Awards		Special Recognition Award
Jan.2020	Tokyo Stock Exchange (TSE) 「the Corporate Value Improvement Award」		Grand Prix (from about 3,650 companies)
Aug.2020	Digital Transformation (DX) Stock Selection 2020		DX Grand Prix 2020 (2/35 (DX) Stocks Selection companies)
Nov.2020	Dow Jones Sustainability Indices World Index (governance and economic performance, environmental conservation efforts and social activities)		Selected (323/about 2,500 companies, including 39 Japanese companies)
Nov.2020	The Japan Investor Relations Association 「2020 Best IR Award」		2020 Best IR Award (9/284 companies, the seventh time award)
Dec.2020	CDP		'A' score for global climate and water stewardship

# Thank you.

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## Cautionary Statement

The announcement set forth herein contains forward-looking statements which reflect management's current views with respect to certain future events, including expected financial position, operating results, and business strategies. These statements can be identified by the use of terms such as "will," "believes," "should," "projects" and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes in exchange rates or the impact of increased competition; unanticipated cost or delays encountered in achieving the Company's objectives with respect to globalized product sourcing and new Information Technology tools; uncertainties as to the results of the Company's research and development efforts and its ability to access and protect certain intellectual property rights; and, the impact of regulatory changes and accounting principles and practices.