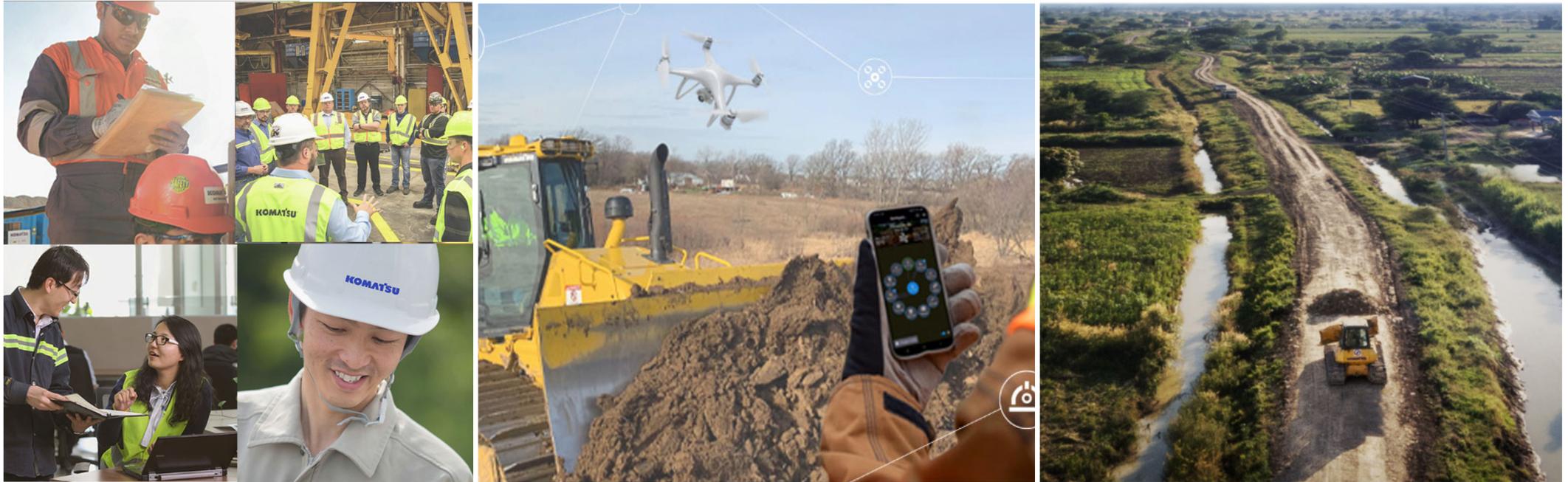


Ticker: 6301 (TSE)

# KOMATSU



## Meeting With Individual Shareholders

December 19, 2023



President and  
Representative Director  
CEO  
Hiroiyuki Ogawa



Director and  
Senior Executive Officer  
CFO  
Takeshi Horikoshi

## 1. Company Overview

## 2. Mid-term Management Plan:

### Growth Strategies and Solving ESG Issues

## 3. Business Results and Shareholder Return

## 1. Company Overview

## 2. Mid-term Management Plan: Growth Strategies and Solving ESG Issues

## 3. Business Results and Shareholder Return

# Communications with shareholders (Meeting with individual shareholders)

- Ongoing since FY1997; President and CFO visit each region and give presentations on current trends at the company.
- Held a cumulative 52 times with a cumulative total of around 17,000 shareholders.
- Held online in FY2020 and FY2021. Held two times in FY2023; a face-to-face meeting, which was held in Osaka Prefecture, and an online meeting today.



Osaka Prefecture (Aug. 2023)



Online meeting (Dec. 2022)

## Locations for meeting with individual shareholders by year

1997	Komatsu, Hirakata	2006	Oyama, Sendai	2015	Nara, Fukuoka
1998	Oyama, Gifu	2007	Nagoya, Hiroshima	2016	Toyama, Sapporo
1999	Oiso, Okayama	2008	Sapporo, Fukuoka	2017	Wakayama, Osaka
2000	Sapporo, Sendai, Fukuoka	2009	Ibaraki, Takamatsu	2018	Nagoya, Hiroshima
2001	Niigata, Tokyo, Osaka	2010	Fukui, Matsue	2019	Komatsu, Nagano
2002	Kanazawa, Nagoya	2011	Shizuoka, Koriyama	2020	Online
2003	Oyama, Hiroshima	2012	Kumamoto, Sendai	2021	Online
2004	Sapporo, Tokyo, Fukuoka	2013	Nagano, Morioka	2022	Tokushima, Online
2005	Kanazawa, Osaka	2014	Ehime, Yamaguchi	2023	Osaka, <b>Online</b>

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.



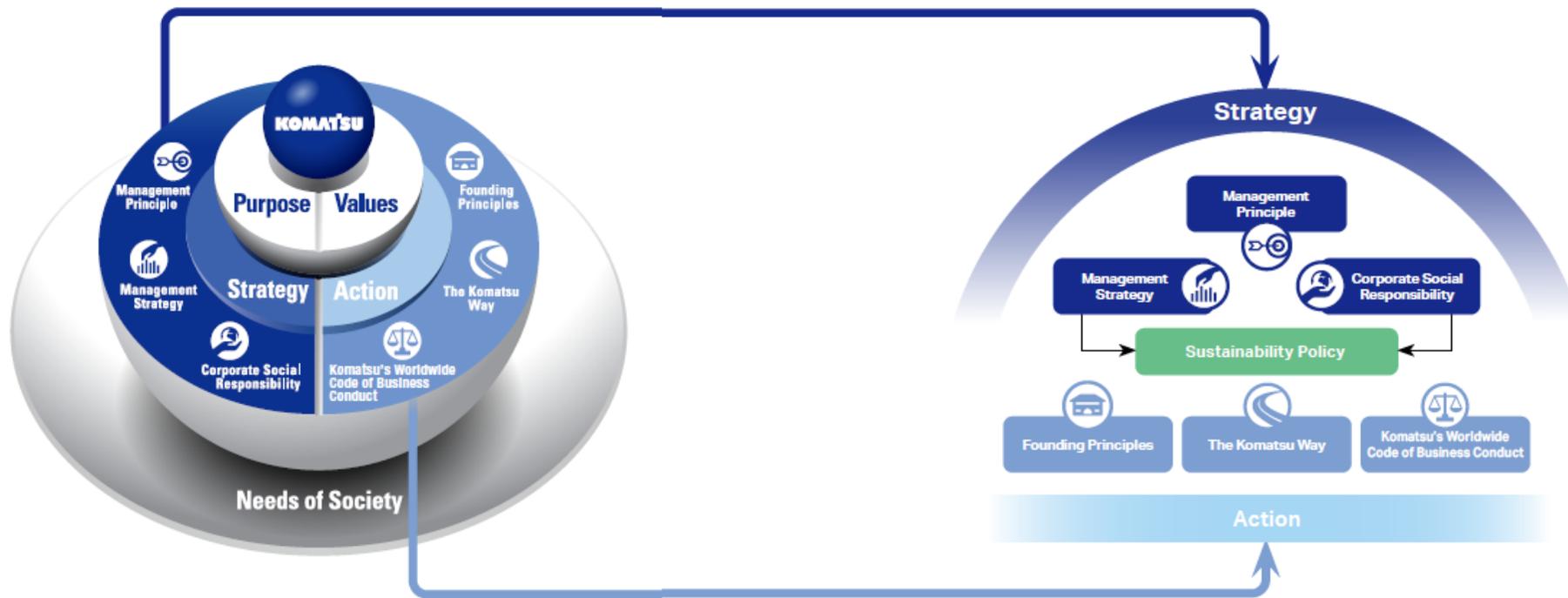
*Meitaro Takeuchi,  
Founder*

◆ Quality First

◆ Technological Innovation

◆ Global Expansion

◆ Employee Development



## 【Our purpose】

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

## 【Our values】

- **Ambition**
- **Perseverance**
- **Collaboration**
- **Authenticity**

# Sustainability policy

Since Komatsu's founding, we have always pursued "Quality and Reliability", and have made efforts to build strong relationships of trust with our stakeholders based on our "Management Principle" of maximizing the total sum of trust from all stakeholders, including society.

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

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

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

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

### With People

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

### With Business

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

### With the Planet

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

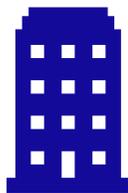
Hiroyuki Ogawa  
President and CEO  
Komatsu Ltd.



April 1, 2022

# Business outline

Established



**May 13, 1921**

Established in Komatsu City, Ishikawa Prefecture, by founder Meitaro Takeuchi.

Total assets <sup>\*1</sup>



**4,875.8 billion yen**

Increase year on year due to higher inventories, higher accounts receivable, and foreign exchange rates.

Net sales <sup>\*1</sup>



**3,543.5 billion yen**

Consolidated net sales have more than tripled since 2001.

Consolidated subsidiaries <sup>\*2</sup>



**211**

12 in Japan and 199 overseas.

Operating income <sup>\*1</sup>



**490.7 billion yen**

Consolidated operating income ratio at 13.8%.

Consolidated number of employees <sup>\*2</sup>

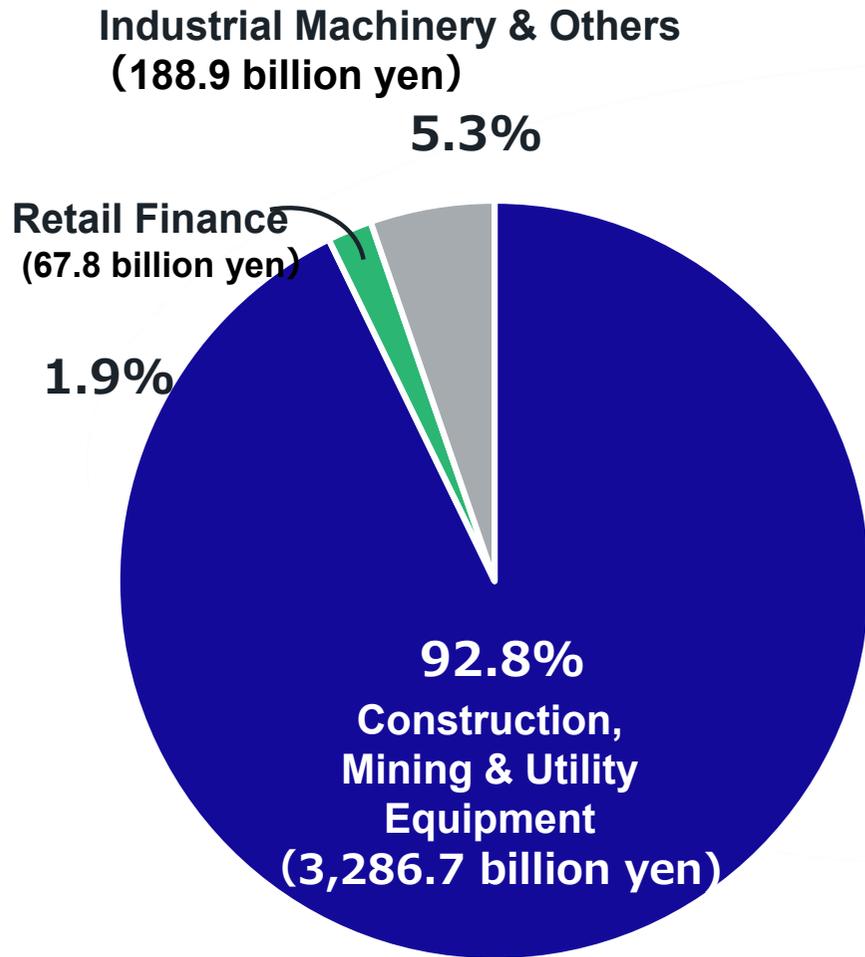


**64,343**

A global company with approximately 68% non-Japanese employees.

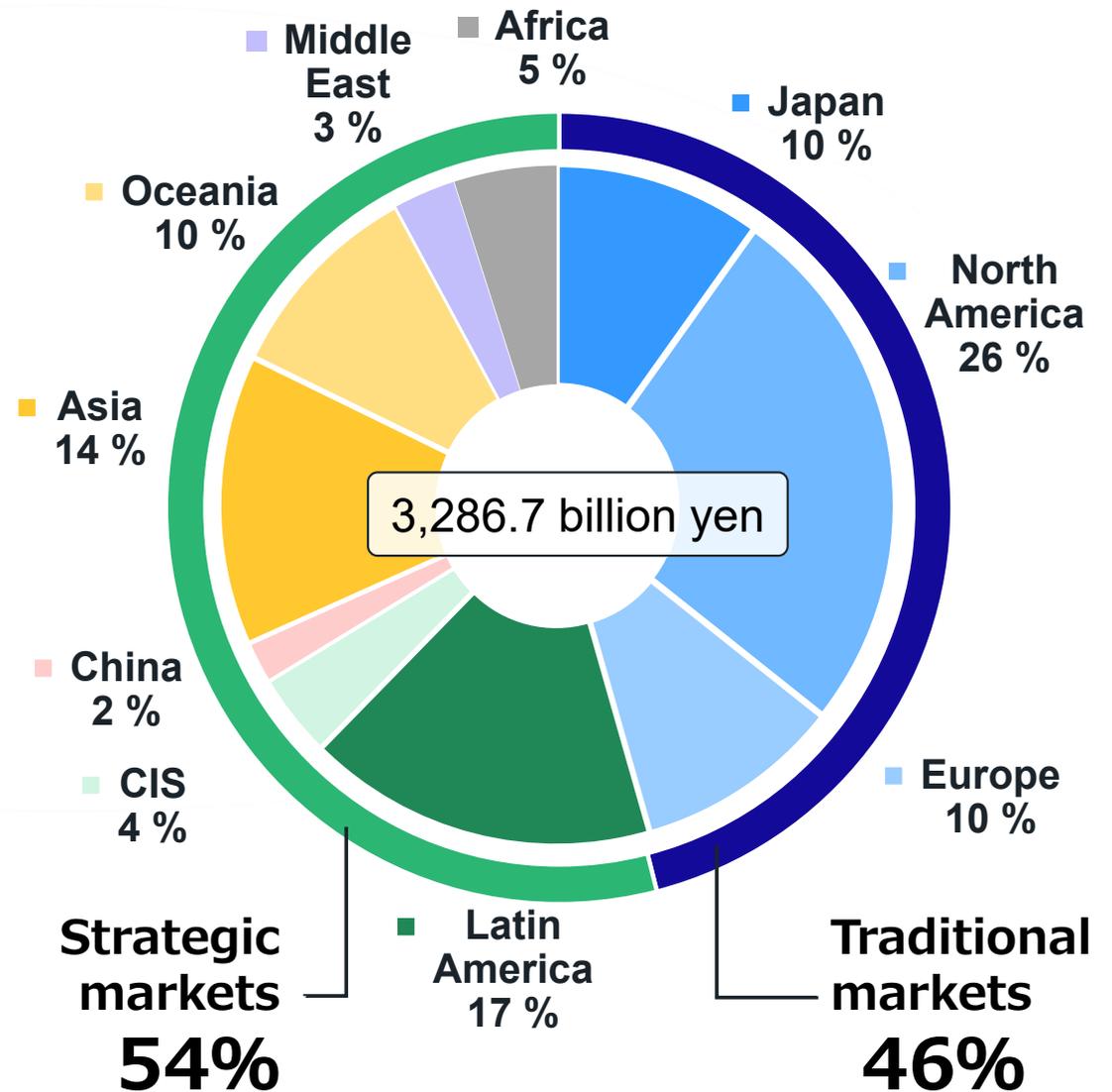
# Sales by segment and by region (FY2022)

## Sales\* by segment



\*Sales to outside customers

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

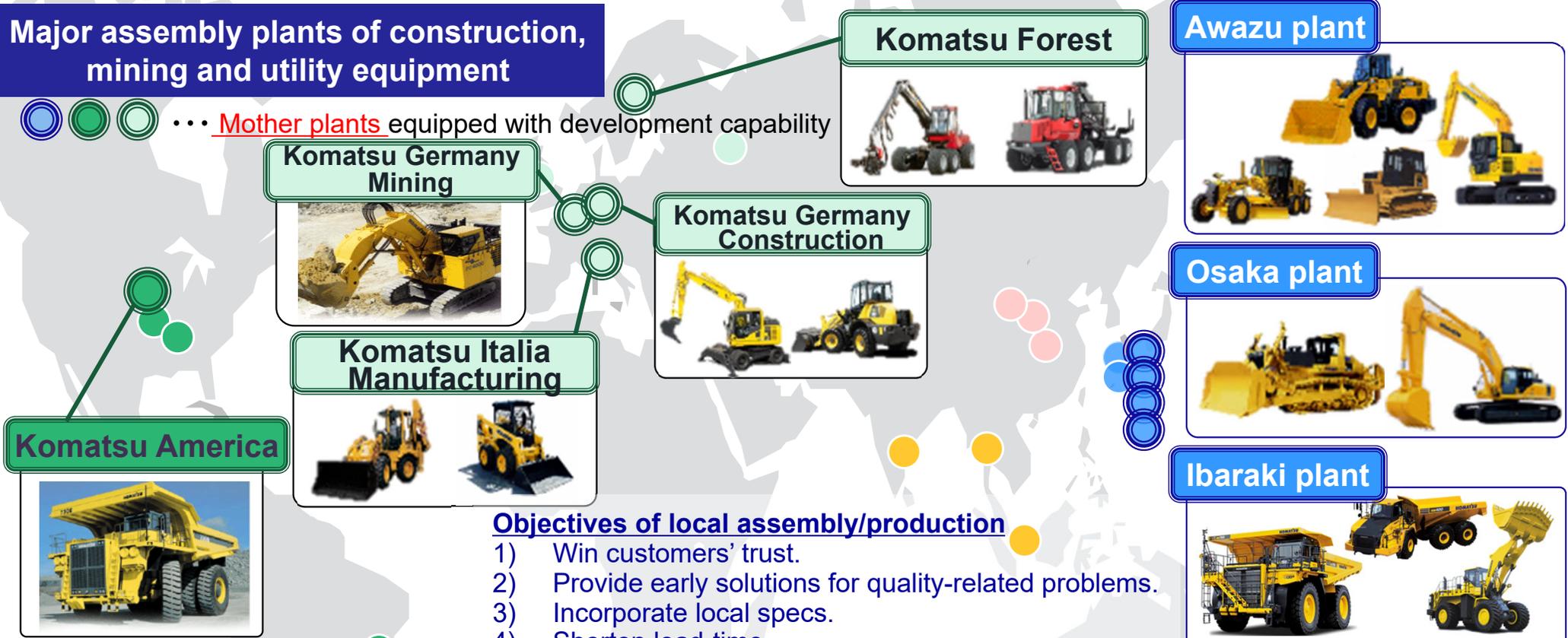


# Global development and production

- Assembly of finished machines in the regions with big market demand
- 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

## 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.

### No. of production bases by region

Japan	Americas	Europe& CIS	China	Asia& Oceania	Middle East& Africa	Total
12(4)	19(1)	14(4)	6	8	1	60(9)

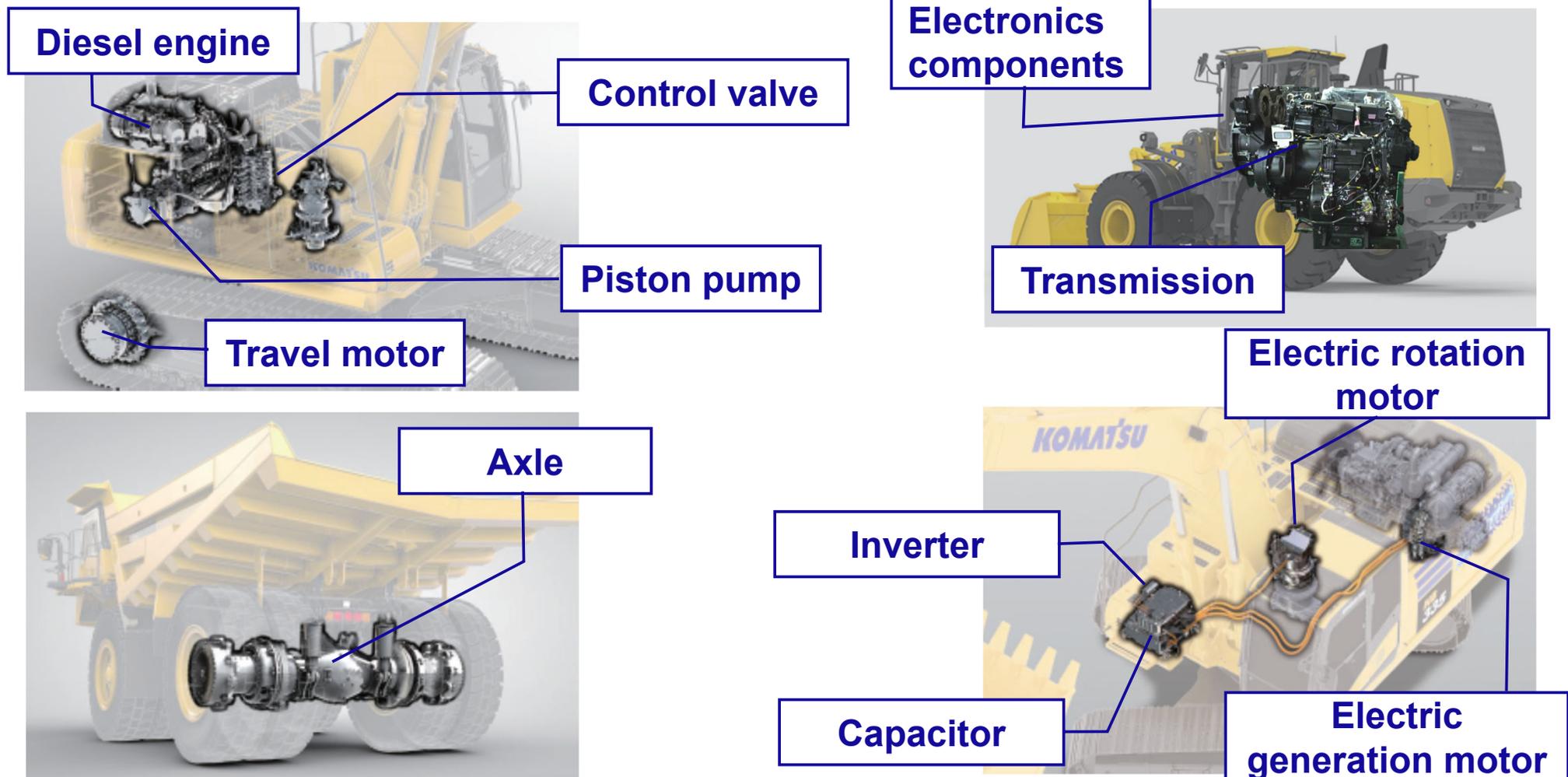
( ) : No. of Mother plants

# Komatsu's strengths : In-house development and production of key components

## Benefits of in-house development and production

1. Ongoing technological innovation
2. Stable, global supply of components with standardized quality
3. Ability to develop component restoration businesses
4. Predictive maintenance capacities achieved by attaching sensors to components

## Key components

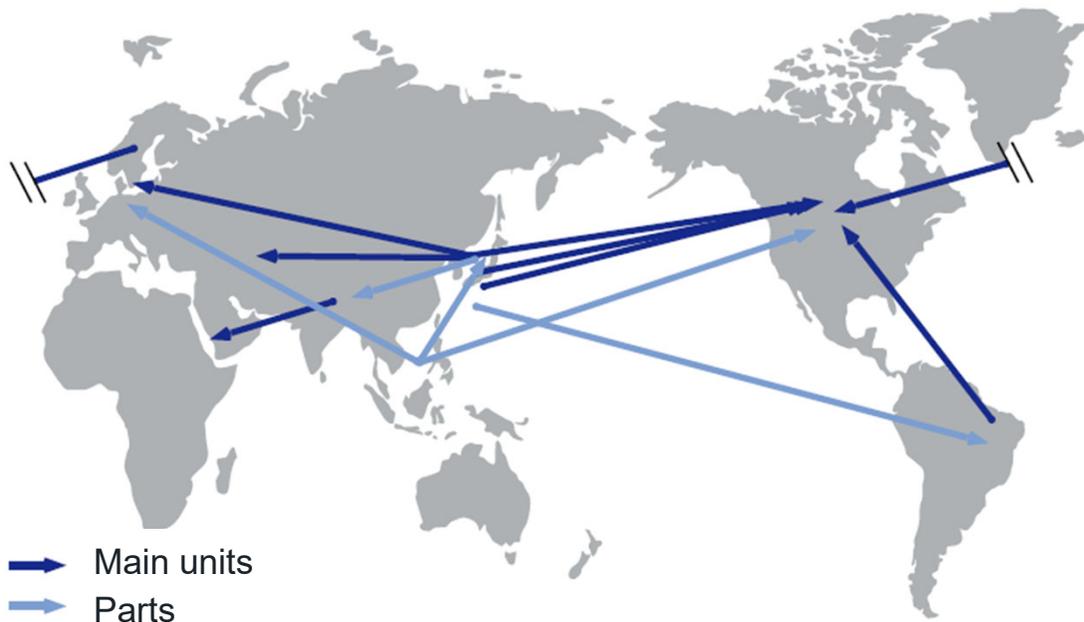


# Komatsu's strengths : Resilient production and procurement system

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

## Global cross-sourcing operation

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



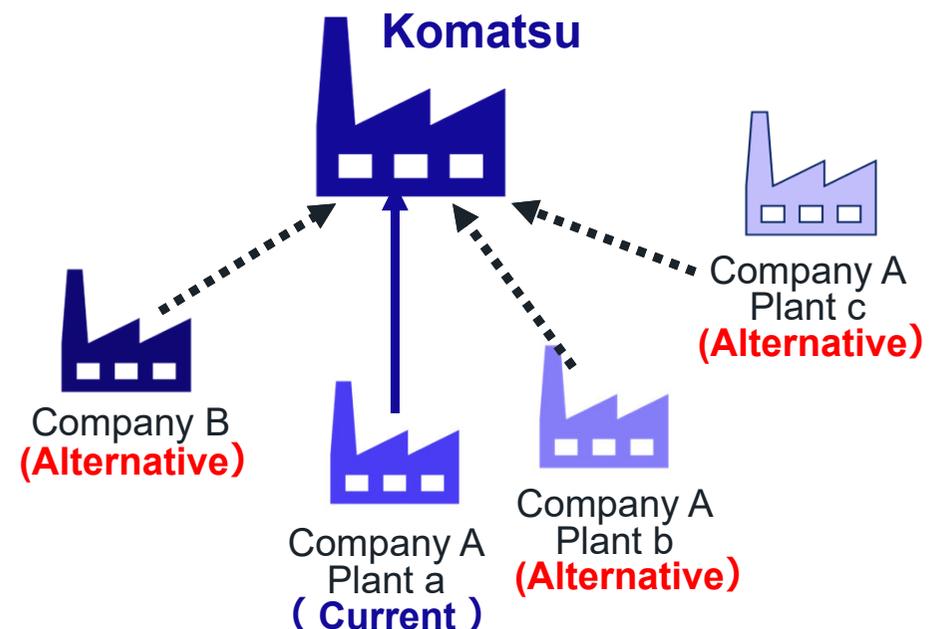
<Requirements>

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

\*BOM: Bill of Material

## Multi-company procurement system

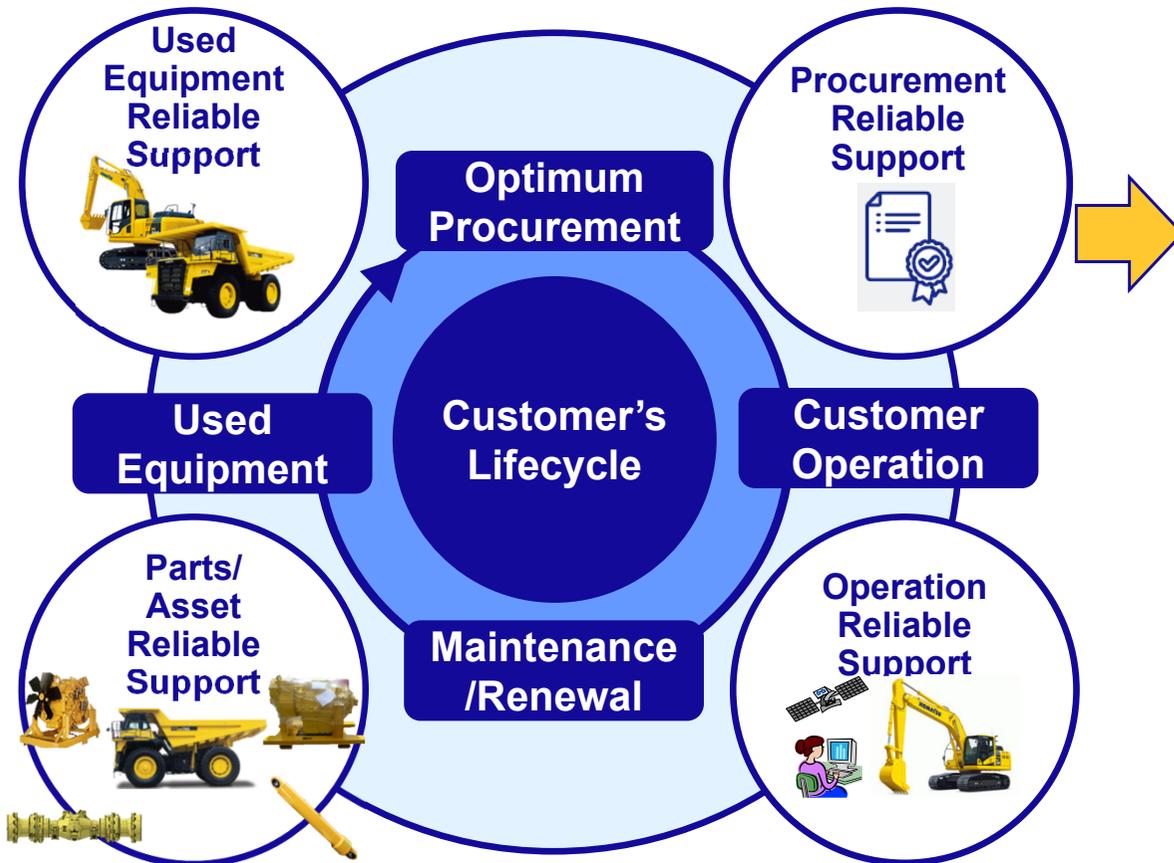
Purchase parts from several manufacturers and expand local procurement



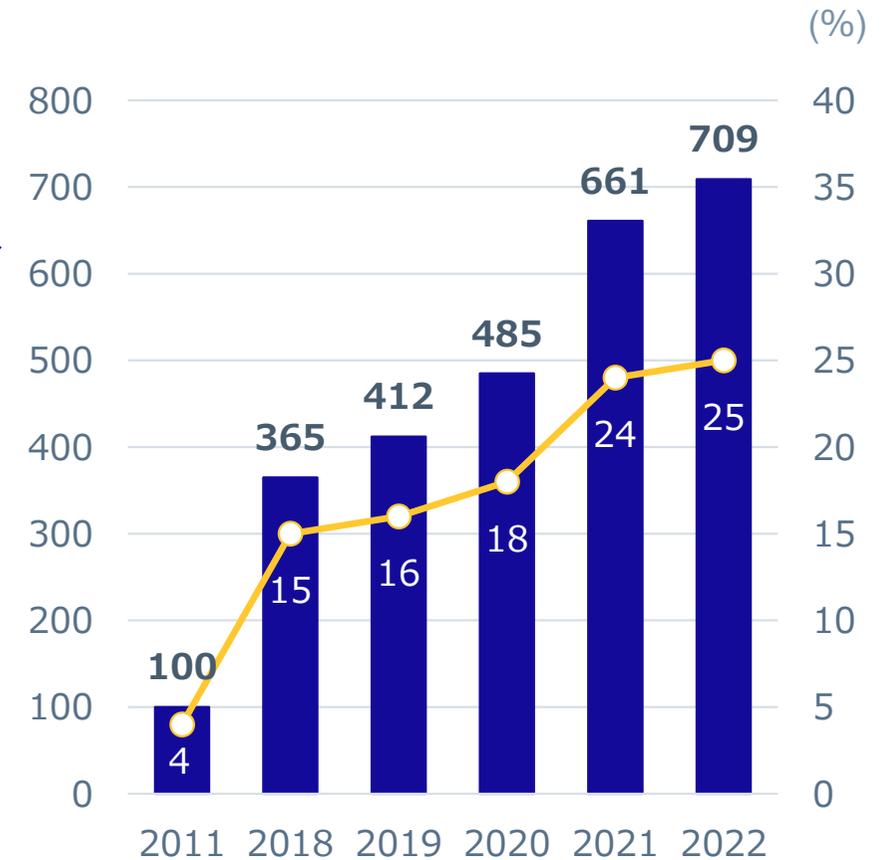
# Komatsu's strengths : Value chain business

- After construction equipment is purchased, regular maintenance, repairs and other support are essential.
- Seamless support from the purchase of new equipment to the sale of used equipment. Further strengthen business model to stably raise revenues after sales.

## Lifecycle support business



## Extended warranties with maintenance plans



■ Extended warranties (FY2011 = 100)      % of equipment with extended warranties

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# Komatsu's mid-term vision: Roadmap to workplace of the future

(For Smart Construction)

- Maximizing customer value**
- Level 5**  
Create work tasks and work orders
  - Level 4**  
Optimization of construction planning
  - Level 3**  
Data monitoring
  - Level 2**  
Visualization of topography / workplace
  - Level 1**  
Workplace digitalization



- 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

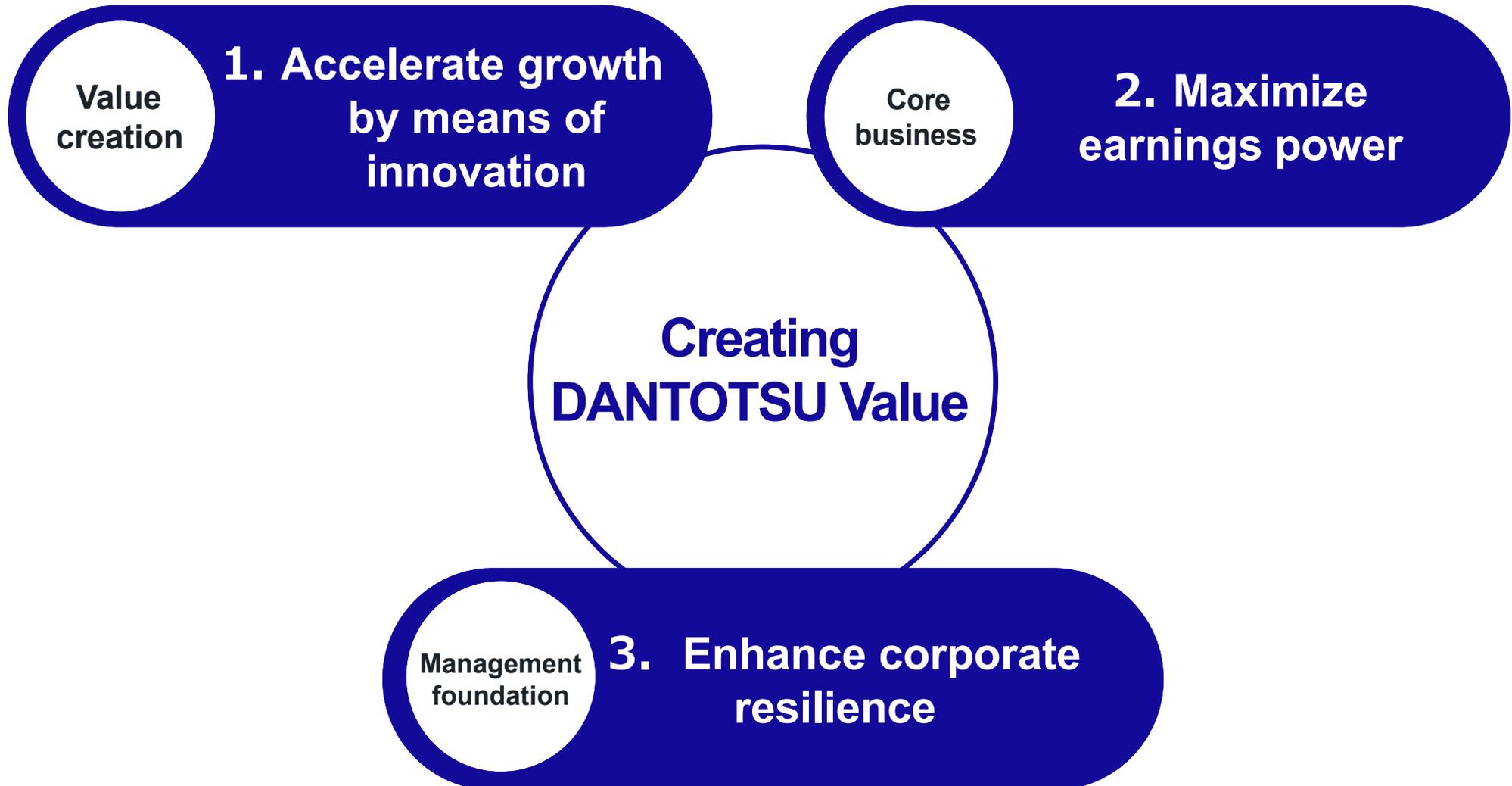
**Products (Improvement of equipment efficiency / Reduction of CO<sub>2</sub> emissions)**

- Level 1**  
Internal combustion
- Level 2**  
Energy recovery
- Level 3**  
Micro-mix hydrogen combustion  
Energy recovery
- Level 4**  
Full electric  
Plug-in / Battery
- Level 5**  
Fuel cells

**Innovate manufacturing technology and develop new value chain**

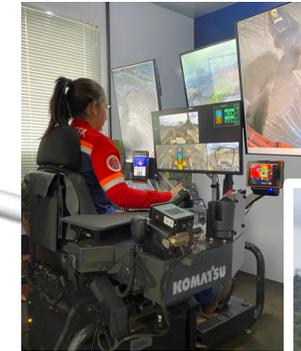
# DANTOTSU Value

*Together, to "The Next" for sustainable growth*



# Three Pillars of growth strategies 1. Accelerate growth by means of innovation

Development and market introduction of electrified machinery



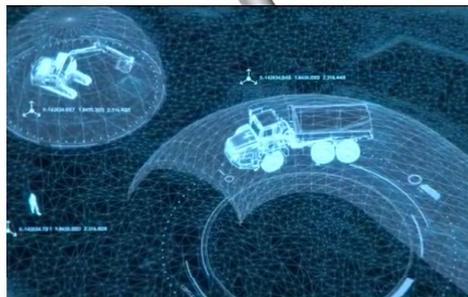
Efforts for mining automation



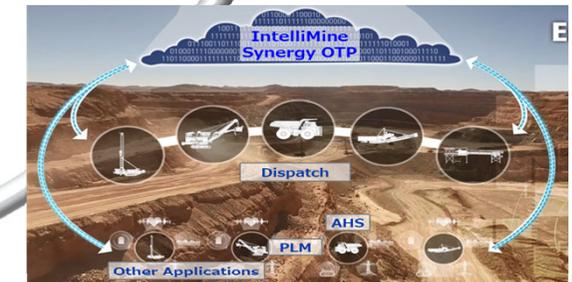
Create new customer values by optimizing workplaces

## Accelerate growth by means of innovation

Tackling the challenge of crafting values (products and solutions) for carbon neutrality



Promote DX Smart Construction



Mining open technology platforms

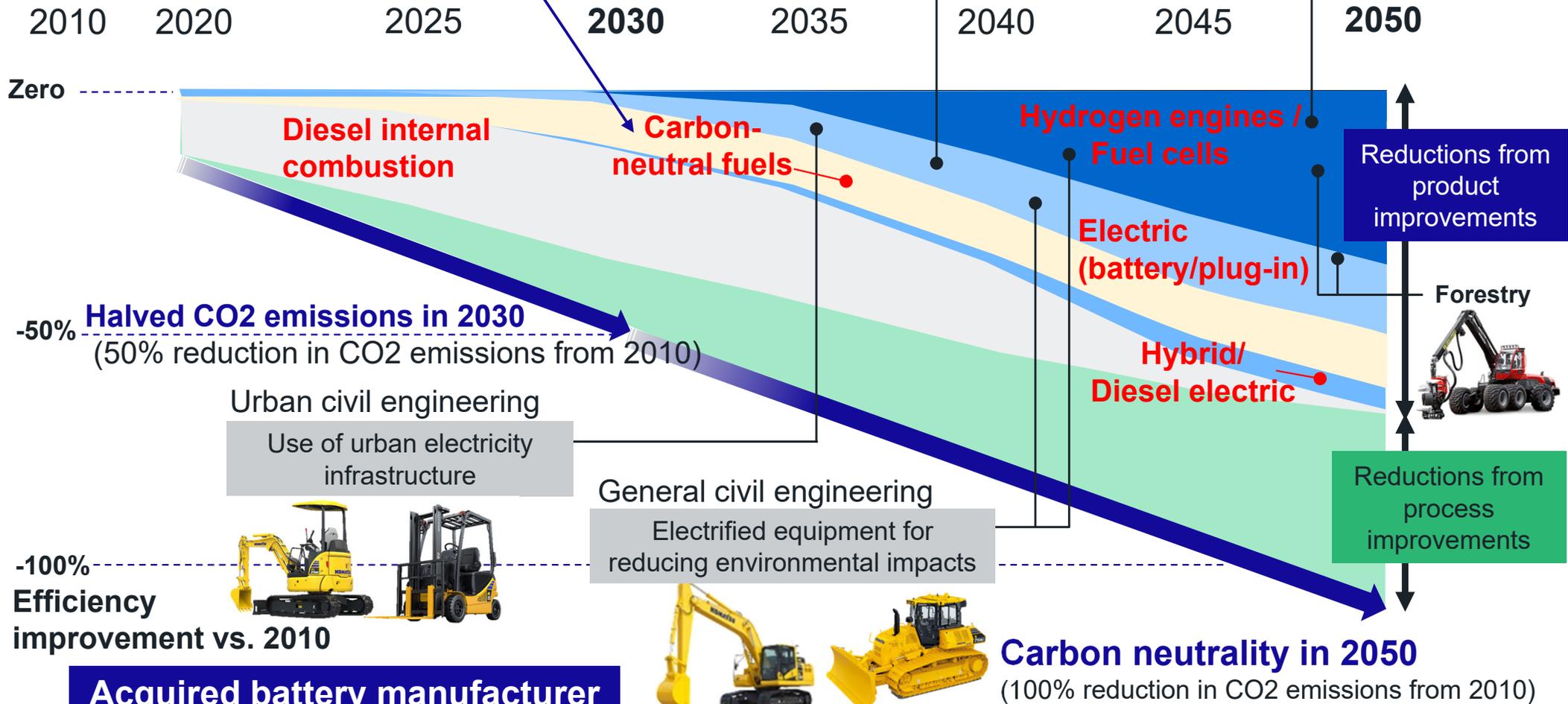
# Development roadmap for carbon neutrality by products



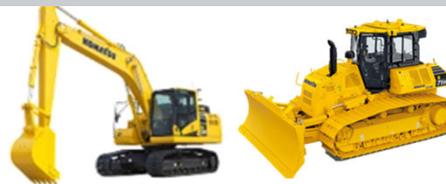
Underground mining  
Protection of underground miners' health

Surface mining  
On-site generation and hydrogen fuel

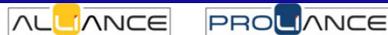
**Roadmap updates:**  
Early and active use of carbon neutral fuels



General civil engineering  
Electrified equipment for reducing environmental impacts



**Acquired battery manufacturer**



# Efforts for electrification

- We take different approach for construction and mining equipment by model, class and region.

	Up to 2021	2022	2023	Up to 2030	
<b>Small excavators and forklifts</b>	<p><b>Lead battery</b></p> 	<p><b>Wired electric</b></p> 	<p><b>Battery-electric</b></p> <p>Electric mini excavator PC30E-5</p>  <p>Tie-up with HONDA PC01E-1</p> 	<p><b>Lithium battery</b></p> <p>Electric forklift FE25G FE30G</p> 	<p>Tie-up with HONDA PC05E-1</p> <p>Market introduction in FY2023</p> <p>3-ton mass produced model PC30E/33E-6</p> <p>Market introduction in FY2023</p> 
<b>Medium/large excavators</b>	<p><b>Hybrid</b></p> 	<p><b>Lithium battery</b></p> <p>PC200LCE/210LCE-11</p> <p>Market introduction in FY2023</p> 	<p><b>Lithium battery</b></p> <p>PC138E-11</p> <p>Market introduction in FY2023</p> 	<p><b>Hydrogen engine</b></p> <p>Fuel cell</p> <p>Concept vehicle released in 2023</p> 	
<b>Wheel loaders</b>		<p><b>Battery-electric</b></p>  <p>Joint development with Moog Inc. Concept machine released in FY2022</p>			
<b>Mining equipment (surface)</b>	<p><b>Diesel electric, trolley</b></p> 	<p><b>Wired electric</b></p> 	<p><b>Power agnostic</b></p>  <p>Concept machine released</p>	<p><b>Battery-electric</b></p> <p>Installation of test benches</p> 	<p><b>Hydrogen engine</b></p> <p>Fuel cell</p> <p>Power agnostic 2025: Battery trolley 2030: Fuel cell</p>
<b>Mining equipment (underground)</b>	<p><b>Hybrid</b></p> 	<p><b>Battery-electric</b></p> <p>Drill jumbo Prototype in FY2021 Mass production in FY2024</p> 	<p><b>Battery-electric</b></p> 	<p>Volta Prototype in FY2023 Mass production in FY2024</p> 	<p>LHD Prototype in FY2023 Mass production in FY2024</p> 

# Efforts for automation development

- Expanding our lineup of automated construction and mining equipment to improve safety and productivity at customer workplaces.

## Automation of construction equipment

### Remote control system for construction equipment

Developed jointly with EARTHBRAIN; began offering to customers in March 2023.



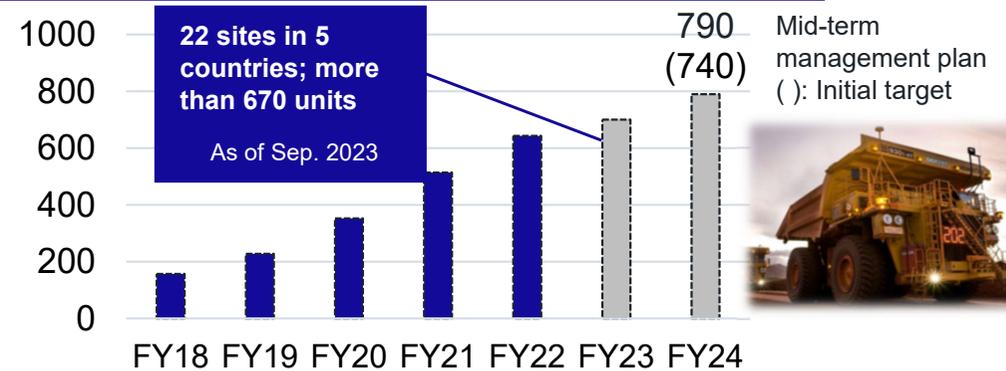
### Future underwater construction

Scheduled to exhibit at EXPO 2025 Osaka, Kansai with Asunaro Aoki Construction



## Automation of mining equipment

### Autonomous Haulage System (AHS) dump trucks



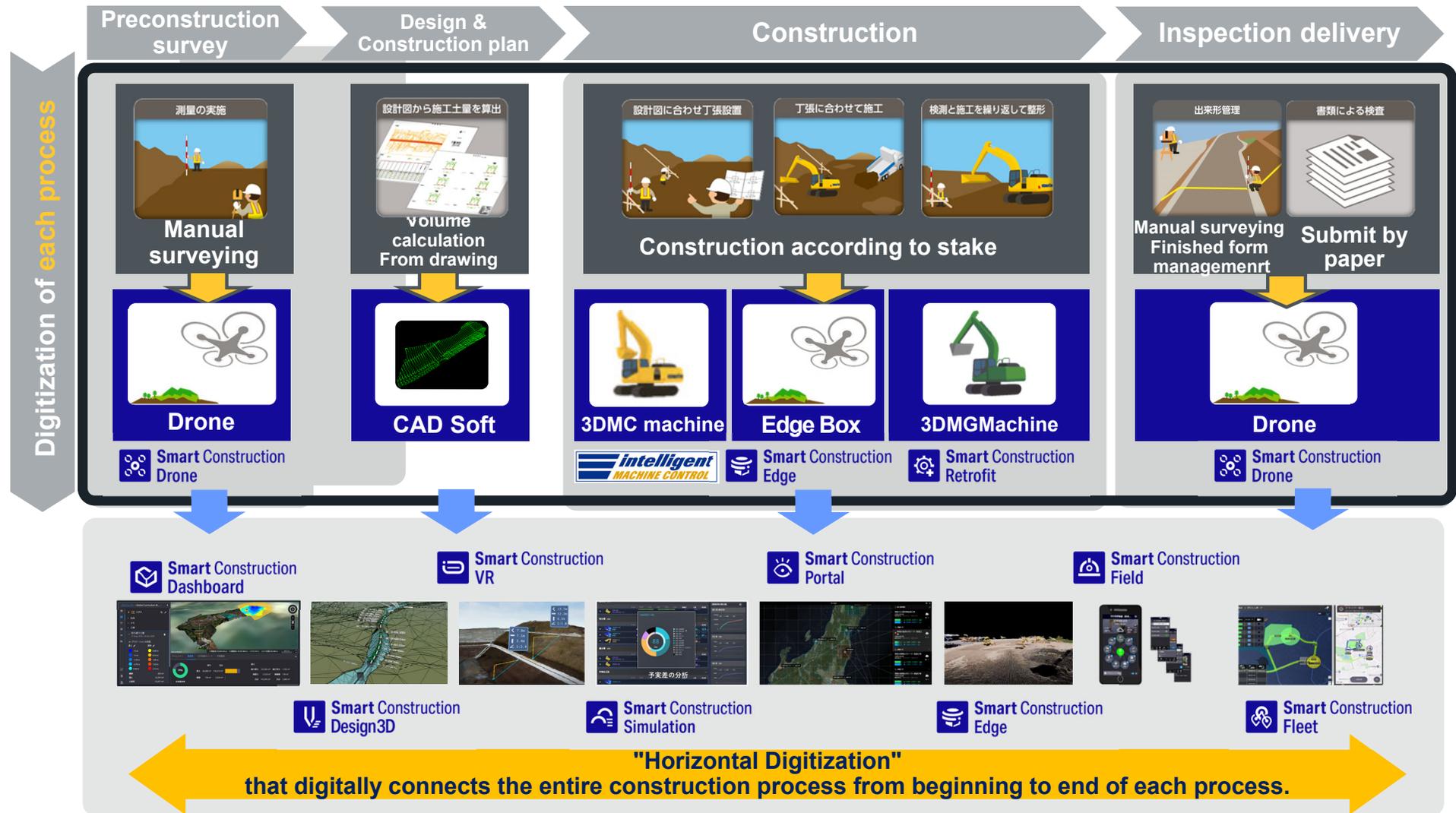
### Large ICT mining bulldozers for remote control

Began commercial operations in May 2023.



# Conventional vs Smart Construction

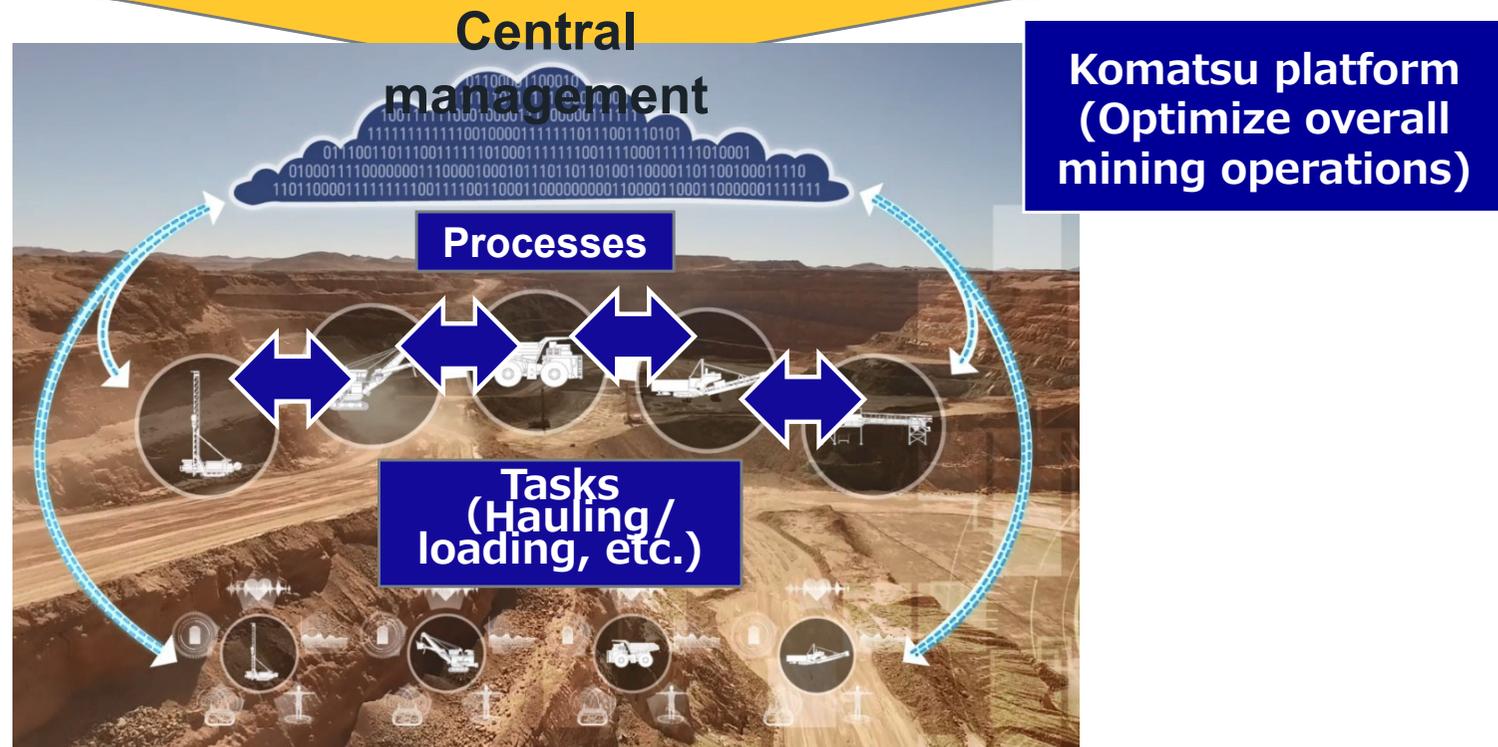
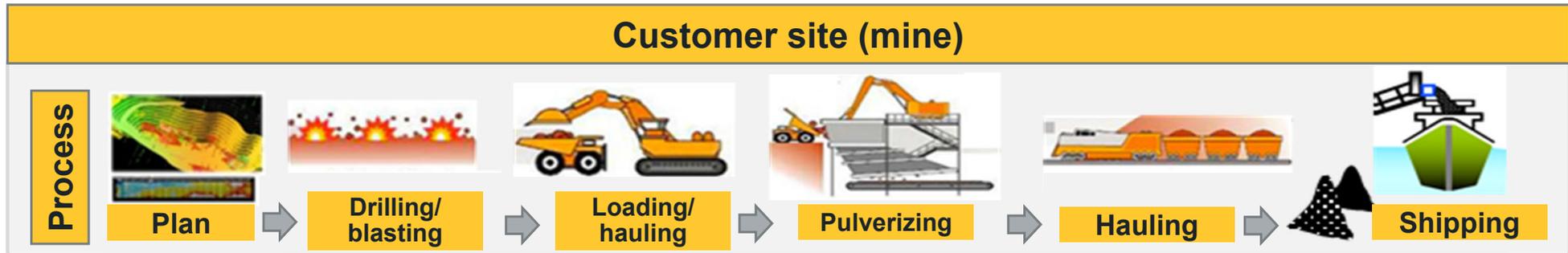
- Optimizing the entire construction process by linking individually optimized processes through digital technology.
- Expanding the DX Smart Construction business model to North America, five European countries, Australia, and Southeast Asia.



**Digital transformation of construction happens**

# Promoting business via open-technology platform for mining

- Our customers, mining companies, are working to centrally manage all their data and optimize overall mining operations by smoothly linking all processes with no delay.
- We are developing a platform for mining. We conduct trials at customer sites with the goal of contributing to the optimization of overall mining operations.



# Solutions business initiatives

- Added a provider of fleet management system for small to mid-tier miners, contractors and quarries to the group. It provides services positioned between large-scale mining and the construction and civil engineering industries.

## Construction and civil engineering industry



Smart Construction

## Small- and mid-tier mines, and quarries



Acquired iVolve, a provider of operations management systems for small to mid-tier miners, contractors, and quarries

## Large-scale mines



Fleet management system from Modular Mining Systems (a wholly owned subsidiary of Komatsu)

# Three Pillars of growth strategies 2. Maximize earnings power

Expansion of reman/rebuild business



Promoting product strategy based on characteristics of strategic markets



Expand presence in key emerging markets

**Maximize earnings power**

Further growth from evolution of value chain business



Expansion of forestry machinery business



Expansion of hard rock equipment business

# Efforts in strategic markets

- As one of the efforts for strategic markets including the Asian region, "**2-model line strategy**" was developed in response to customer needs.
- In the 20-ton class, the "CE Series" with specifications suitable for urban civil engineering work was sold, contributing to maintaining and increasing market share.
- In the 30-ton class, amid soaring fuel prices and growing awareness of climate change, the Company sold hybrid hydraulic excavators.

## 20-ton class

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



Hydraulic excavator CE Series

## 30-ton class

- Standard
- Hybrid model



Hybrid hydraulic excavator

# Forestry machinery business

- The forestry sector is an important industry that contributes to decarbonized societies, not only through the absorption of carbon dioxide by forests, but also through wood construction and biomass fuel use.
- We contribute to the sustainable forestry through providing forestry equipment and solutions in this sector.

## Improved productivity and safety for logging and hauling operations

Efficient, safe wood hauling Forwarders

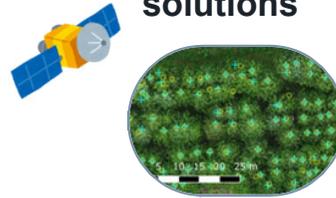


Safe felling by machine Harvesters (also effective on slopes)



## Forest visualization

Forest monitoring solutions



## Creating the sustainable forestry through mechanized silviculture and tree planting, etc.

Silviculture equipment



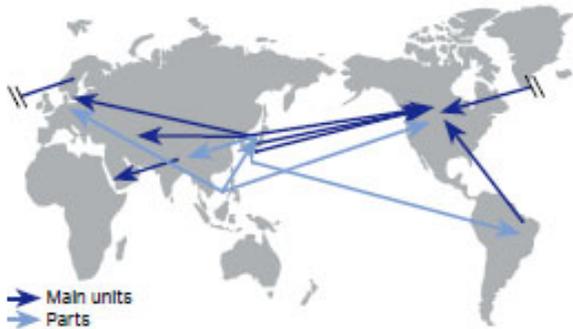
Tree-planting equipment



Acquired silviculture attachment manufacturer Bracke in 2022

# Three Pillars of growth strategies 3. Enhance corporate resilience

**Strengthening cross-sourcing operation**



**Strengthening Risk Management**



**Drive efficient business operations and reinforce risk management**

**Enhance corporate resilience**

**Enrich human resources base with diversity**

**Creating value together**



**Improvement of employee engagement**

**Strengthening the corporate brand by developing a global brand strategy**

# Enrich human resources base with diversity

- We are creating environments in which diverse people from around the world can contribute to the growth of our business as a united team. Our mid-term management plan calls for us to enrich our human resources base with diversity, pursuing a variety of measures, including diversity and inclusion (D&I).

## D&I

Creating innovation = overall company growth

### Achieving D&I

A state in which diverse employees respect each colleague's individuality and ability

### Internal D&I measures



D&I promotional campaign (video broadcast)

Ratio of full-time female employees

17% or more

Ratio of female managers

13% or more

Gender diversity KPIs (by March 2025)

## Offering variety of talent development opportunities and improvement of employee engagement

One-on-one development meetings ([Career Development Program](#)) between supervisors and employees

Aligning the vector of employee growth and company (organizational) goals; implementing various measures

## Improved employee engagement

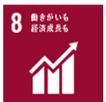
## Development of digital and open innovation-driven human resources

### ■ Innovator's Program (2023 onward)

It aims at cultivating human resources able to learn and utilize Design Thinking processes that are potent for creating innovation and businesses.

# Resolve ESG issues through growth strategy

- We are working to contribute to society through business activities in accordance with the sustainability policy established in 2021.
- We have selected 10 SDGs which are closely related to materiality.
- We have set KPIs to steadily execute measures to resolve ESG issues through growth strategies of the mid-term management plan.

	Ties with SDGs	FY2024 MTMP KPI* goals (examples)
<b>With people</b> Materiality: “Employees” “Human rights”	 Gender equality  Decent work and economic growth  Reduce inequalities  Partnership	Ratio of female managers(consolidated) FY2022 Result <b>10.3%</b> → KPI <b>13% or more</b>
<b>With business</b> Materiality: “Customers” “Ethics/ Governance” “Communities”	 Industry & technology innovations  Urbanization  Production/ consumption responsibilities  Partnership	Number of workplaces using Smart Construction(global total) FY2022 Result <b>8,955</b> → KPI (single year) <b>13,000</b> Aggregate number of AHS units deployed FY2022 Result <b>643 units</b> → KPI <b>790 units</b>
<b>With the planet</b> Materiality: “Environment”	 Clean energy  Industry & technology innovations  Production/ consumption responsibilities  Combat climate change  Rich land  Partnership	CO2 emissions from production (vs FY2010) FY2022 Result <b>- 43%</b> → KPI <b>- 45%</b> CO2 emissions from product use (vs FY2010) FY2022 Result <b>- 21%</b> → KPI <b>- 24%</b>

# Demining and reconstruction project

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

Minefield

Quickly and safely  
remove mines  
using machinery

Community  
reconstruction



Bulldozer-based <landmine removal>



Hydraulic excavator based  
<unexploded bomb removal>

## Demining activities



## Farmland & Infrastructure-reconstruction



## Elementary school construction



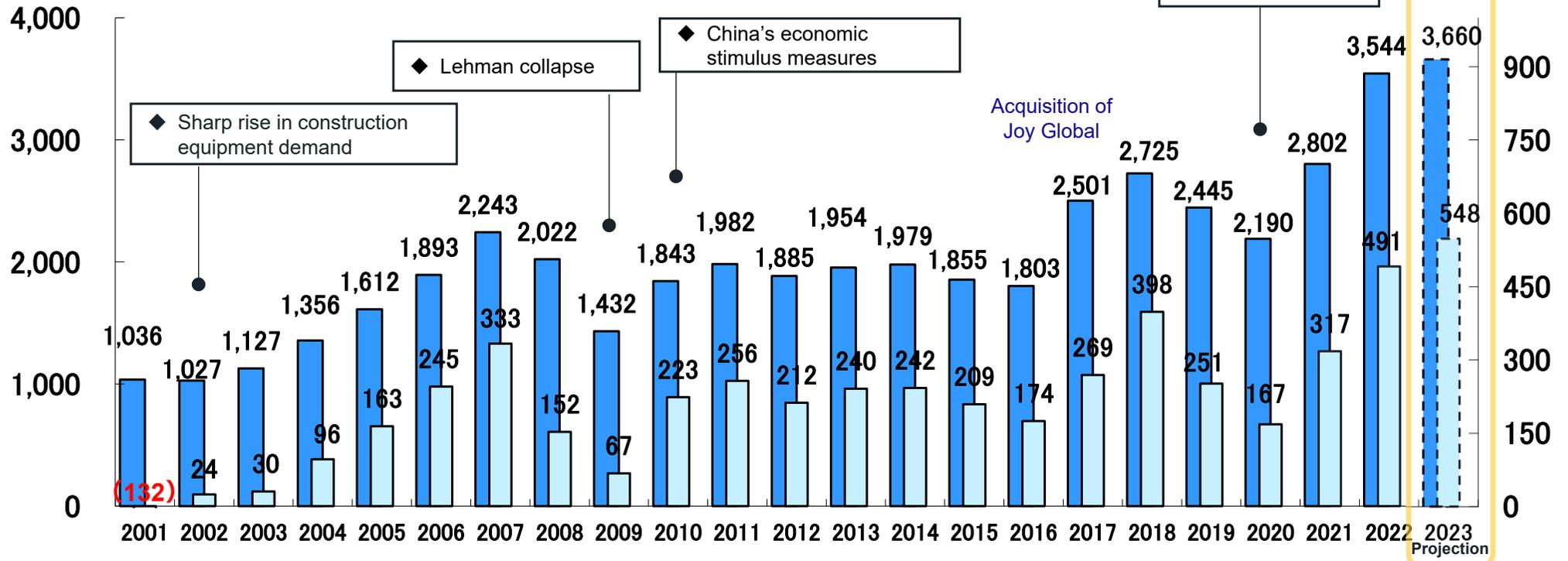
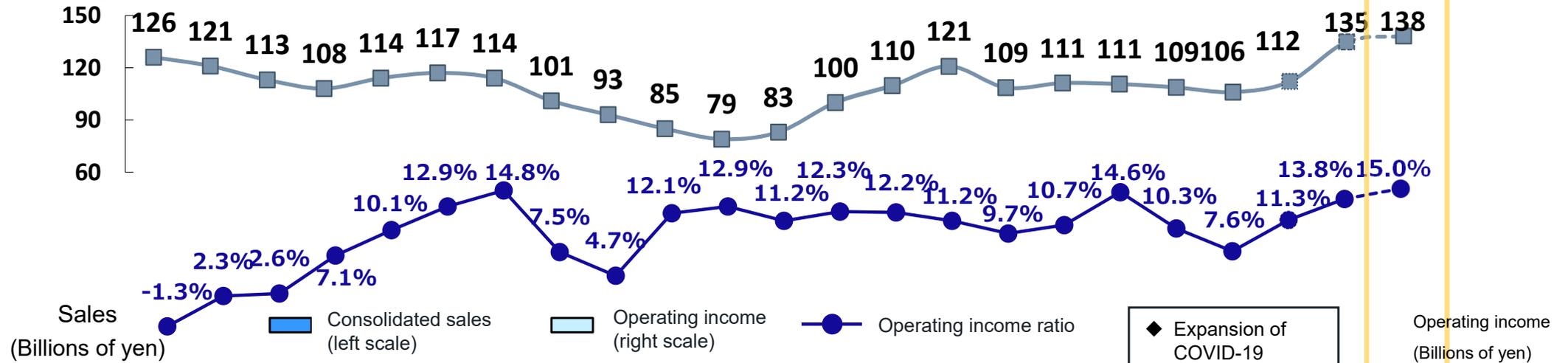
## 1. Company Overview

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# Business results over the years

Exchange rate (¥/USD)



Expansion of Overseas production  
Diversification

Selective focus

Expand ICT-driven value chain

Customer value creation

# Outline of projection for FY2023

- Consolidated net sales will increase by 3.3% from FY2022, to JPY3,660.0 billion (Up JPY278.0 billion from the projection of April this year).
- Operating income will increase by 11.7% to JPY548.0 billion (Up JPY57.0 billion from the projection of April this year).
- We plan annual cash dividends per share of JPY144 (Up JPY5 from the projection of April this year).

Reassessed preconditions of foreign exchange rates in the second half period: USD1=JPY135, EUR1=JPY148, and AUD1=JPY88

Billions of yen	FY2022 Results (A) ¥134.8/USD ¥140.3/EUR ¥92.5/AUD	FY2023 Projection (B) (Current) ¥137.7/USD ¥150.3/EUR ¥90.3/AUD	FY2023 Projection (April) ¥125.0/USD ¥133.0/EUR ¥83.0/AUD	Changes (B-A)	
				Increase (Decrease)	Change %
Net sales	3,543.5	3,660.0	3,382.0	+116.5	+3.3%
Operating income	490.7	548.0	491.0	+57.3	+11.7%
Profit ratio	13.8%	15.0%	14.5%	+1.2pts.	-
Net income attributable to Komatsu Ltd.	326.4	340.0	299.0	+13.6	+4.2%
ROE	13.7%	13.0%	11.7%	(0.7)pts.	
Cash dividends per share	139Yen	144Yen	139Yen	+5Yen	
Consolidated payout ratio	40.3%	40.1%	44.0%		

# Projection of segment sales and profit for FY2023

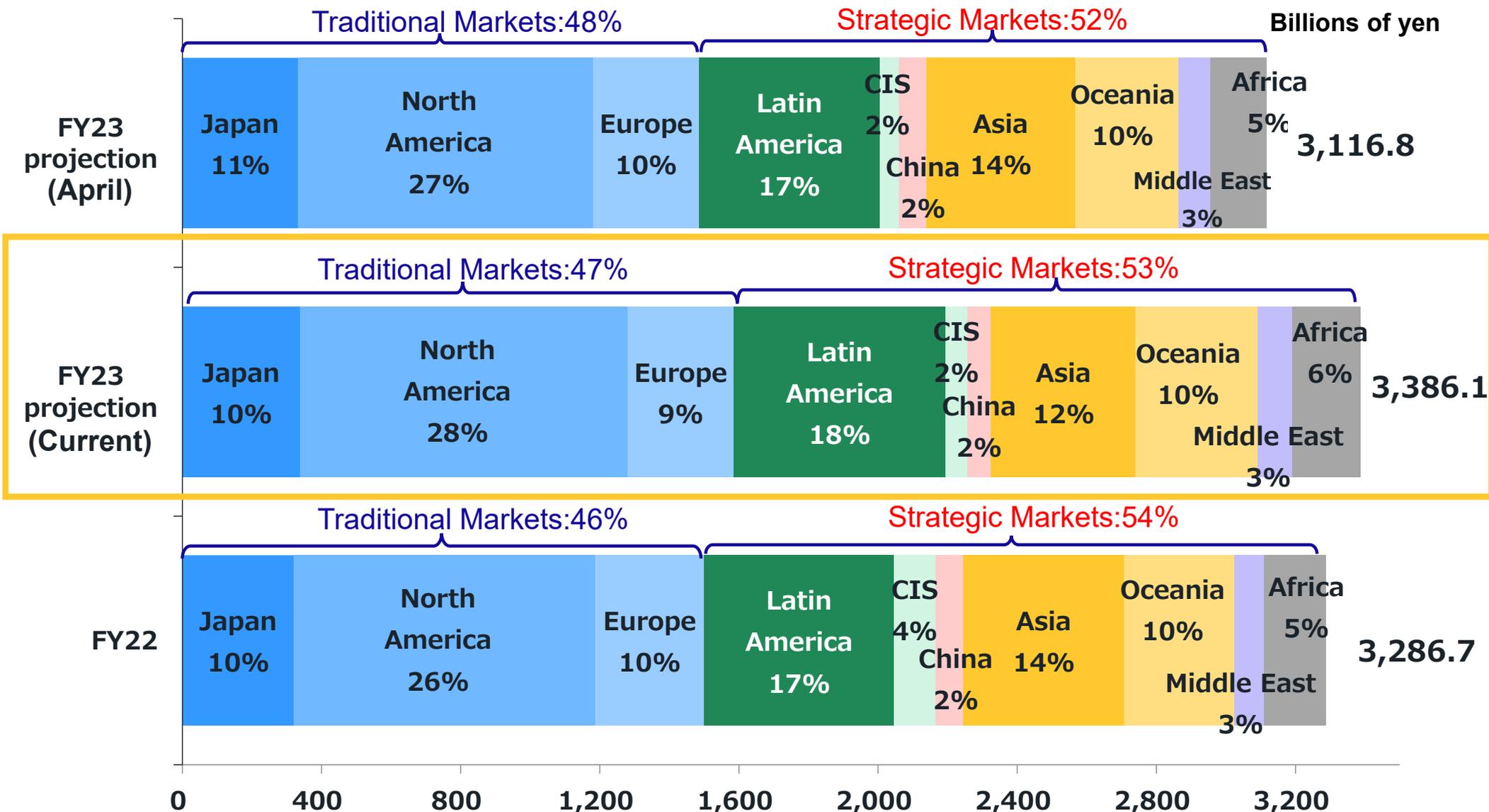
- **Construction, Mining & Utility Equipment:** Sales will increase by 3.3% from FY2022, to JPY3,404.0 billion. Segment profit will increase by 17.9% to JPY523.0 billion. Segment profit ratio will improve to 15.4%, up 1.9 points.
- **Retail Finance:** Revenues will increase by 10.9% from FY2022, to JPY 95.0 billion. Segment profit will decrease by 23.0% to JPY21.0 billion.
- **Industrial Machinery & Others:** Sales will increase by 5.3% from FY2022, to JPY201.0 billion. Segment profit will decrease by 24.7% to JPY17.0 billion.

Billions of yen	FY2022 Results (A)	FY2023 Projection (B)(Current)	FY2023 Projection (April)	Changes (B-A)	
				Increase (Decrease)	Change %
<b>Net sales</b>	3,543.5	3,660.0	3,382.0	+116.5	+3.3%
Construction, mining & utility equipment	3,296.6 [3,286.7]	3,404.0 [3,386.1]	3,138.0 [3,116.8]	+107.4 [+99.4]	+3.3% [+3.0%]
Retail finance	85.6 [67.8]	95.0 [73.8]	83.5 [64.5]	+9.4 [+6.0]	+10.9% [+8.9%]
Industrial machinery & others	190.9 [188.9]	201.0 [200.1]	201.0 [200.7]	+10.1 [+11.1]	+5.3% [+5.9%]
<b>Elimination</b>	(29.7)	(40.0)	(40.5)	(10.3)	-
<b>Segment profit</b>	13.9% 493.5	15.2% 557.0	14.7% 498.0	+1.3 pts. +63.5	+12.9%
Construction, mining & utility equipment	13.5% 443.6	15.4% 523.0	14.8% 463.0	+1.9 pts. +79.4	+17.9%
Retail finance	31.8% 27.3	22.1% 21.0	20.4% 17.0	(9.7)pts. (6.3)	(23.0)%
Industrial machinery & others	11.8% 22.6	8.5% 17.0	11.4% 23.0	(3.3)pts. (5.6)	(24.7)%
<b>Corporate &amp; elimination</b>	0.1	(4.0)	(5.0)	(4.1)	-

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

# Construction, mining & utility equipment : Projection of FY2023 sales by region (To outside customers)

- Sales to outside customers will increase by 3.0% from FY2022, to JPY3,386.1 billion.
- Sales will expand sharply, especially in North America and Latin America. Sales will drop sharply in CIS and Asia.
- Sales in Traditional Markets will account for 47% of total sales, and those in Strategic Markets, 53%.

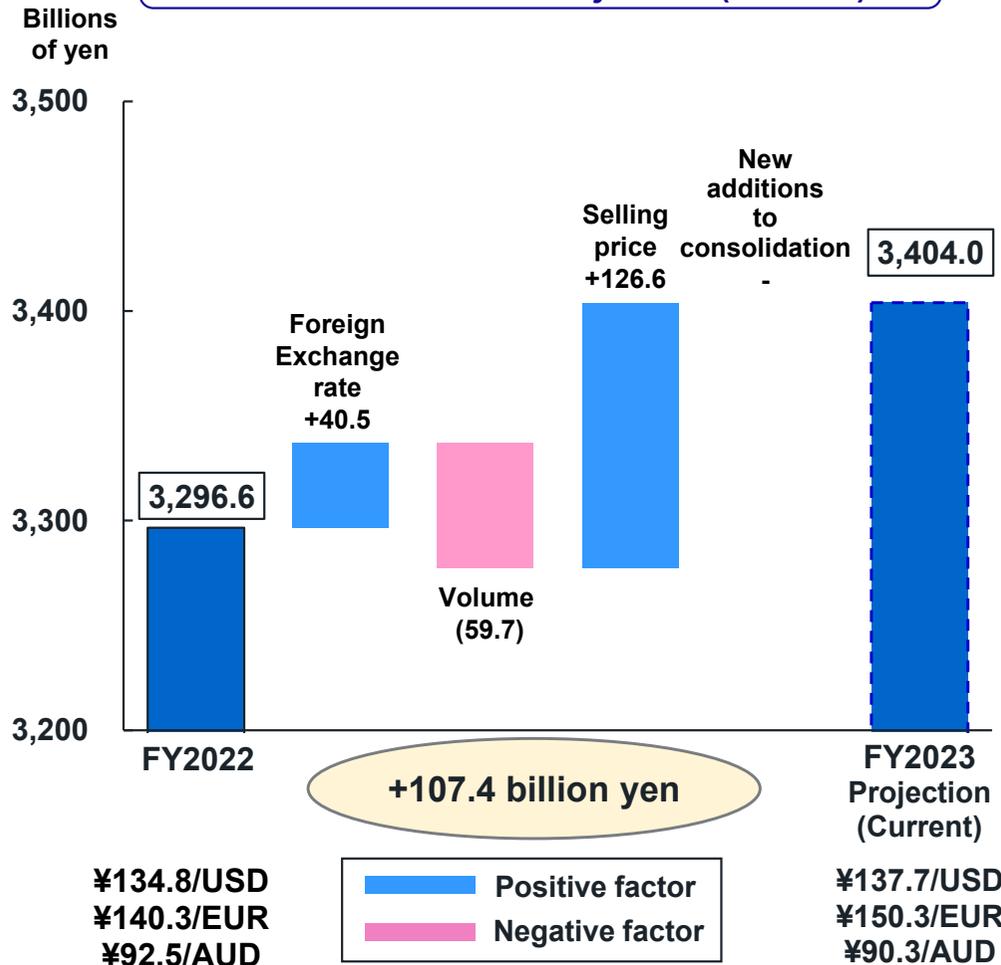


# Construction, mining & utility equipment : Causes of Difference in Projected Sales & Segment Profit for FY2023

- Sales will increase by JPY107.4 billion from FY2022, supported by the positive effects of foreign exchange rates and improved selling prices.
- Segment profit will increase by JPY79.4 billion from FY2022, mainly due to the positive effects of foreign exchange rates and improved selling prices, which will more-than-offset increased production and fixed costs.
- Segment profit ratio will improve to 15.4%, up 1.9 points from FY2022.

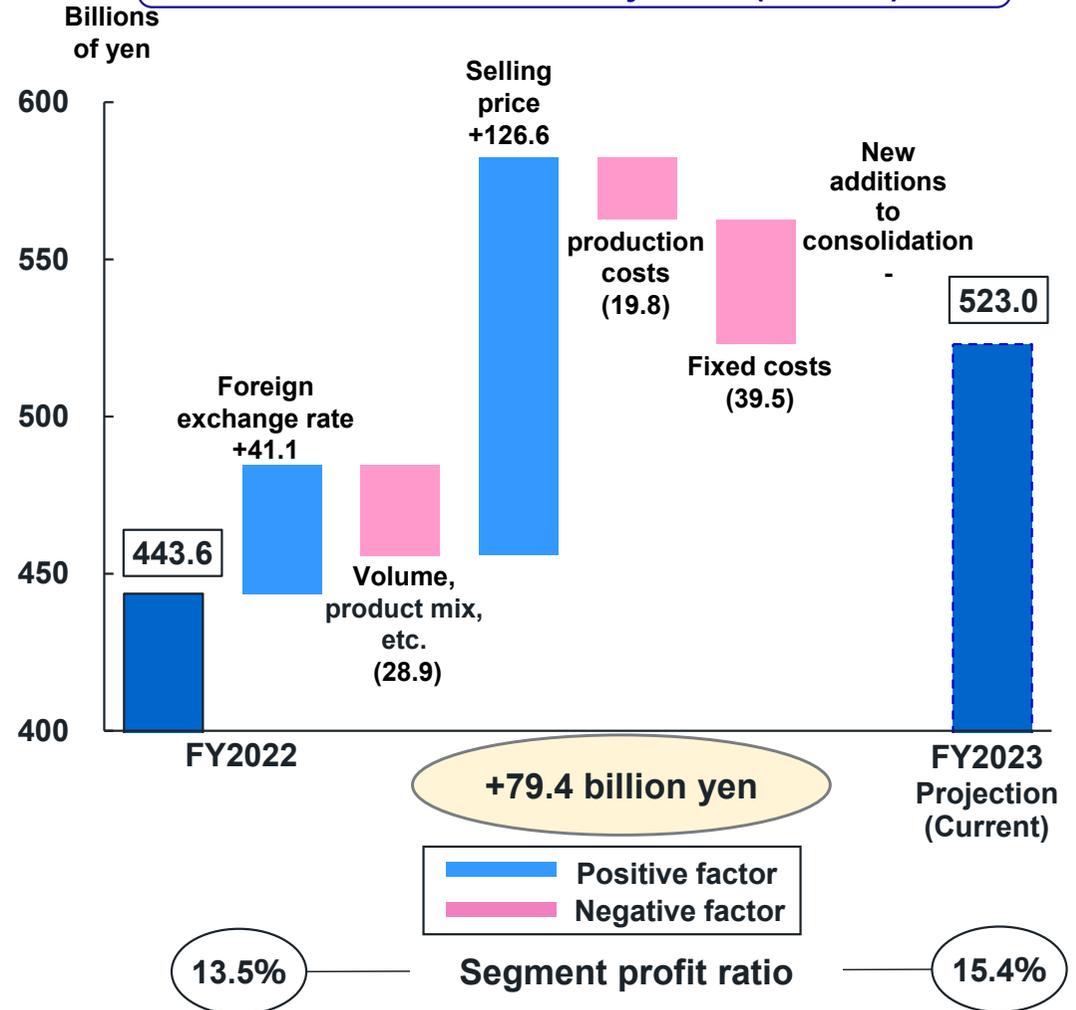
## Sales

FY2022 vs. FY2023 Projection (Current)



## Segment profit

FY2022 vs. FY2023 Projection (Current)

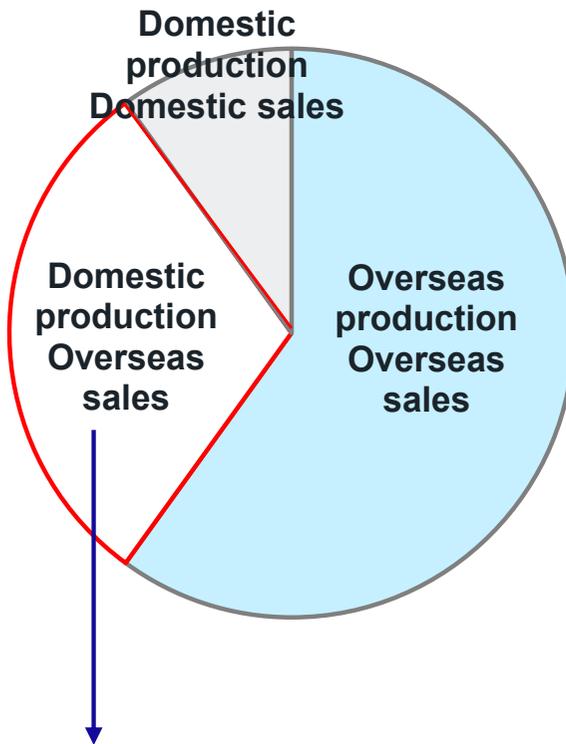


# Construction, mining & utility equipment : Analysis of segment profit

- Segment profit analysis for Construction, Mining & Utility Equipment segment, considering foreign exchange impact, selling price increases, and production cost increases.

## Impact of foreign exchange on segment profit

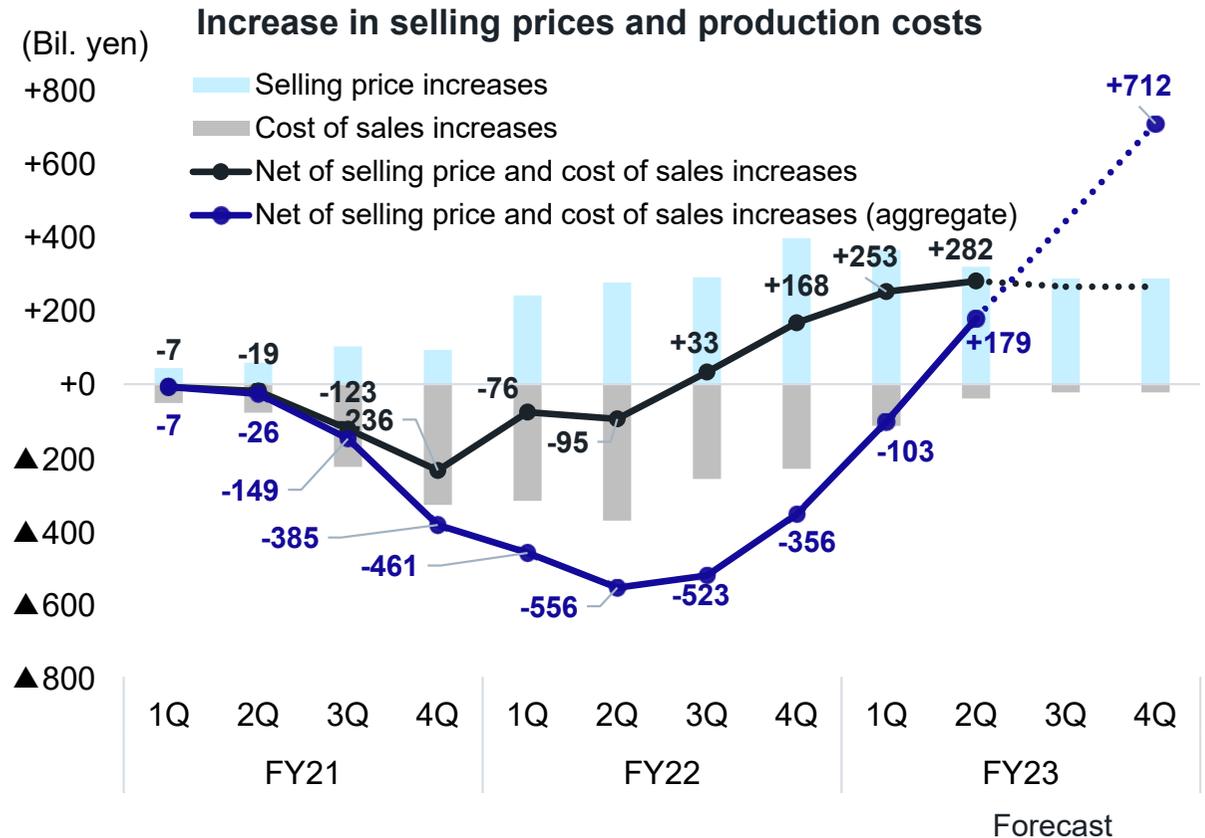
Domestic and overseas production and sales composition



Parts and equipment exported from Japan for production are denominated in the Japanese yen and sold in foreign currencies

⇒ **Foreign exchange rate changes impact profits**

## Increase in selling prices and production costs

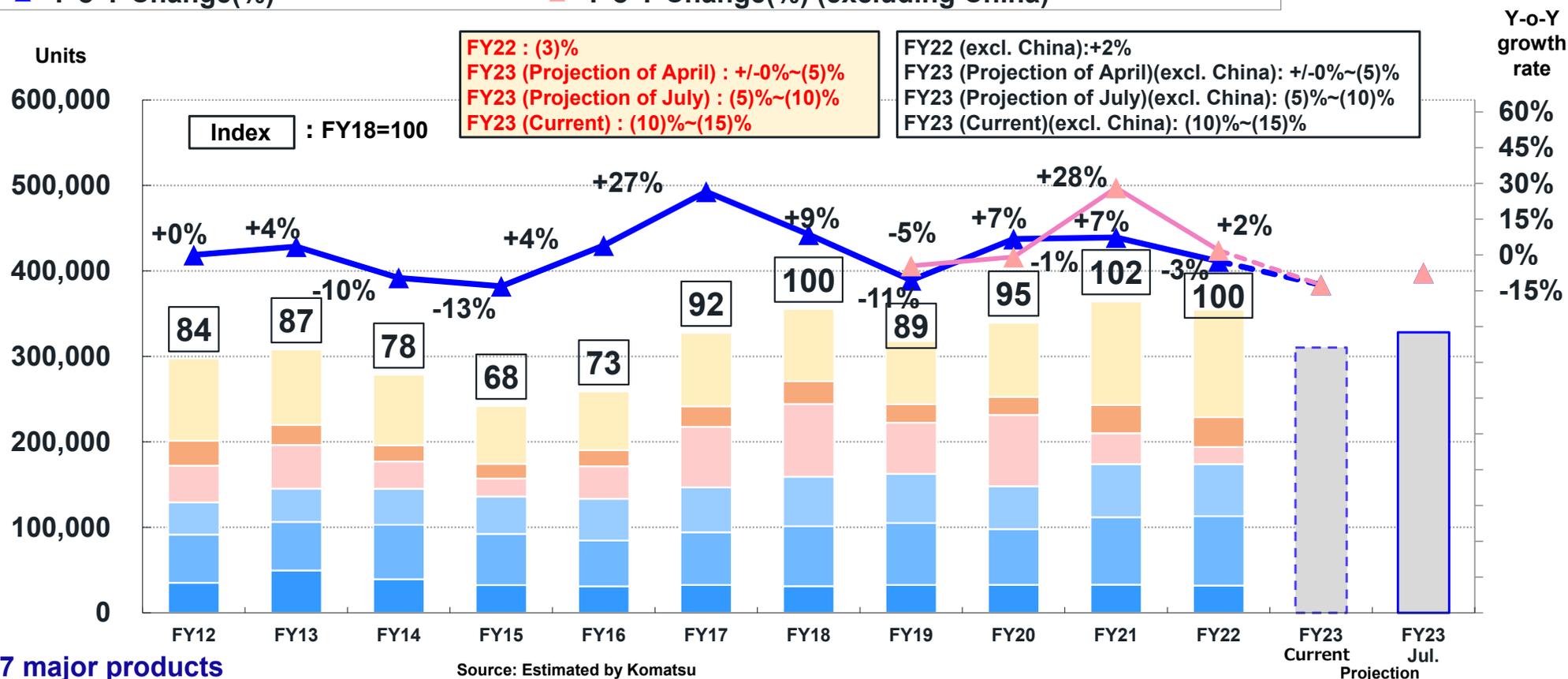


- Cost increases likely to slow in FY23, while we implement price hikes at the same level as in FY22
- We expect selling price increases to exceed cost increases over the cumulative FY21-FY23 period**

# Construction, mining & utility equipment:

## Actual and projected demand for 7 major products

- In FY2023, full-year demand will decrease between -10% and -15% (Changed from the projection of July 2023). When China is excluded, demand will decrease between -10% and -15% around the world (Changed from the projection of July 2023).



### 7 major products

Source: Estimated by Komatsu



Bulldozers



Hydraulic excavators



Wheeled hydraulic excavators



Wheel loaders



Dump truck



Articulated dump truck

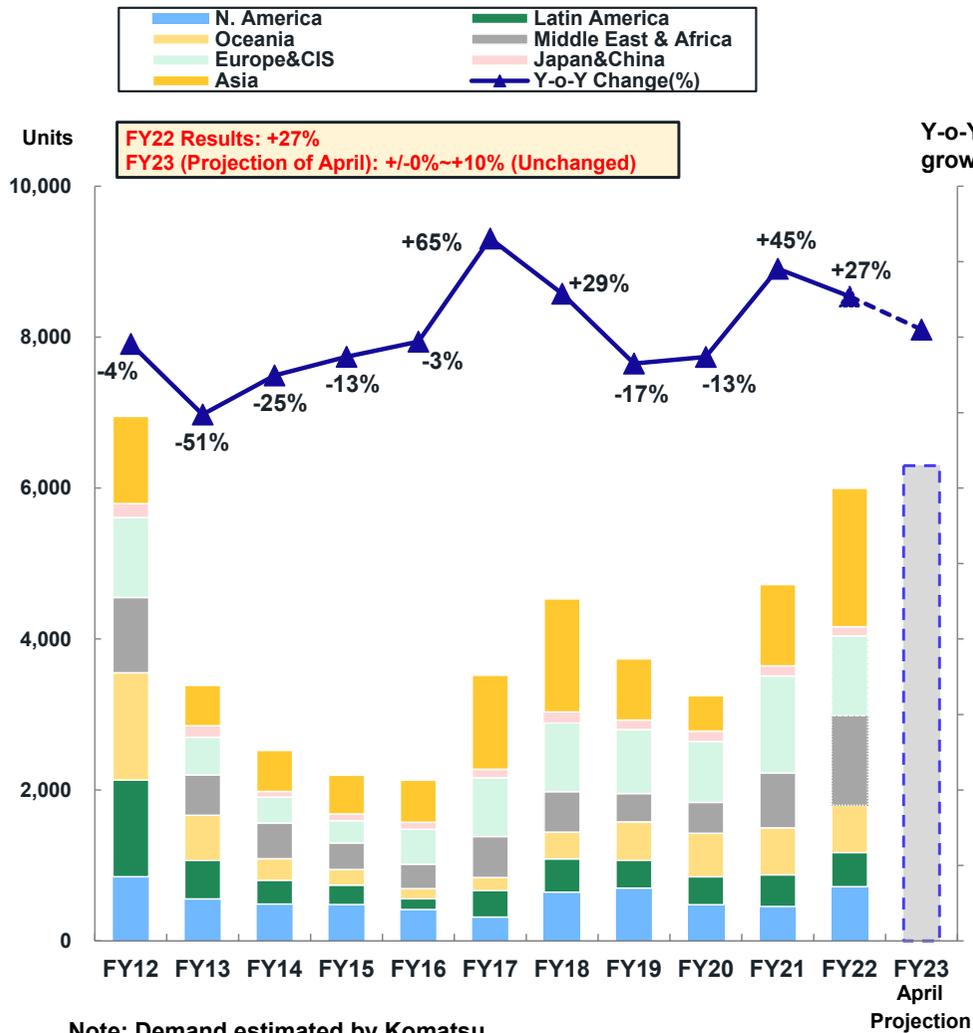


Motor grader

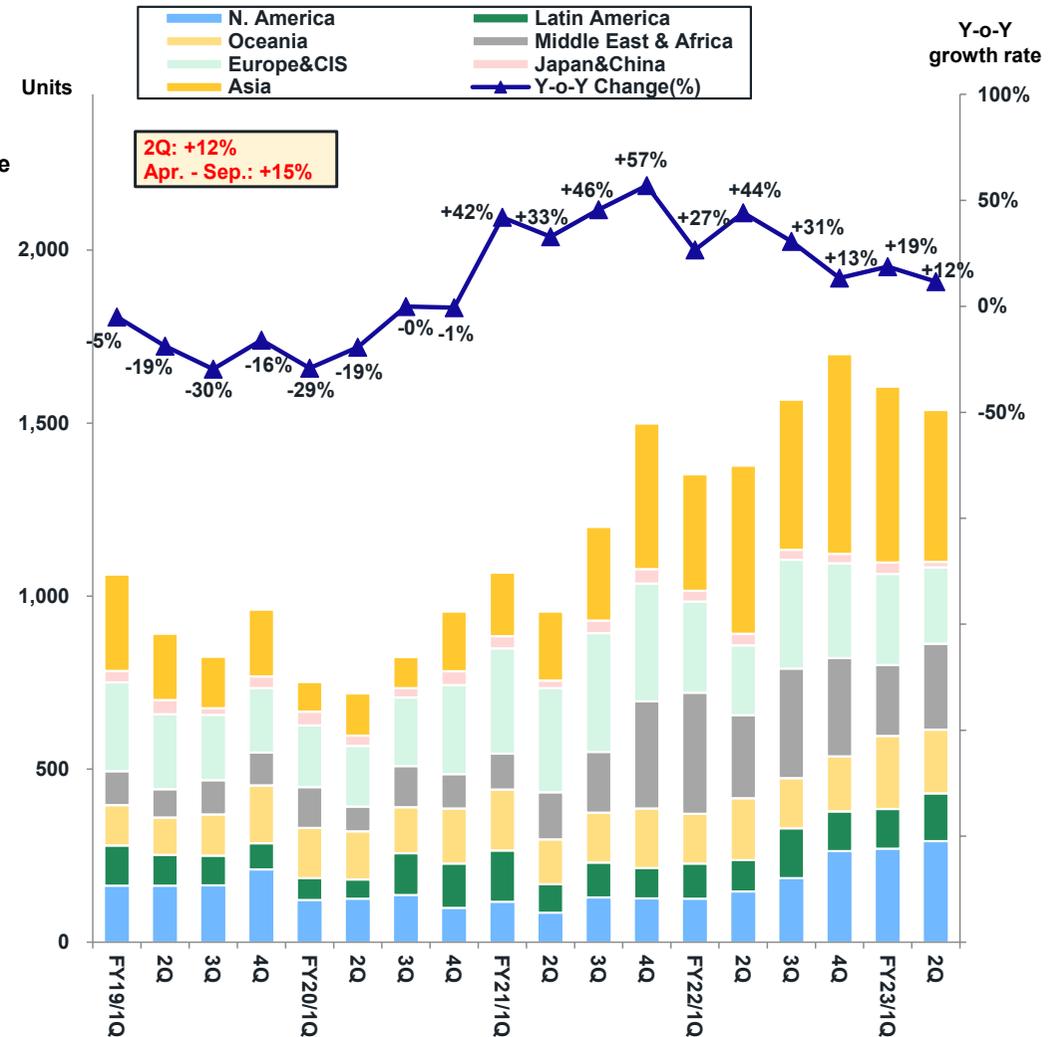
# Construction, mining & utility equipment : Actual and projected demand for mining equipment

- In 2Q FY2023, global demand for mining equipment advanced by 12% from the corresponding period a year ago. Demand increased in North America, in particular.
- In FY2023, full-year demand will increase between +/-0% and +10% from FY2022 (Unchanged from the projection of April 2023).

## Annual demand for mining equipment



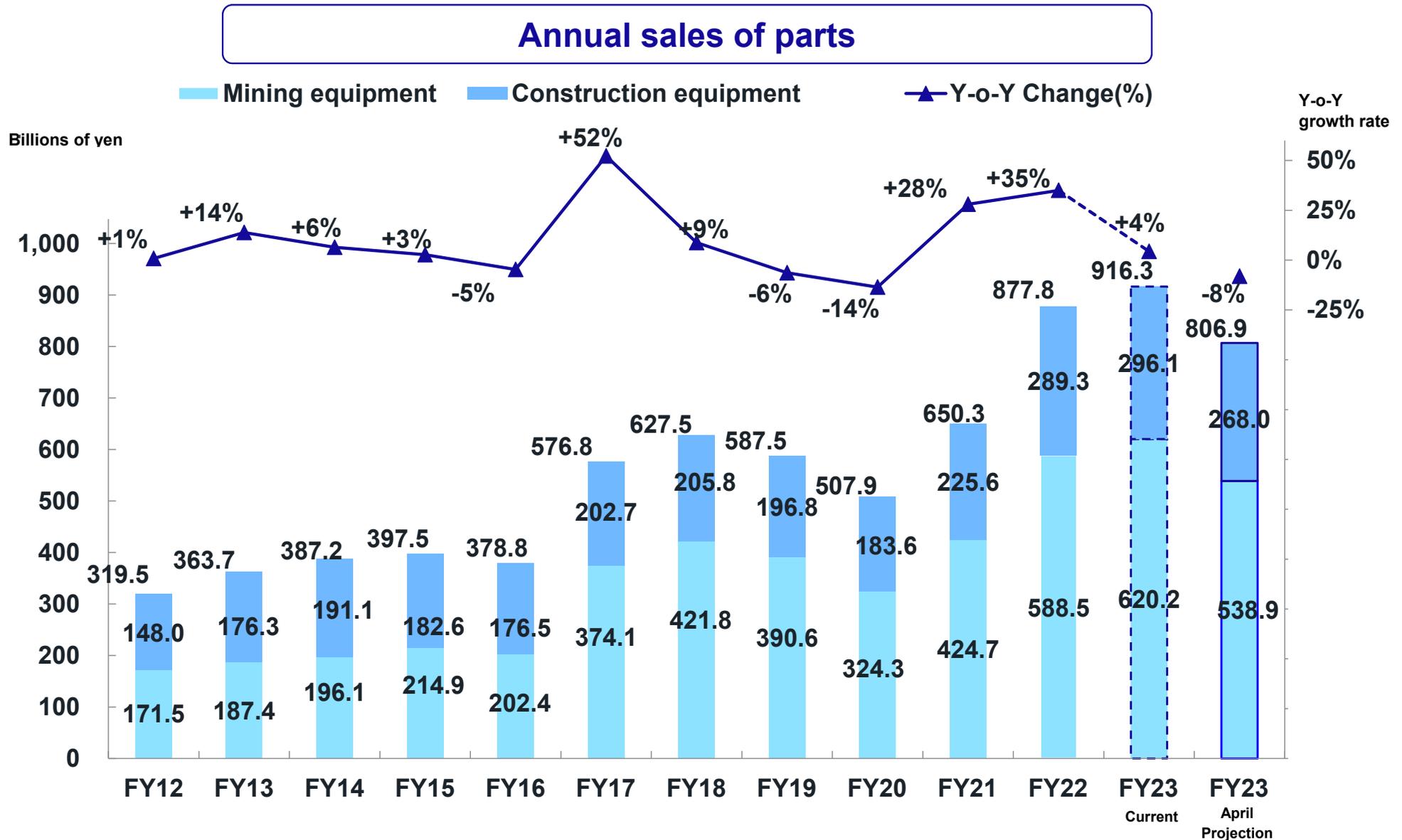
## Quarterly demand for mining equipment



- Dump trucks: 75 tons (HD785) and larger
- Bulldozers: 525HP (D375) and larger
- Excavators: 200 tons (PC2000) and larger
- Wheel loaders (mechanical driven): 810HP (WA800) and larger
- Motor graders: 280HP (GD825) and larger

# Construction, mining & utility equipment : Actual and projected sales of parts

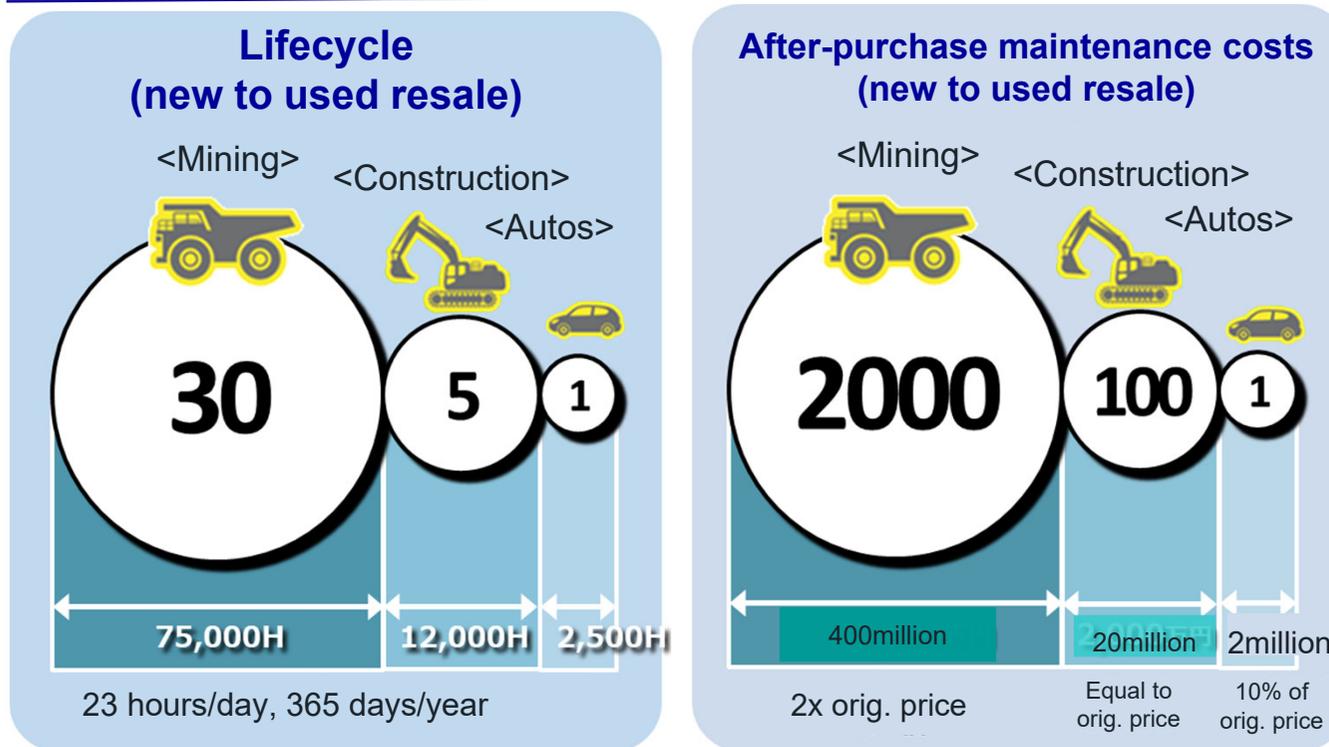
- In FY2023, full-year sales of parts will increase by 4% from FY2022, to JPY916.3 billion (Changed from the projection of April 2023).



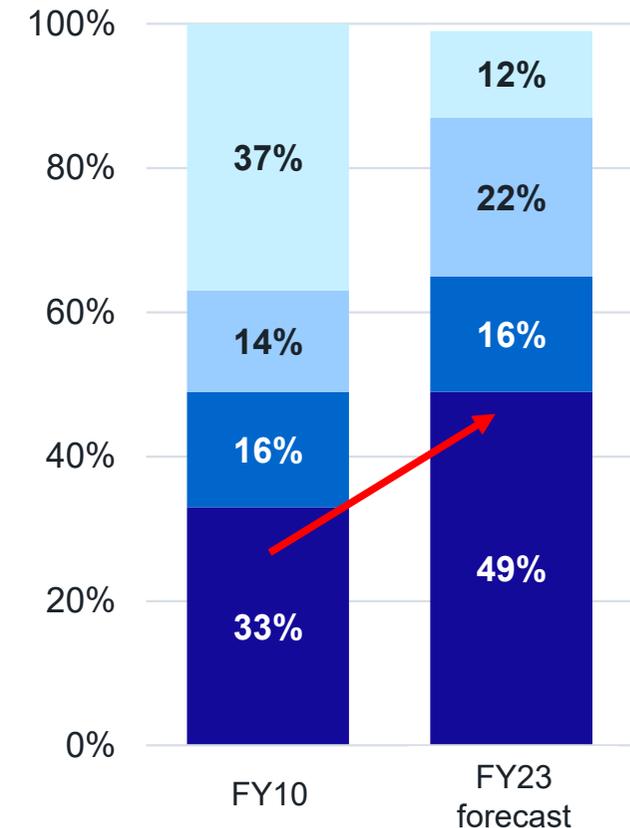
# Building a profit structure not affected by the external environment

- The aftermarket for construction and mining equipment is large once the purchase of new equipment is made; demand fluctuates less than for the equipment itself.
- Extended warranties with maintenance plans drive sales of genuine parts.
- In a market where demand fluctuates widely, we have achieved a stable profit structure less susceptible than that of demand for new vehicles.

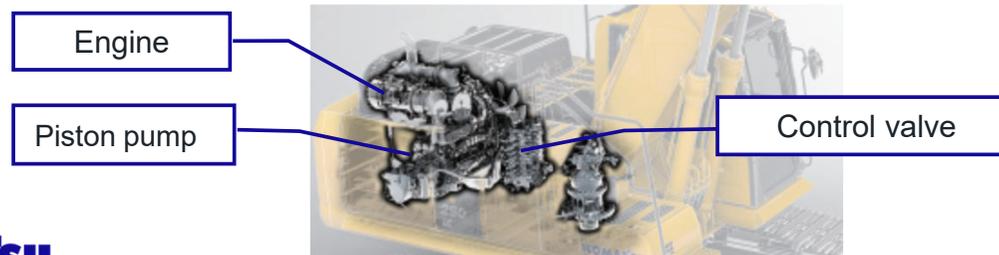
## Operating hours and costs of construction and mining equipment (vs. automobiles)



## Construction, Mining & Utility Equipment sales composition



## The origin of Komatsu's strength: In-house development and production of key components



# Basic cash allocation policy

- We allocate operating cash flow in a balanced manner: (1) capital investments (growth strategy); (2) debt reduction (maintaining financial soundness); and (3) shareholder returns.
- We strive to increase operating cash flow (source of cash allocation), as well as invest efficiently in growth areas to continue providing future stable shareholder returns.

Operating cash flow	Capital Investments	Standard Investments	35–45%	Allocate 50% of operating cash flow to investments for growth
		Lease/rental investments	5–15%	
		<b>Total</b>	<b>50%</b>	
	<b>Shareholder returns</b>	<b>25–35%</b>	Consolidated payout ratio of 40% or more	
<b>Debt repayment</b>	<b>15–25%</b>	Industry's top-level financial position		
		+		
<b>M&amp;A activities</b>		<b>+ α</b>	Constant examination of possibility of utilizing external resources	

# Dividend policy

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

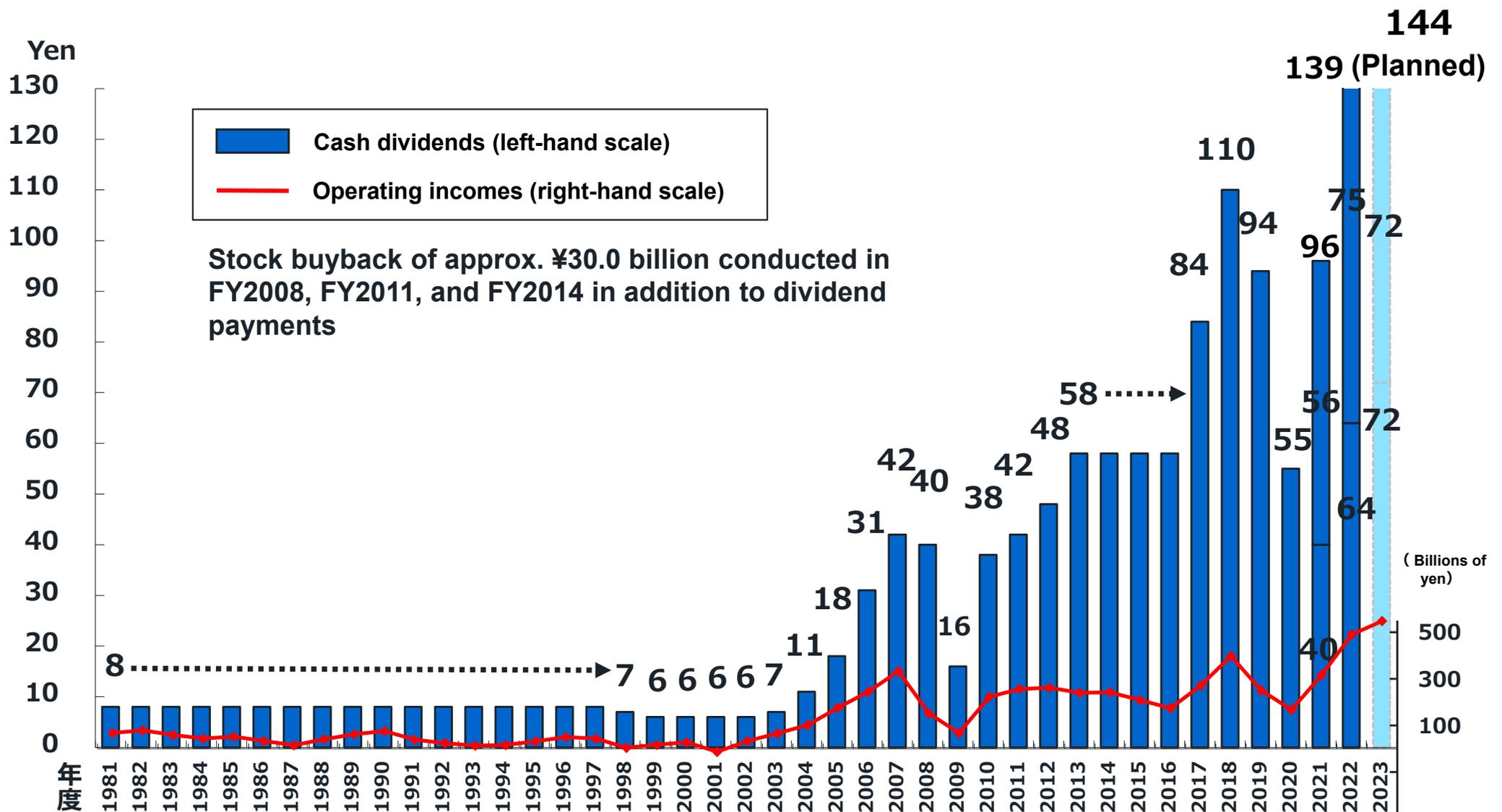
## <Dividend policy and Consolidated payout ratio>

	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY23 (Projection)
Dividend Policy	20%以上		20%~40%				30%~50%			40%~60%			40%~					
Consolidated payout ratio (Total return payout ratio)	19%	20%	40% 88% *	38% *	24%	24% 42%	36%	35%	36% 55%	40%	48%	40%	41%	58%	49% **	40.3%	40.3%	44.0%

\*FY2008 and FY2009 figures exclude restructuring charges.

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

# Cash dividends



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

# The Project for promoting the development of innovative technologies for autonomous construction, such as on the moon

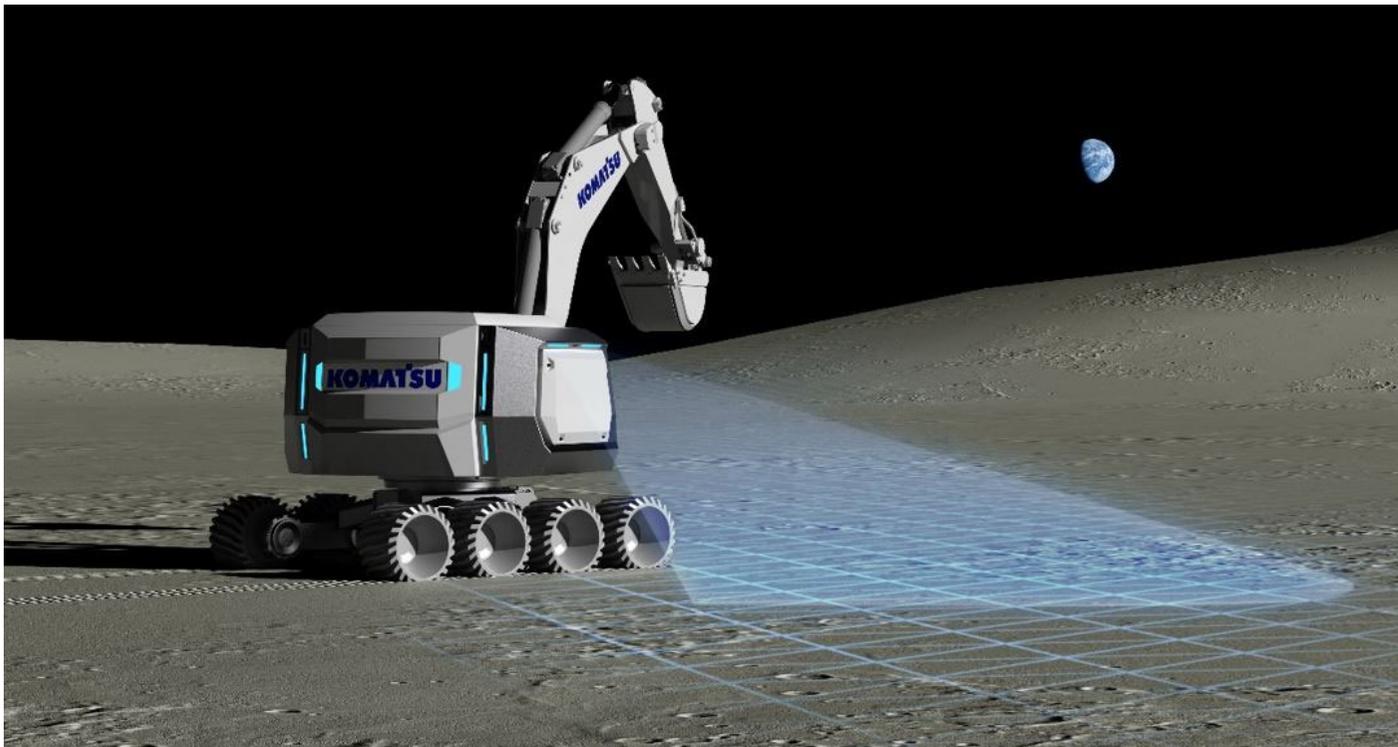
- **Komatsu Ltd. has applied for the request for proposal concerning the Project for Promoting the Development of Innovative Technologies for Outer Space Autonomous Construction managed by the Japanese Government.**
- **Komatsu will create and operate a hydraulic excavator in cyberspace and compare its movements with actual equipment on Earth to verify the simulator's precision.**

## **Komatsu Contract Research & Development**

( News release of November 18, 2021 )

**- FY2021 : Construction of digital twin technology for lunar construction machinery**

**- FY2022~FY2025 : R&D for the realization of construction machinery that adapts to the lunar environment using digital twin technology**



Adaptation of lunar construction equipment by using digital twin technology (conceptual)

# Thank you.



## 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.

# References

# Complimentary gifts for long-term shareholders

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



- We give an original miniature Komatsu equipment (not for sale) to each eligible shareholder.
- Miniature of a harvester (forestry equipment used for harvesting standing timber)

**FY2023 gift**  
**• 931XC Wheel Harvester**

\* Picture is just an image.

## Eligible shareholders

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

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

# Communication with individual investors & shareholders

## Actively hold facility tours



## Briefing for individual investors

<Held online>

コマツの歴史～創業者の精神～

創業者 竹内 明太郎 (高知県宿毛市出身) の志

**工業富國基**  
工業は国を富ませる基なり  
人材育成こそが工業富國基の基本

創業者 竹内 明太郎

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

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

◆品質第一 ◆技術革新  
◆海外への雄飛 ◆人材育成

## Interviews with president posted on the website



## Interim Report Latest project status and events

Information

見学会のご案内

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

2023年9月10日(水) 午後1時30分～

コース	開催日	開催時間	定員	参加費(税別)	会場	対象者
1	2023年11月30日(水)	午後1時30分～	60名	140円	小松製作所 伊予工場	製造現場の見学
2	2023年12月27日(木)	午後1時30分～	60名	140円	小松製作所 伊予工場	製造現場の見学
3	2023年12月12日(水)	午後1時30分～	60名	45円	小松製作所 伊予工場	製造現場の見学
4	2023年12月12日(水)	午後1時30分～	60名	45円	小松製作所 伊予工場	製造現場の見学
5	2023年12月12日(水)	午後1時30分～	60名	40円	小松製作所 伊予工場	製造現場の見学
6	2023年12月14日(金)	午後1時30分～	60名	40円	小松製作所 伊予工場	製造現場の見学
7	2023年12月14日(金)	午後1時30分～	60名	40円	小松製作所 伊予工場	製造現場の見学
8	2023年12月15日(土)	午後1時30分～	60名	40円	小松製作所 伊予工場	製造現場の見学



株主の皆さまへ  
**中間報告書** 第155期  
2023年4月1日～2023年9月30日



【写真】ニシヨベル向け蓄電池駆動付き充電器(イメージ上) / 新型電動機ニシヨベル(PC30E-6J)下

証券コード: 6301

KOMATSU  
Creating value together