

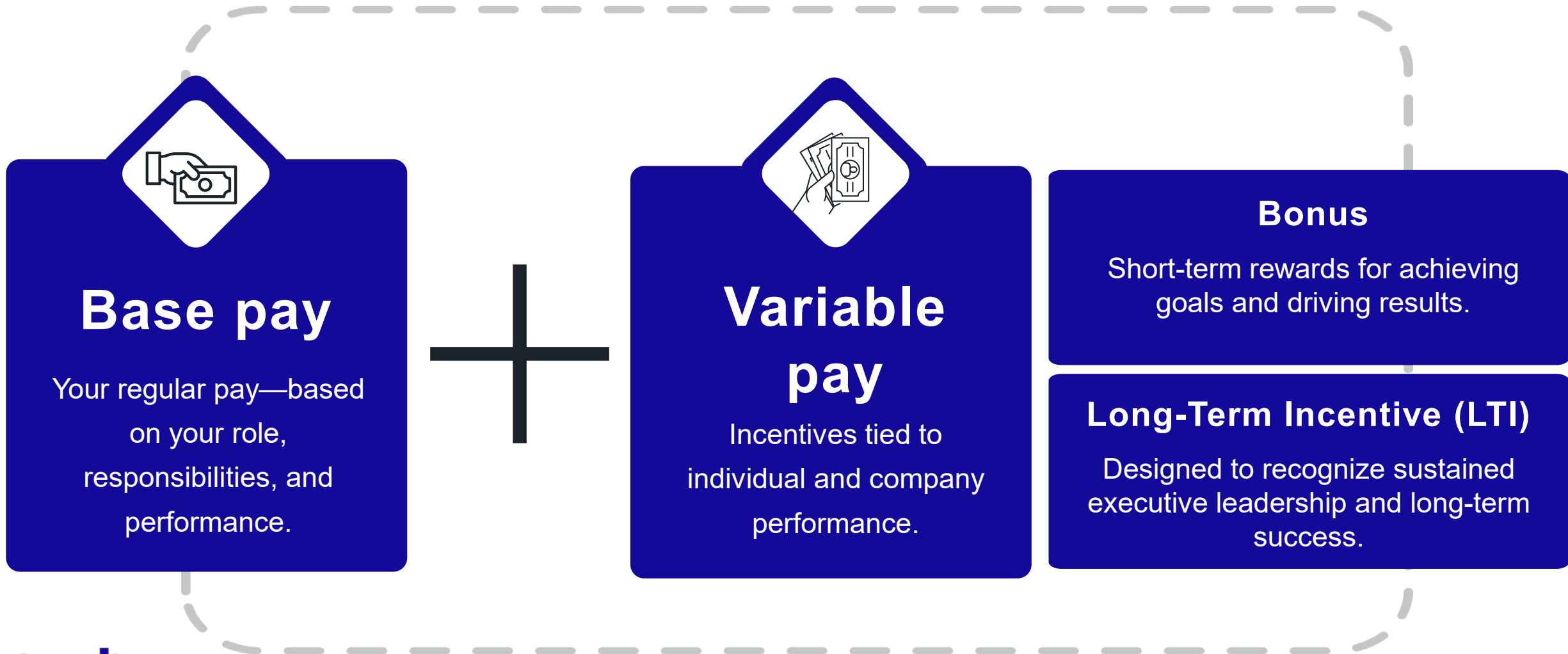
Annual Bonus Changes

Compensation philosophy

- Komatsu is committed to attracting, rewarding, and retaining high-performing employees from all backgrounds. We differentiate and **reward performance** through competitive pay, bonuses, and other incentives.
- Our compensation **aligns with business strategy, individual and company performance** and scope of responsibility. It is responsive to market dynamics, including labor supply and demand, economic shifts, and innovation across our manufacturing and technology operations.
- We ensure **external competitiveness** by benchmarking total rewards against local, regional, national, or global labor markets.
- We value **transparency**, providing clear information on job expectations and compensation guidelines.
- We support **employee growth** through career advancement, training, and development opportunities.

Our total compensation package

Our total compensation package is one component of our value proposition to leaders and employees



Annual bonus program

The intent of the Annual Bonus Program is to:



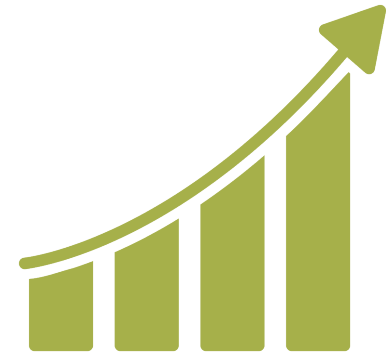
Align employee interests with business objectives



Reward performance



Balance the achievement of short-term and long-term goals



Ensure short-term retention of talent

2025 Bonus Payout Factor Groupings

Enterprise (KMT and KNA) or KNA only & KMT only and not aligned to one product line

Bonus Component	Weight	Details
Individual Performance	50%	Based on individual performance rating
Company Performance (Enterprise, KNA only, or KMT only)	50%	Weighted across 3 key metrics <ul style="list-style-type: none">• Operating Profit % (50% of company portion)• Inventory Months on Hand (40% of enterprise portion)• Capacity Cost (10% of enterprise portion)

KMT employees tied to business unit metrics

Bonus Component	Weight	Details
Individual Performance	50%	Based on individual performance rating
Company Performance (KMT)	25%	Weighted across 3 key metrics <ul style="list-style-type: none"> • Operating Profit % (50% of company portion) • Inventory Months on Hand (40% of enterprise portion) • Capacity Cost (10% of enterprise portion)
Business Unit Performance (Product Line: Soft Rock, Hard Rock, Loading, Haulage, Drilling, MTS, & Montabert)	25%	Weighted across 3 key metrics <ul style="list-style-type: none"> • Operating Profit % (50% of company portion) • Inventory Months on Hand (40% of enterprise portion) • Capacity Cost (10% of enterprise portion)

FY25 bonus payout factor bonus metrics and weightings - KFN

Bonus Plan Structure

- 50% individual performance (*based on performance rating*)
- 50% company performance
 - 25% Komatsu North America Performance
 - 25% Komatsu Financial Performance

Company Performance Breakdown for KFN (50%)

Business Component	Operating Profit %	Inventory Months on Hand	Return on Assets	Retail Past Due	Capacity Cost
Komatsu North America Performance (25%)	50%	40%	_____	_____	10%
Komatsu Financial Performance (25%)	_____	_____	50%	25%	25%

FY25 bonus payout factor bonus metrics and weightings - GPU, KAI, NTC

Bonus Plan Structure

- 50% individual performance (*based on performance rating*)
- 50% company performance (*varies by business unit*)

Company Performance Breakdown (50%)

Business Unit	Operating Profit %	Return on Invested Capital	Capacity Cost
GPU/KAI	50%	25% (ROIC)	25%
NTC	75%	N/A	25%

Bonus formula calculation – example

Employee A, at 5% incentive target %, has a base compensation of \$60,000 as of March 31 and is rated as “solid”.

Data as of March 31:

Company payout factor is **92.5%**

Target Award = Base Compensation x Incentive Target %

\$60,000 x 5% = **\$3,000**

Target Award x 50% x
Company Bonus Factor

Company portion

+

Target Award x 50% x Individual
Performance Review Rating Factor

Individual portion

Company Portion of Award = Target Award x 50% x
Enterprise Bonus Factor
 $\$3,000 \times 50\% \times 92.5\% = \mathbf{\$1,387.50}$

+

Individual Portion of Award = Target Award x 50% x
Recommended Individual %(Solid Review Rating)
 $\$3,000 \times 50\% \times 100\% = \mathbf{\$1,500.00}$

=

Total Bonus Award = Company Portion of Award + Individual Portion of Award
 $\mathbf{\$1,387.50 + \$1,500.00 = \$2,887.50}$

Why We're Changing — The Strategy Behind the Shift

A Closer Look at Our 2025 Incentive Plan KPIs

Operating Profit % (OP%)

1. Measures **core profitability** and operational performance
2. Promotes **margin discipline, pricing rigor, and cost efficiency**
3. Drives **sustained earnings power to fund investment and shareholder returns**

Inventory Months-on-Hand

1. Inventory is the **largest balance sheet lever** most teams can influence.
2. Drives improvements in **free cash flow**, working capital, and funds **shareholder returns** – all important elements of our new Strategic Growth Plan.

Capacity Cost (CC)

1. Encourages **disciplined cost control** while driving growth initiatives

Why Inventory MOH Matters to All of Us

What is MOH (Months on Hand)?

Think of it as: How long our stuff sits on shelves before we use or sell it. If MOH = 3 → We have 3 months' worth of parts and raw materials sitting in inventory.

MOH helps us see how fast we're using our inventory — and how much is just sitting.

Simple Formula:

- $MOH = 12 \div$ (How many times we use up and replace our inventory each year)
- We use a 5-point average inventory - that means we take inventory snapshots at five different times during the year and average them.
- This helps us track performance throughout the year, not just how we did at the end.

It's like a performance review with five check-ins, not just one - so we can't sprint in March and call it a win. We've got to keep inventory healthy all year long.






Why We're Talking About This Now:

Lower MOH = Faster, leaner, more flexible company

It helps us free up cash, serve customers better, and move as one team

Our Goal: Turn inventory faster. Hold less. Stay agile.

Why Does It Matter to YOU?

 Ties up cash	Less money for the things we actually need.
 Slows us down	Harder to react when customers want something fast
 Creates waste	Old parts can expire or break sitting on a shelf
 Hides problems	We miss issues with planning or supplier delays
 More space needed	Bigger warehouses = more cost, more work, more risk

How can I impact the company bonus results?

Operating Profit %

- **Improve gross margin** by supporting value-based pricing and product competitiveness
- **Reduce period costs** by eliminating waste in production, logistics, and operations
- **Prioritize high-impact spend** by identifying areas to cut or optimize

Capacity Cost

- **Control fixed costs** through proper staffing and cross-training
- **Boost productivity** by streamlining tasks and reducing low-value work
- **Spend smarter** on travel, tools, and office needs
- **Use resources wisely**, like sharing space, equipment, or subscriptions

Inventory Months on Hand

- **Keep inventory accurate** with timely transactions and clear labeling
- **Flag excess or slow-moving stock** early
- **Align supply with demand** by communicating changes and avoiding over-ordering

Return on Invested Capital/Assets

- **Help accelerate cash flow** by reducing overdue accounts and supporting timely A/R collection
- **Improve inventory turns** by managing stock levels and minimizing excess or obsolete materials
- **Extend vendor payment terms** and encourage customer prepayments when feasible
- **Support smart capital spending** by ensuring investments are necessary and generate a return

Payment of bonus awards

Payment of Bonus Awards	<ul style="list-style-type: none">• Payments are made in June.• U.S. payments made by June 15.• Retirees are paid a prorated bonus at target based on the retirement date.
U.S. Locations	Paid in cash, less applicable taxes and other withholdings and deductions.
Non-U.S. Locations	Paid in cash (local currency) less amounts required by law and other applicable withholdings and deductions.

Bonus eligibility

Eligible Employee Groups

- **Salaried/Staff Employees (Exempt and Non-Exempt)**

Regular/permanent full-time and part-time employees of:

- Komatsu North America (KNA) – Komatsu America Corp. (KAC)
- Komatsu Mining Technologies (KMT) – Komatsu Mining Corp. (KMC)
- Modular Mining Systems, Inc.

- **Hourly Non-Bargained Employees**

Regular/permanent full-time and part-time employees of:

- KMC
- Wholly-owned distributors in the U.S., Canada, China, Poland, Russia, and South Africa

Bonus Eligibility Requirements

- Hired or rehired on or before December 31*
- Actively employed on the last working day of the fiscal year (March 31)
- Employees rated “Needs Improvement” are **not** eligible for a bonus

* For Hourly Milwaukee Bargained Employees, eligibility requires hire date on or before **October 1**

Retirees and Deceased Employees

- Those who retire or pass away before March 31 receive a prorated bonus at target, paid on the next available pay date
- Those who retire or pass away on March 31 receive a bonus based on actual company results, paid in June

Highlight of the annual bonus plan

Company portion	50% of bonus is based on company performance, except the following: <ul style="list-style-type: none"> • Sales employees aligned to a Sales bonus plan 30% company performance • Hourly Milwaukee Bargained Employees: 100% of the bonus is based on company performance
KNA or KMT Metrics	Effective FY25 KNA or KMT Metrics are measured on the following metrics: Operating Profit (%): 50% weight, Capacity Cost (\$): 10% weight, Inventory Months on Hand (%): 40% weight KMT Business Unit employees are measured 25% KMT metrics and 25% Business Unit metrics
KFN, KAI, NTC and Gigaphoton metrics	Komatsu Financial is made up of 50% company performance bonus calculation is made up of 25% KNA Enterprise metric results and 25% Business Unit. Gigaphoton, IMO (KAI), or NTC is made up of 50% company performance bonus calculation is made up of Business Unit performance only.
March 31	Base Compensation (salary exempt employees or eligible earnings for nonexempt employees), bonus target, company goal code capture date
Individual portion	50% of bonus is based on individual performance* Employees who receive a performance rating of “Needs Improvement” for the applicable fiscal year will not be eligible for the bonus plan *For certain hourly groups, plant metrics are applied
Opportunity	Company: 0 -150% of target (0.0 – 1.5x) Individual: 50% individual portion at target can be reduced completely or increased by up to a maximum of 50% (0 – 150% of target)
Payout date	June
Target award**	Annual salary* x Target incentive percentage *Based on annual salary on March 31 or Where required by law, fiscal year earnings will be used **Certain positions have a predetermined target award amount that is used