



Komatsu IR-Day 2025 Komatsu Report 2025

Executive Officer, President, Sustainability Promotion Division
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December 17, 2025

Overview of Komatsu Report (Integrated Report)

Purpose of publication

The Komatsu Report is an annual report issued to stakeholders including investors and shareholders. It is intended to provide stakeholders with our management policies and corporate activities that are directed toward the sustainable enhancement of the corporate value of Komatsu Group.

Komatsu Report 2025 editorial policy and contents

Editorial policy

1. Incorporated direct message from top management and voices of customers to enhance persuasiveness and transparency.
2. Focused on introducing timely key topics: "New President," "New Strategic Growth Plan," and "Value creation story."

Contents

Introduction

Our values and future vision

Value creation story

Top management message, our business models, and examples of value creation story

Strategic Growth Plan (SGP)

In-depth analysis of the SGP and financial strategies for enhancing corporate value

Sustainability

Sustainability initiatives (people, business, the planet)

Governance

Corporate governance, risk management

Data

Summary of financial and non-financial data

His first message in the Komatsu Report since assuming the presidency. Expressing the vision embedded in the formulation of the Strategic Growth Plan and the determination to its execution.



Points

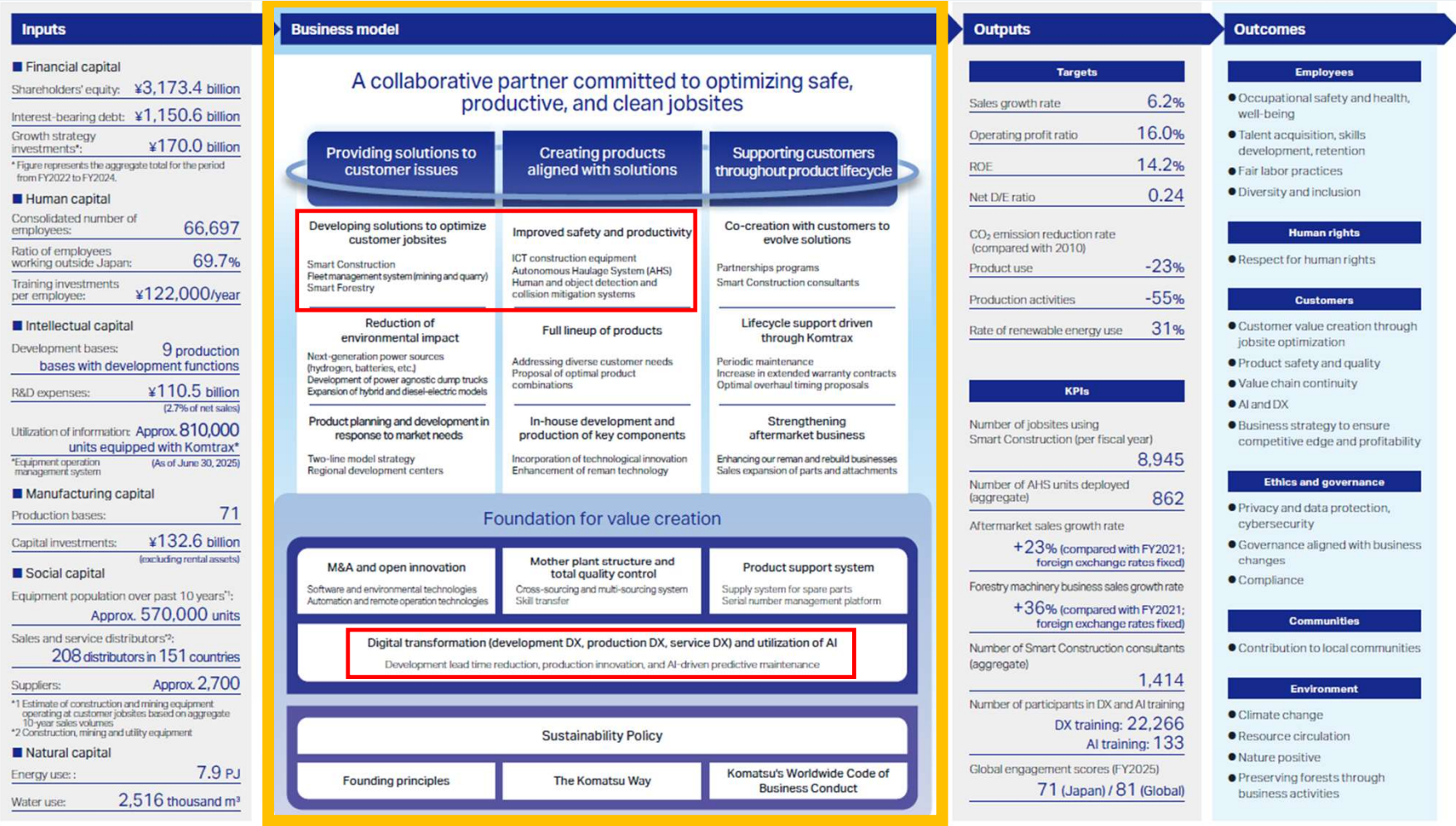
- Based on our purpose, values, and promise, we will continue to **commit ourselves to "Quality and Reliability" to maximize the total sum of trust given to us by society as our management principle.**
- We chose the key word **"Ambition"** in the SGP. **It's to communicate our enthusiasm to create customer value driven by both solutions and products through investing in our own change, even in times of uncertainty.**
- Komatsu's strengths are **"pioneering innovation", "evolution of manufacturing built on quality control" and "talents who share the Komatsu Way globally"**.
- We have always made every effort to communicate with our shareholders and investors. **Will continue to improve and elevate this communication going forward.**



Our vision and key activities in the SGP.

Value creation process

Revised the business model chart. Expressing our business model, which creates value driven by both productions and solutions, aiming for our vision outlined in the SGP.



Special feature 1: Project story

P.24-27

Describing customer value creation through both solutions and products, using the new-generation hydraulic excavator "PC200i-12" as a case study, with insights from both inside and outside the company.

Customer

Interview with Nagumo Construction Co., Ltd.



Solution Smart Construction enables real-time remote revising on construction drawings that differ from actual site topography.

Product The 3D construction function* of ICT construction equipment enables high-precision work even by non-experts. This also contributes to training young talent.

*Technology that utilizes ICT to achieve high-precision construction according to construction drawings



Komatsu

Project leaders' messages from Development and Production Department



Solution To help a wide range of customers experience ICT construction, EARTHRAIN Inc. (solution development) is promoting app development aimed at more intuitive operation.

Product The hydraulic system which has been installed for 30 years, was upgraded to an electronic and hydraulic system. For mass production, meticulous quality checks were conducted in a dedicated production process for ICT construction equipment.

Distributors

Messages from independent distributors in Germany and North America*
*As of December 2025, introduced to markets in Europe and North America



Distributor insight

- The PC220LCi-12, combined with solutions, enables the provision of "future services" that reduce cost and time. **Confident in its expansion in the German Construction Market.**
- **Our partnership with Komatsu is about as strong as it can possibly be,** supportive of whatever we need to do to take care of our customers.

Special feature 2: Production DX strategy (Priority initiatives in the SGP)

P.46-48

Introducing DX initiatives advancing at global production sites. Aiming to build a global production system resilient to environmental changes.



The plant cockpit in the new Osaka Plant

Points

- Manufacturing is Komatsu's foundation. Our strengths in production are **"in-house development and production of key components," "mother plant structure," "cross-sourcing system,"** and **"strong relationships with suppliers."**
- Our vision is to **build a cost-efficient plant that stays operational and adapts well to environmental changes.**
- We are constructing **a next-generation DX plant** in the Osaka Plant to **achieve dantotsu productivity and competitiveness.** We will roll out established technologies globally.
- We also introduce **examples of DX projects in Thai plant and collaborative process automation initiatives with suppliers.**



Unattended transport of parts using AMR in the Thai Plant



Automated hammer forging process

Strategic Growth Plan (SGP)

P.29-34

For financial targets in the SGP, while continuing the goals and metrics from the previous mid-term management plan, a new target for Free Cash Flow has been established to sustain growth investments. For non-financial targets, the mid-term key activities contributing to solving social issues are disclosed as 30 KPIs.

Category	Item	Indicator	Target
Financial	Growth	Sales growth rate	Growth rate above the industry average
	Profitability	Operating profit ratio	Top profit ratio in the industry
		FCF	3-year cumulative: 1 trillion yen (excluding M&A-related expenditures)
	Efficiency	ROE	10% or higher
	Retail finance business	ROA	1.5% to 2.0%
Net D/E Ratio		6 times or less	
	Shareholder returns	Consolidated payout ratio	<ul style="list-style-type: none"> •40% or more (consolidated) •Timely share buybacks based on an overall balance of financial soundness, shareholders' equity ratio, and other factors
Non-Financial		KPI for solving social issues	Overall evaluation (including evaluations by external organization) of progress in 30 social solution KPIs
	Resolution of social issues	Reduction of environmental impact	<ul style="list-style-type: none"> •Decrease CO₂ emissions from Komatsu (total): 50% reduction by FY2030 (compared to 2010) Decrease CO₂ emissions from product use (intensity): 50% reduction by FY2030 (compared to 2010) <Stretch Goal> Become carbon neutral by FY2050 •Renewable energy use: 50% of total energy use by FY2030

Providing a detailed explanation of financial strategies for enhancing corporate value. First disclosure of AHS's social impact amount in using impact-weighted accounts.

Area	Previous mid-term management plan			Strategic Growth Plan		PBR components (indicators of increased corporate value)
	Indicator	Management targets	FY2024	Indicator	Management targets	
Growth	Sales growth rate	Growth rate above the industry average	6.2%	Sales growth rate	Growth rate above the industry average	2) Expected cash flow growth rate
Profitability	Operating profit ratio	Top profit ratio in the industry	16.0%	Operating profit ratio	Top profit ratio in the industry	3) Net income ratio
				FCF	3-year total: 1 trillion yen (excluding M&A-related expenditures)	4) Total assets turnover
Efficiency	ROE	10% or higher	14.2%	ROE	10% or higher	4) Total assets turnover
Financial position	Net D/E ratio	Top-level financial position in the industry	0.24	-	-	-
Retail finance business	ROA	1.5%-2.0%	2.2%	ROA	1.5%-2.0%	3) Net income ratio
	Net D/E ratio	5 times or less	4.51	Net D/E ratio	6 times or less	5) Financial leverage
Shareholder returns	Consolidated payout ratio	<ul style="list-style-type: none"> • 40% or more • Keep a fair balance between investment for growth and shareholder returns (incl. share buybacks), while placing main priority on growth investment 	40.1% Share buybacks ¥100.0 billion	Consolidated payout ratio	<ul style="list-style-type: none"> • 40% or more • Timely share buybacks based on an overall balance of financial soundness, shareholders' equity ratio, and other factors 	1) Cost of capital
						5) Financial leverage

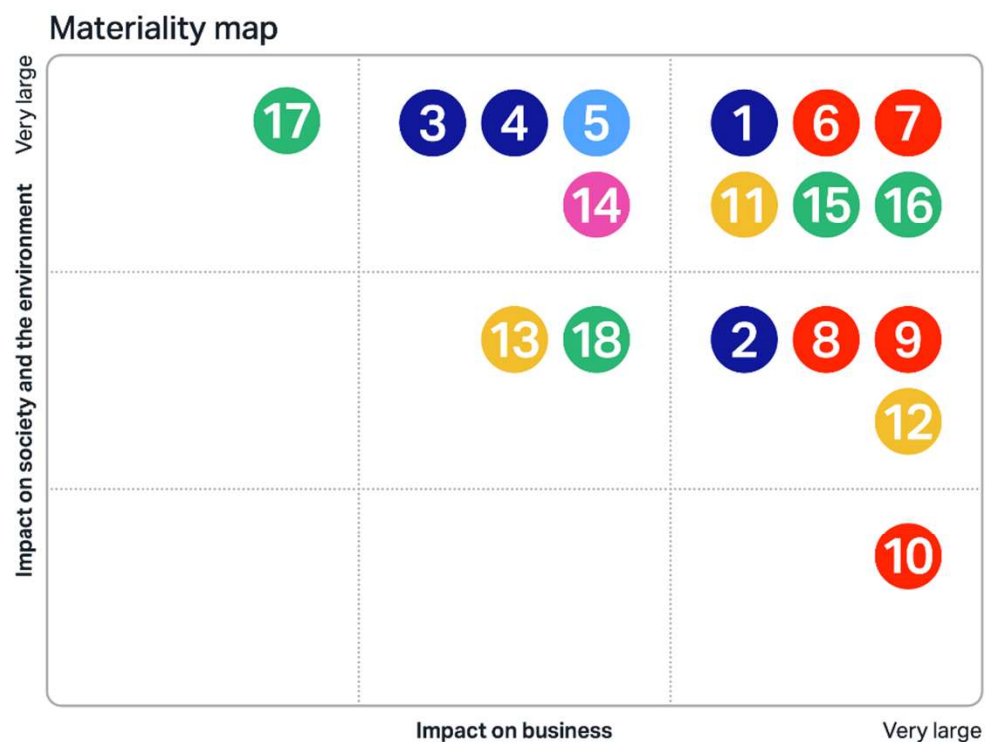
$$\text{PBR} = \text{PER} \times \text{ROE}$$

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

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

Through a double materiality assessment considering both business impacts and environmental/social impacts, we identified 18 key topics grouped into six areas.

Importance assessment mapping






Specific challenges

● Employees	<ul style="list-style-type: none"> 1 Occupational safety and health, well-being 2 Talent acquisition, skills development, retention 	<ul style="list-style-type: none"> 3 Fair labor practices 4 D&I
● Human rights	<ul style="list-style-type: none"> 5 Respect for human rights 	
● Customers	<ul style="list-style-type: none"> 6 Customer value creation through workplace optimization 7 Product safety and quality 8 Value chain continuity 	<ul style="list-style-type: none"> 9 AI and DX 10 Business strategy to ensure competitive edge and profitability
● Ethics and governance	<ul style="list-style-type: none"> 11 Privacy and data protection, cybersecurity 12 Governance aligned with business changes 	<ul style="list-style-type: none"> 13 Compliance
● Communities	<ul style="list-style-type: none"> 14 Contribution to local communities 	
● Environment	<ul style="list-style-type: none"> 15 Climate change 16 Resource circulation 17 Nature positive 	<ul style="list-style-type: none"> 18 Preserving forests through business activities

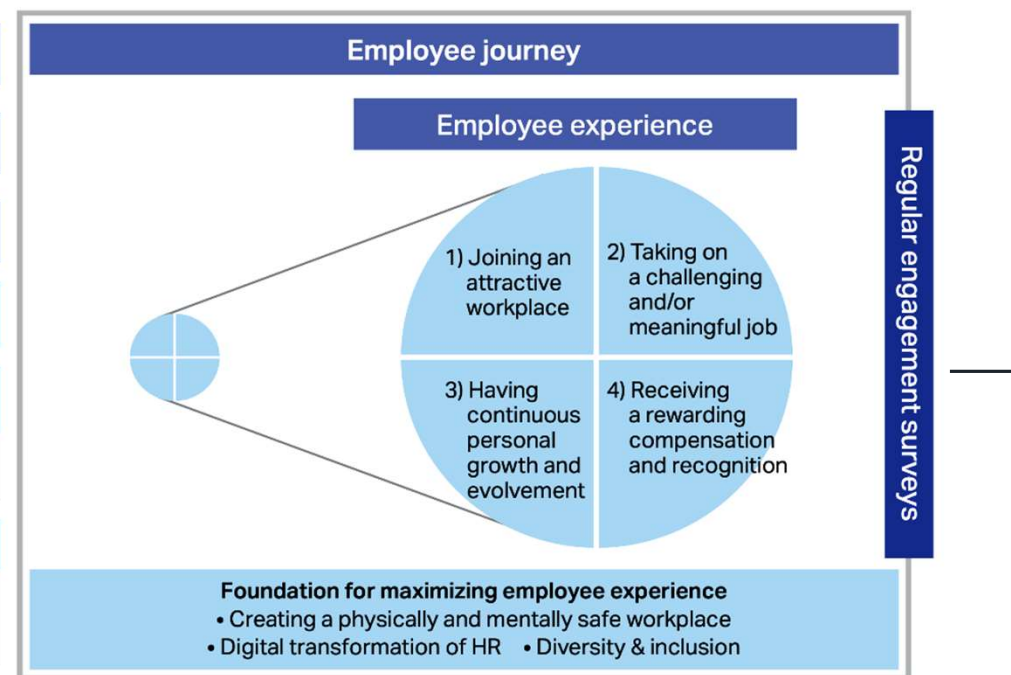
KPIs for solving social issues

We developed priority initiatives under the SGP that contribute to solving social issues, set 30 related KPIs.

Category	Key KPIs	FY2027 Target
<p>With people Materiality: "Employees" "Human Rights"</p> 	Ratio of women in managerial positions (global)	14.0%
<p>With business Materiality: "Customers" "Ethics and Governance" "Local Communities"</p> 	<p>Cumulative Autonomous Haulage System (AHS) installations in mines</p> <hr/> <p>Aftermarket business sales growth rate</p>	<p>1,000 units (aggregate)</p> <hr/> <p>+15% (compared with FY2024; foreign exchange rates fixed)</p>
<p>With the planet Materiality: "Environment"</p> 	<p>Reduce CO2 from production</p> <hr/> <p>Reduce CO2 from product use</p>	<p>▲ 39% (compared with FY2010 levels, total volume)</p> <hr/> <p>▲ 32% (compared with FY2010 levels, intensity basis)</p>

Introducing human resource strategies aligned with the SGP and specific initiatives to improve employee engagement.

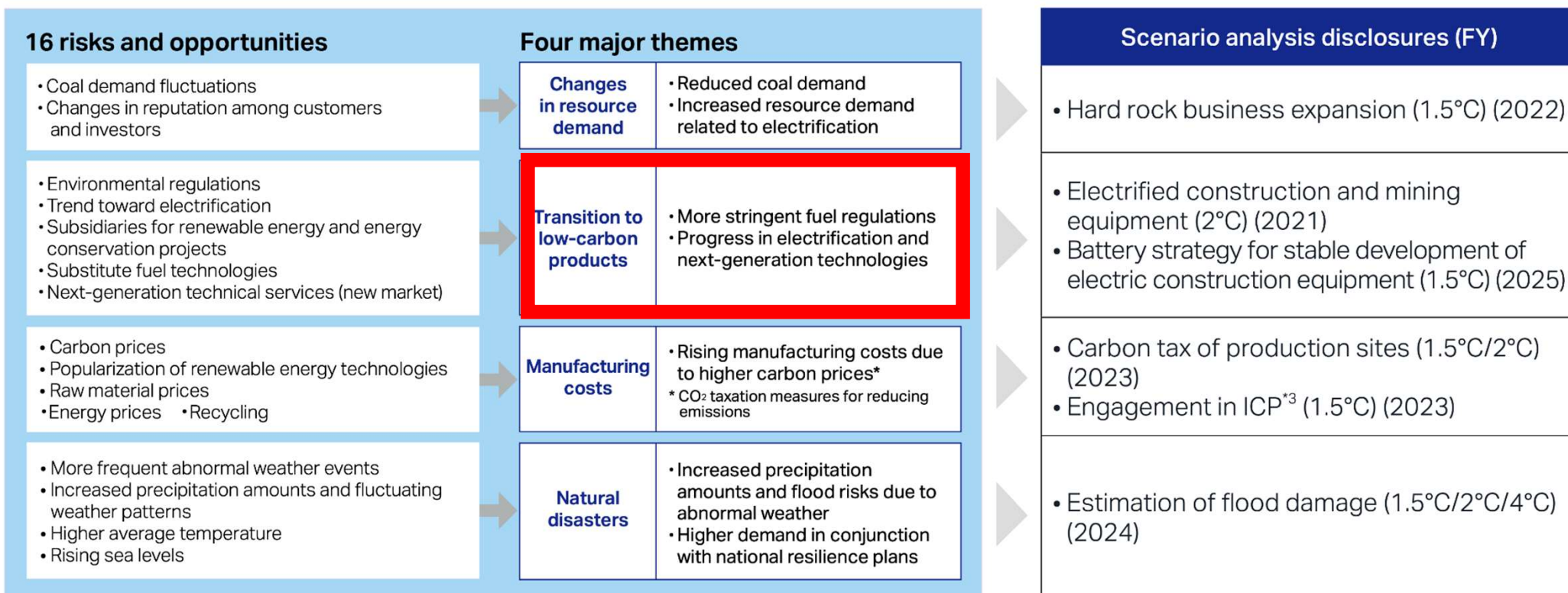
Key activities based on our new Strategic Growth Plan



Introducing Komatsu's environmental initiatives as case studies within the TCFD framework.

Identified risks and opportunities in climate change

*Red frame: Themes analyzed in this scenario analysis



Roundtable discussion with Outside Board Members

P.64-67

Introducing Board of Directors' activities from a more multifaceted perspective, a roundtable discussion featuring three Outside Directors is included.



I expect Komatsu will turn this unique nature into a competitive edge to face rivals and increase global market share further.

Arthur M. Mitchell, Outside Director

Possesses deep insight and extensive experience in international legal affairs



I hope to see the company continue its pursuit of diversity.

Mariko Matsumura, Outside Auditor

Possesses deep insight and extensive experience in legal affairs and compliance



Major changes in business risk or the environment are more of an opportunity for companies.

Takeshi Kunibe, Outside Director

Possesses high expertise in the financial and accounting fields, group company management, etc. Possesses deep insight and extensive experience in the business world

Points

- **Regarding the selection of the new President, the Nomination Advisory Committee had discussed the qualities required for a management leader.** Discussions are also underway regarding candidates for the next generation.
- The SGP had been discussed by the Board of Directors, **based on scenario planning that incorporates back casting from our vision state and the medium-to-long-term external environment.**
- The effectiveness of the Board of Directors is supported **by a culture that encourages open and candid discussion, as well as meticulous preparation for Board meetings.**

Closing remarks

We will incorporate feedback received through the IR Day and the Komatsu Report questionnaire into future reports and our IR activities. By continuing dialogue and maximize stakeholder's trust given to us, we will enhance corporate value.



We have established a survey site for the Komatsu Report 2025. We welcome your candid opinions.



All survey respondents will receive an original "Underwater Construction Robot" wallpaper!
Visit the Komatsu Report survey website [Here](#)