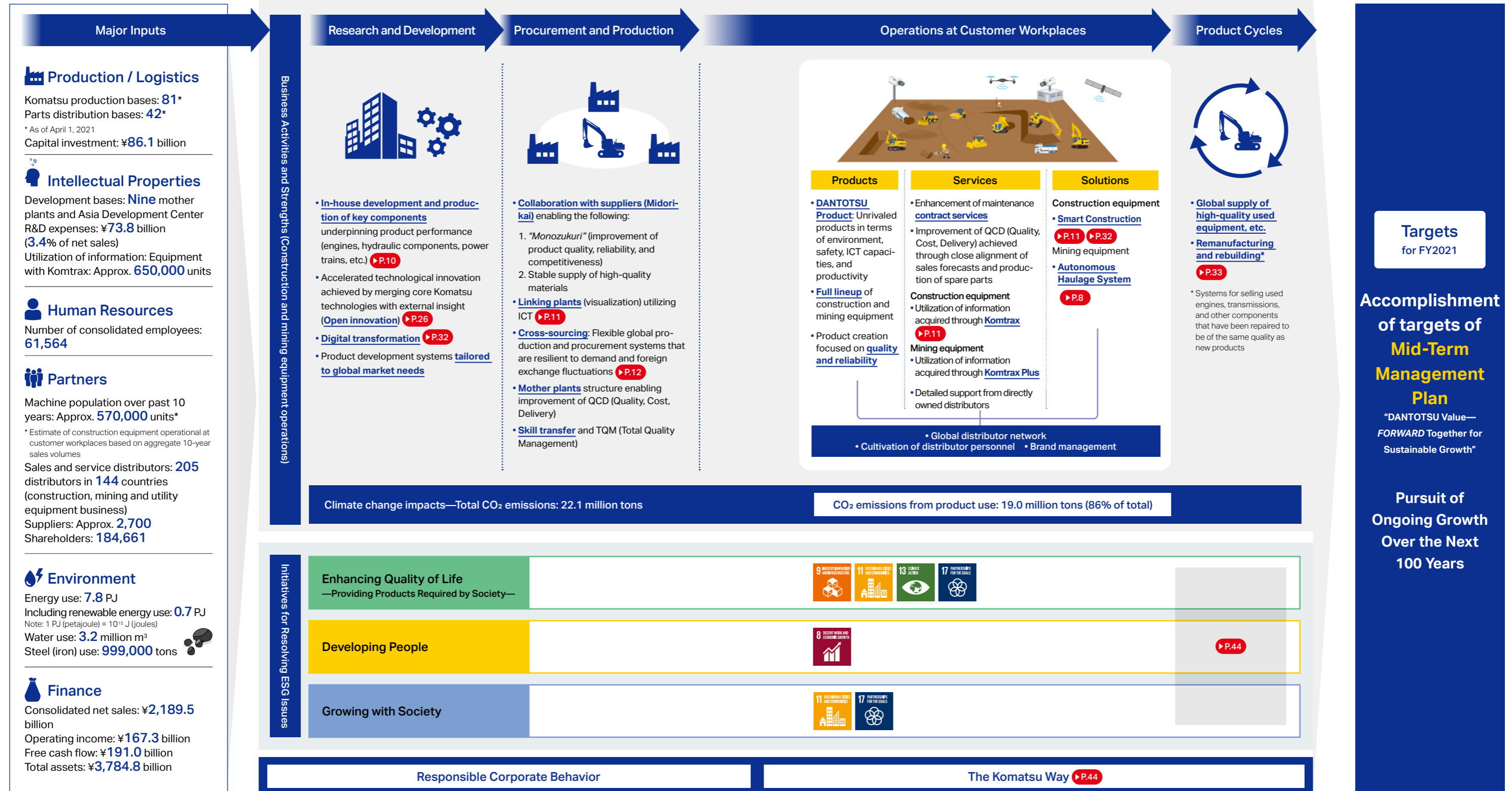


## Overview of Business

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.



**Targets for FY2021**

**Accomplishment of targets of Mid-Term Management Plan**

"DANTOTSU Value—FORWARD Together for Sustainable Growth"

**Pursuit of Ongoing Growth Over the Next 100 Years**

Note: Amounts are either for FY2020 or as of March 31, 2021, unless otherwise noted.

Komatsu's Strengths

Komatsu's Strengths

# 01

## In-House Development and Production of Components

Komatsu develops and produces major components in-house. Through this approach, the Company is able to generate technological innovation while improving the durability and reliability of components. We are convinced that a dedicated focus on components will enable us to further heighten the functionality and quality of these components and ultimately reach new pinnacles of customer satisfaction. This conviction will continue to guide the evolution of Komatsu components.

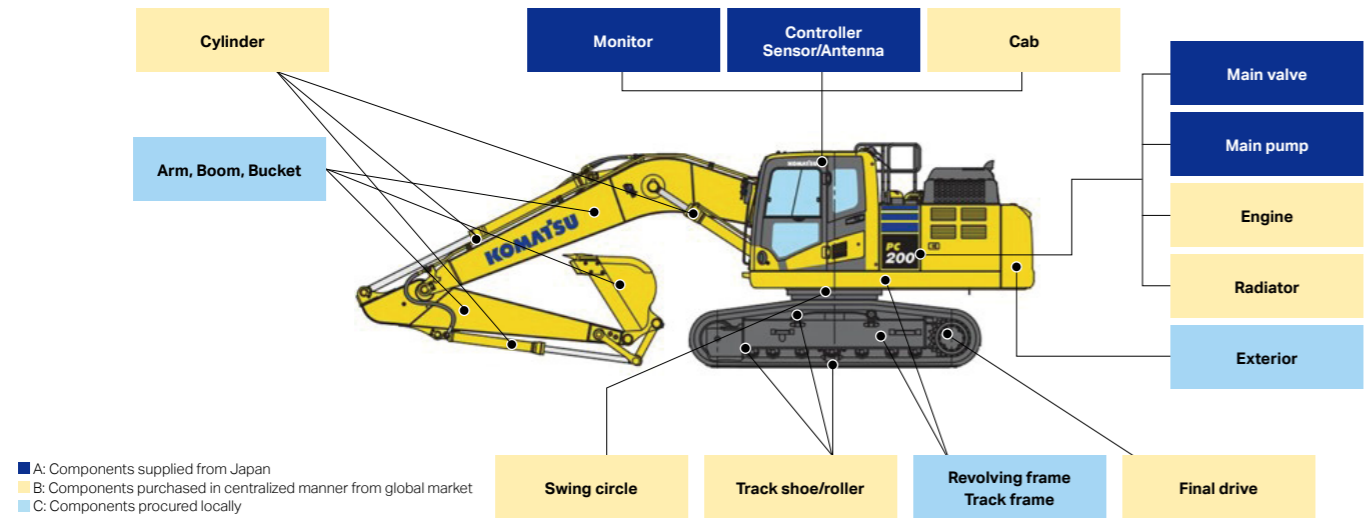
### Benefits of Komatsu's Approach Toward In-House Development and Production of Components

1. Ongoing technological innovation
2. Stable, global supply of components with standardized quality that is not affected by demand fluctuations
3. Ability to develop component restoration businesses (please see page 33).
4. Predictive maintenance capacities achieved by attaching sensors to components

### Major Components

Engine	Powertrain	Hydraulic Equipment	Electronic Device	Power Electronics
	<ul style="list-style-type: none"> <li>Transmission</li> <li>Torque converter</li> <li>Axle</li> <li>Swing motor</li> <li>Final drive</li> </ul>	<ul style="list-style-type: none"> <li>Pump</li> <li>Motor</li> <li>Valve</li> <li>Cylinder</li> </ul>	<ul style="list-style-type: none"> <li>Controller</li> <li>Monitors</li> <li>Sensor</li> </ul>	<ul style="list-style-type: none"> <li>Power generator motor</li> <li>Capacitor</li> <li>Inverter</li> </ul>

### Sources of Components Used in Mid-Sized Hydraulic Excavator



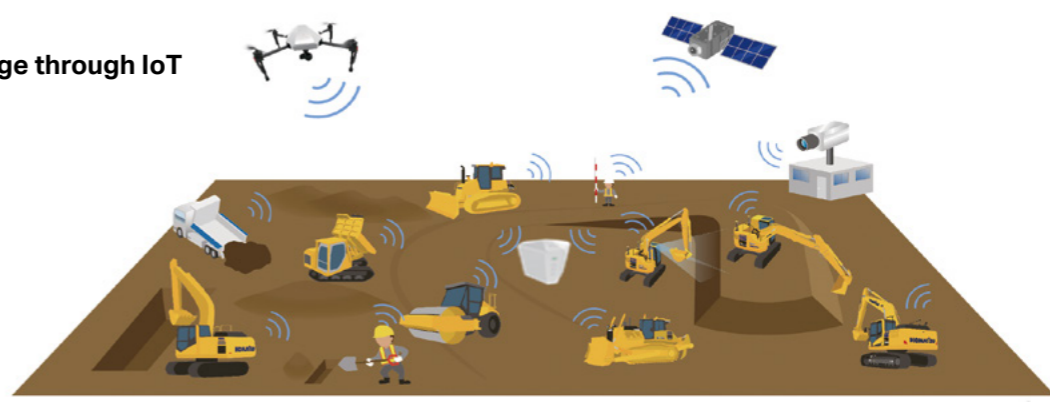
Komatsu's Strengths

# 02

## Linking every Workplace through IoT

A deep understanding of workplaces can cast light on various issues, and these issues must be addressed through innovation. Komatsu has continued to pursue such innovation by linking workplaces through IoT.

### World of Linkage through IoT



### 1. Komtrax Tracking of Construction Equipment Information

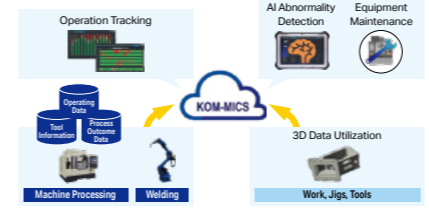


Komatsu began its quest to track construction equipment information with IT in the late 1990s. This quest led to the development of the Komtrax construction equipment operation management system in 1998. This system collects GPS positioning information and operation information to be confirmed remotely. As of June 30, 2021, Komtrax was installed on 650,000 pieces of equipment around the world. Komtrax supplies information that helps customers improve productivity, such as that pertaining to position, operating time, equipment abnormalities, and fuel consumption, and can be used to manage equipment from locations removed from workplaces. Moreover, installing Komtrax makes it possible for Komatsu to continue providing customers with support throughout the entire lifespan of their equipment through means such as proposing the ideal timing for part replacements and maintenance and facilitating trade-ins of used equipment. In 2021, Komtrax was updated for the first time in 20 years to improve its functionality with new features such as the ability to use data from Komtrax in other applications.

### 2. Smart Construction Tracking of Process Information

Komatsu launched Smart Construction in 2015 as an initiative for tracking process information. This solution uses drones to perform 3D measurement and digitization of workplaces and ICT-intensive equipment to optimize work processes through a digital twin methodology in which a digital workplace is synchronized with its physical counterpart. As of June 30, 2021, Smart Construction had been used to track information at more than 14,000 workplaces in Japan. In April 2020, we began offering four new IoT devices and eight applications for accelerating digital transformation using Smart Construction. Going forward, we look to expand usage of Smart Construction in highly IT-literate markets, such as those of Europe and the United States.

### 3. Kom-mics Linking of Production Sites with IoT



Komatsu is applying its IoT workplace linkage approach to its own production sites through Kom-mics, a system developed to track production equipment and processing statuses so that this information can be used to drive improvements. In FY2019, Kom-mics won the Prime Minister's Prize in the manufacturing and production process categories of the Eighth Monodzukuri Nippon Grand Awards. This system has also been introduced at the facilities of partners, allowing the solutions groups of Komatsu factory production technology divisions to offer support for improving productivity. Moreover, we commenced external sales of this system in April 2021 with the aim of contributing to the development of Japan's manufacturing industry with a particular focus on promoting the digital transformation of the production sites of small to medium-sized companies.

Komatsu's Strengths

Komatsu's Strengths

03

# Global Production System

Komatsu began exporting construction equipment in the 1950s, ahead of other Japanese companies. We then began full-fledged overseas production in the 1970s with the aim of mitigating foreign exchange and customs risks. Today, Komatsu boasts a construction equipment production network comprising 12 bases in Japan and 69 bases overseas.

Acting in accordance with our basic policy of conducting production close to demand, we produce more than 70% of 20- and 30-ton hydraulic excavators, mainstays in our construction equipment lineup, overseas. **Through local production, we aim to achieve four goals: (1) gain trust from customers, (2) reflect local needs in products, (3) quickly address quality issues, and (4) shorten lead times.**

Quality craftsmanship is imperative to success in overseas production. To foster such quality, plants in Japan have been positioned as mother plants with the responsibility of providing instruction to overseas child plants to guarantee that they can deliver the expected level of quality in their craftsmanship. The in-house development and production of key components supports Komatsu's ability to provide uniform levels of quality on a global basis.

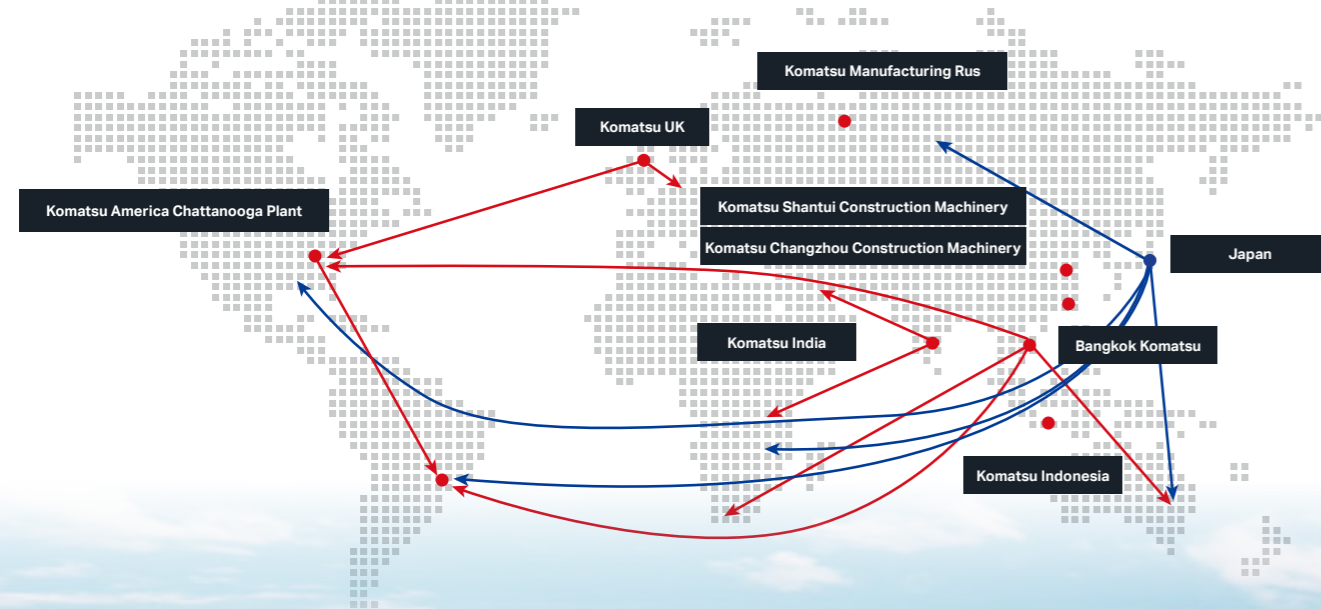
Furthermore, Komatsu has nine mid-sized hydraulic excavator production sites around the world, which it uses to practice cross-sourcing in response to demand fluctuations. **We are able to engage in such cross-sourcing because each of these production sites uses the same blueprints and can deliver the same level of quality. Cross-sourcing has the added benefit of improving corporate resilience by functioning as a business continuity provision for hedging against unforeseen circumstances.**

Komatsu's global production system is supported by our commitment to putting quality first and enables us to deliver products that satisfy customers in terms of quality, delivery turnaround, and costs.

## Global Cross-Sourcing Scheme for Hydraulic Excavators

### Development of a framework for supplying markets worldwide from production sites across the globe

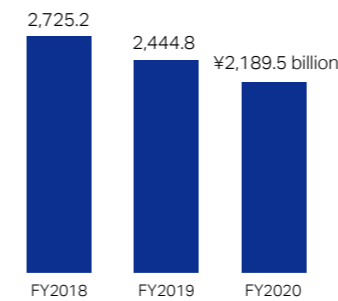
- Cross-sourcing between overseas production sites
- Sourcing from Japan



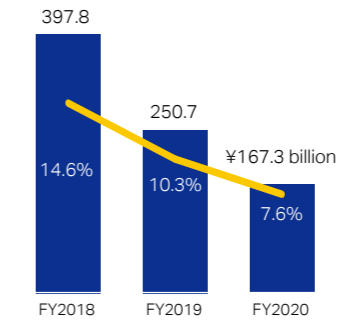
## A Century of Creating the Workplaces of the Future

### Business Segments

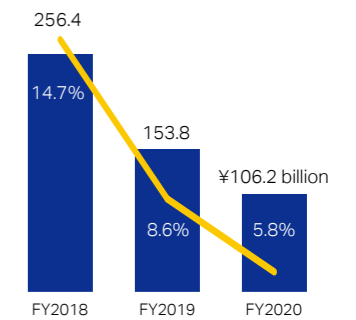
#### Consolidated Net Sales



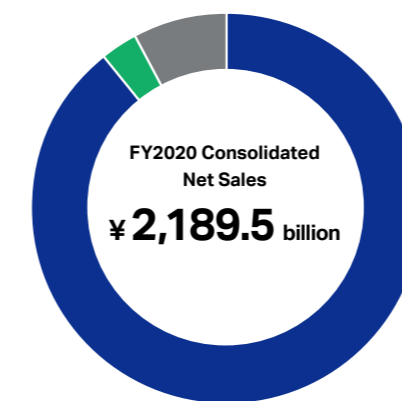
#### Operating Income / Operating Income Ratio



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



#### Breakdown of Net Sales by Segment



#### FY2020 Construction, Mining and Utility Equipment Business Sales (to Outside Customers) by Region

##### Strategic Markets

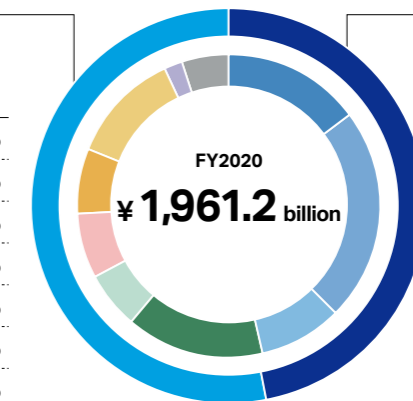
53%

Africa	5%
Middle East	2%
Oceania	12%
Asia	7%
China	7%
CIS	6%
Latin America	15%

##### Traditional Markets

47%

Japan	15%
North America	23%
Europe	9%



### Construction, Mining, and Utility Equipment Business

¥1,961.2 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

¥58.3 billion

Komatsu conducts a retail finance business aimed at helping reduce customers' funding burdens and otherwise assisting in the purchase of its 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 credit screening, and competitive financing conditions. These strengths have enabled us to build long-term relationships with customers.



### Industrial Machinery and Others

¥169.9 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 production of specialty equipment for Japan's Ministry of Defense.



Large press