(Translation)
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Annual Securities Report

From April 1, 2023 to March 31, 2024

(The 155th Fiscal Year)

KOMATSU LTD.

E01532

The 155th Fiscal Year (from April 1, 2023 to March 31, 2024)

Annual Securities Report

1. This is an English translation of the Annual Securities Report (“Yukashoken Hokokusho”) filed via the Electronic Disclosure for Investors’ Network (“EDINET”) system as set forth in Article 27-30-2 of the Financial Instruments and Exchange Act of Japan. The translation includes a table of contents and pagination that are not included in the electronic filing.
2. Appended to the back of this document, are English translations of the auditors’ report that was attached to the Annual Securities Report when it was filed using the aforementioned method, and the internal control report and confirmation letter that were filed at the same time as the Annual Securities Report.

Certain References and Information

This report is prepared for overseas investors and compiled based on contents of the Annual Securities Report ("Yukashoken Hokokusho") of Komatsu Ltd. filed with the Director-General of the Kanto Local Finance Bureau of Japan on June 18, 2024.

In this report, Komatsu Ltd. is hereinafter referred to as the "Company" and together with its consolidated subsidiaries as "Komatsu."

Cautionary Statement with respect to forward-looking statements:

This report contains forward-looking statements that reflect managements' views and assumptions in the light of information currently available 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," "plans," "expects" 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. Any forward-looking statements speak only as of the date of this report, and the Company assumes no duty to update such statements.
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 Komatsu's principal products, owing to changes in the economic conditions in Komatsu's principal markets; changes in exchange rates or the impact of increased competition; unanticipated costs or delays encountered in achieving Komatsu's objectives with respect to globalized product sourcing and new information technology tools; uncertainties as to the results of Komatsu's research and development efforts and its ability to access and protect certain intellectual property rights; the impact of regulatory changes and accounting principles and practices; and the introduction, success and timing of business initiatives and strategies.

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Cover

【Document title】	Annual Securities Report ("Yukashoken Hokokusho")
【Clause of stipulation】	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
【Place of filing】	Director-General of the Kanto Local Finance Bureau
【Filing date】	June 18, 2024
【Fiscal year】	The 155th Fiscal Year (from April 1, 2023 to March 31, 2024)
【Company name】	Kabushiki Kaisha Komatsu Seisakusho
【Company name in English】	KOMATSU LTD.
【Title and name of representative】	Hiroyuki Ogawa, President and Representative Director
【Address of registered head office】	1-2-20, Kaigan, Minato-ku, Tokyo, Japan
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【Name of contact person】	Hiroshi Hosotani, General Manager of Corporate Controlling Department
【Nearest place of contact】	1-2-20, Kaigan, Minato-ku, Tokyo, Japan
【Telephone number】	+81 (0)3 6849-9712
【Name of contact person】	Hiroshi Hosotani, General Manager of Corporate Controlling Department
【Place for public inspection】	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

Part I Company Information

Item 1. Overview of the Company and Its Consolidated Subsidiaries

1. Summary of Business Results

(1) Consolidated

(Millions of yen, unless otherwise stated)

Fiscal year			151st	152nd	153rd	154th	155th
Year ended			March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales (Note 2)			2,444,870	2,189,512	2,802,323	3,543,475	3,865,122
Income before income taxes and equity in earnings of affiliated companies (Note 3)			223,114	162,775	324,568	476,434	575,663
Net income attributable to Komatsu Ltd.			153,844	106,237	224,927	326,398	393,426
Comprehensive income attributable to Komatsu Ltd.			62,999	194,552	388,477	422,459	633,340
Total Komatsu Ltd. shareholders' equity			1,771,606	1,912,297	2,232,511	2,539,641	3,033,569
Total equity			1,856,225	2,012,025	2,356,277	2,677,955	3,198,452
Total assets			3,653,686	3,784,841	4,347,522	4,875,847	5,636,656
Total Komatsu Ltd. shareholders' equity per share (Note 4)		(Yen)	1,875.47	2,023.34	2,361.66	2,685.76	3,206.80
Net income attributable to Komatsu Ltd. per share	Basic (Note 5)	(Yen)	162.93	112.43	237.97	345.22	415.96
	Diluted	(Yen)	162.80	112.39	237.92	345.18	415.93
Total Komatsu Ltd. shareholders' equity ratio		(%)	48.5	50.5	51.4	52.1	53.8
Return on equity		(%)	8.6	5.8	10.9	13.7	14.1
Price earnings ratio		(Times)	10.9	30.4	12.4	9.5	10.6
Net cash provided by operating activities			295,181	354,129	300,970	206,474	434,778
Net cash used in investing activities			(190,930)	(163,057)	(143,569)	(169,518)	(204,419)
Net cash provided by (used in) financing activities			(3,457)	(199,667)	(93,868)	(66,613)	(122,037)
Cash and cash equivalents, end of year			247,616	241,803	315,360	289,975	403,178
Number of employees [Separately, average number of temporary employees]		(Persons)	62,823 [6,056]	61,564 [4,056]	62,774 [4,981]	64,343 [6,265]	65,738 [6,136]

Notes:

1) The figures in the consolidated financial statements have been rounded to the nearest million yen.
2) Net sales do not include consumption taxes, etc.

3) The consolidated financial statements are prepared and presented in accordance with generally accepted accounting principles in the United States of America (hereinafter “U.S. GAAP”). Therefore, “Income before income taxes and equity in earnings of affiliated companies” on the consolidated financial statements is presented in the above table instead of “Ordinary income”.
4) Computed by the number of common shares outstanding, less treasury stock at the end of each fiscal year.
5) Computed by the weighted-average number of common shares outstanding, less treasury stock during each fiscal year.

(2) The Company

(Millions of yen, unless otherwise stated)

Fiscal year		151st	152nd	153rd	154th	155th
Year ended		March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales		719,292	653,587	952,247	1,144,513	1,161,966
Ordinary income		62,008	25,055	94,135	252,952	233,701
Net income		58,316	21,875	78,342	220,050	198,449
Capital stock		70,973	71,322	71,678	72,118	72,795
Number of common shares issued	(Thousands of shares)	972,581	972,887	973,145	973,450	973,810
Net assets		829,003	797,596	801,435	911,381	971,992
Total assets		1,356,652	1,332,733	1,403,535	1,445,319	1,454,707
Net assets per share	(Yen)	876.06	842.84	847.04	963.18	1,026.91
Cash dividend per share (Note 2 and 3)	(Yen)	94.0	55.0	96.0	139.0	167.0
[Of the above interim dividend per share]	(Yen)	[55.0]	[18.0]	[40.0]	[64.0]	[72.0]
Net income per share	(Yen)	61.73	23.14	82.85	232.64	209.73
Net income per share reflecting the potential dilution	(Yen)	61.70	23.13	82.83	232.61	209.71
Total equity ratio	(%)	61.0	59.8	57.1	63.0	66.8
Return on equity	(%)	6.8	2.7	9.8	25.7	21.1
Price earnings ratio	(Times)	28.8	147.8	35.5	14.1	21.1
Dividend payout ratio	(%)	152.3	237.7	115.9	59.7	79.6
Total shareholders return	(%)	72.8	138.8	124.0	142.4	193.5
[Of TOPIX Machine Index]	(%)	[88.8]	[142.0]	[136.7]	[148.4]	[217.0]
Highest share price of each fiscal year (Note 4)	(Yen)	2,882.0	3,542.0	3,520.0	3,570.0	4,670.0
Lowest share price of each fiscal year (Note 4)	(Yen)	1,507.0	1,650.0	2,539.0	2,594.0	3,064.0
Number of employees	(Persons)	11,692	11,795	11,927	12,208	12,285
[Separately, average number of temporary employees]	(Persons)	[1,486]	[1,048]	[1,060]	[1,320]	[1,330]

Notes:

1) The figures in the Company's financial statements have been rounded down to the nearest million yen.
2) As part of the ¥167 per share of cash dividend for the 155th fiscal year, the ¥95 per share year-end dividend for the 155th fiscal year is a matter to be resolved at the Company's Ordinary General Meeting of Shareholders scheduled to be held on June 19, 2024.
3) Cash dividend of ¥55 per share for the 152nd fiscal year includes the 100th anniversary commemorative cash dividend of ¥10 per share.
4) Share prices in the table are quoted from the Tokyo Stock Exchange Prime Market from April 4, 2022, and from the First Section of the Tokyo Stock Exchange prior to April 4, 2022.

2. History

May 1921	The business unit of Komatsu Iron Works was spun off from Takeuchi Kogyo (in English, Takeuchi Mining Co.) to incorporate Kabushiki Kaisha Komatsu Seisakusho (in English, Komatsu Ltd.) in Komatsu Town (currently, Komatsu City), Ishikawa Prefecture, Japan.
April 1922	Acquired the business unit of Komatsu Denkiseikousho from Takeuchi Mining Co.
May 1938	Established Awazu Plant.
May 1949	Listed its common share on the Tokyo Stock Exchange and the Osaka Securities Exchange.
October 1952	Established Osaka Plant.
December 1952	Established Kawasaki Plant following the acquisition of Ikegai Automobile Manufacturing Company. Established Himi Plant following the acquisition of Chuetsu Electro Chemical Co., Ltd.
December 1962	Established Oyama Plant.
April 1985	Established a Research Division for research activities of cutting-edge technologies for mechatronics and new materials, etc.
September 1988	Incorporated Komatsu Dresser Company as a joint venture company with Dresser Industries, Inc., U.S.A., (later, Komatsu Dresser Company changed its name to Komatsu America International Company, and was re-organized for business integration to Komatsu America Corp.)
June 1994	Incorporated Komatsu Industries Corporation and Komatsu Machinery Corporation (later, merged through an absorption-type merger with Komatsu NTC Ltd.), and transferred a part of business operations of the Company's industrial machinery business.
July 1997	Incorporated Komatsu Castex Ltd. and transferred the Company's steel casting business operations in October 1997.
October 2006	Sold over 50% of issued shares of Komatsu Electronic Metals Co., Ltd. (currently, SUMCO TECHXIV CORPORATION) to SUMCO CORPORATION.
January 2007	Established Ibaraki Plant and Kanazawa Plant.
April 2007	Succeeded the hydraulic component business of Komatsu Zenoah Co. through an absorption-type corporate split.
April 2007	Komatsu Forklift Co., Ltd. changed its company name to Komatsu Utility Co., Ltd. following an absorption-type merger with Komatsu Zenoah Co. and transferred its outdoor power equipment business to the Japanese operating company owned by Husqvarna AB (currently, Husqvarna Zenoah Co., Ltd.).
March 2008	Acquired over 50% of the issued shares of NIPPEI TOYAMA Corporation (currently, Komatsu NTC Ltd.).
August 2008	Acquired 100% ownership of NIPPEI TOYAMA Corporation (currently, Komatsu NTC Ltd.) through a share exchange.
April 2009	Transferred the Company's sales and service operations of construction and utility equipment business in Japan to Komatsu Tokyo Ltd. through an absorption-type corporate split. Komatsu Tokyo Ltd. merged with twelve Japanese distributors and changed its trade name to Komatsu Construction Equipment Sales and Service Japan Ltd.
April 2010	Transferred the Company's product development, sales, and service operations of the large-sized press business to Komatsu Industries Corporation through an absorption-type corporate split.
April 2011	Merged with Komatsu Utility Co., Ltd.
October 2014	Merged with Komatsu Diesel Co., Ltd.
April 2017	Acquired all shares of Joy Global Inc. (currently, Komatsu Mining Corp.) through Komatsu America Corp.
April 2018	Merged with Komatsu Tokki Corporation.
April 2018	Komatsu Construction Equipment Sales and Service Japan Ltd. merged with Komatsu Rental Ltd. and Komatsu Forklift Japan Ltd., and changed its trade name to Komatsu Customer Support Japan Ltd.
October 2018	Merged with Komatsu Castex Ltd.
July 2021	Transferred a part of the Company's rights and obligations relating to the SMARTCONSTRUCTION business to LANDLOG Ltd. LANDLOG Ltd. changed its trade name to EARTHBRAIN Ltd.
October 2022	Merged with Komatsu Cabtec Co., Ltd.

Note: In case of subject is not specified in the description, regard it as the Company.

3. Description of Business

The Company’s consolidated financial statements have been prepared in accordance with U.S. GAAP, pursuant to Paragraph 3, Supplementary Provisions of the “Cabinet Office Ordinance for Partial Revision of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements”, the Ordinance of the Cabinet Office No. 11 of 2002. Based on the consolidated financial statements, its subsidiaries and affiliates are disclosed in accordance with definitions of U.S. GAAP. The same applies to “Item 2. Business Overview” and “Item 3. Property, Plants and Equipment”.

Komatsu (the Company and its subsidiaries and affiliates) engages in the business activities of R&D, production, sales, marketing, services and retail financing for customers in Japan and overseas, under three business segments: the “Construction, Mining and Utility Equipment” operating segment, the “Retail Finance” operating segment and the “Industrial Machinery and Others” operating segment.

Komatsu is comprised 208 consolidated subsidiaries and 42 affiliated companies accounted for by the equity method.

The major business outlines of each business category and positioning of the Komatsu’s principal subsidiaries and affiliates are described as follows. Major business categories below correspond to the business category in business segment information by operating segment.

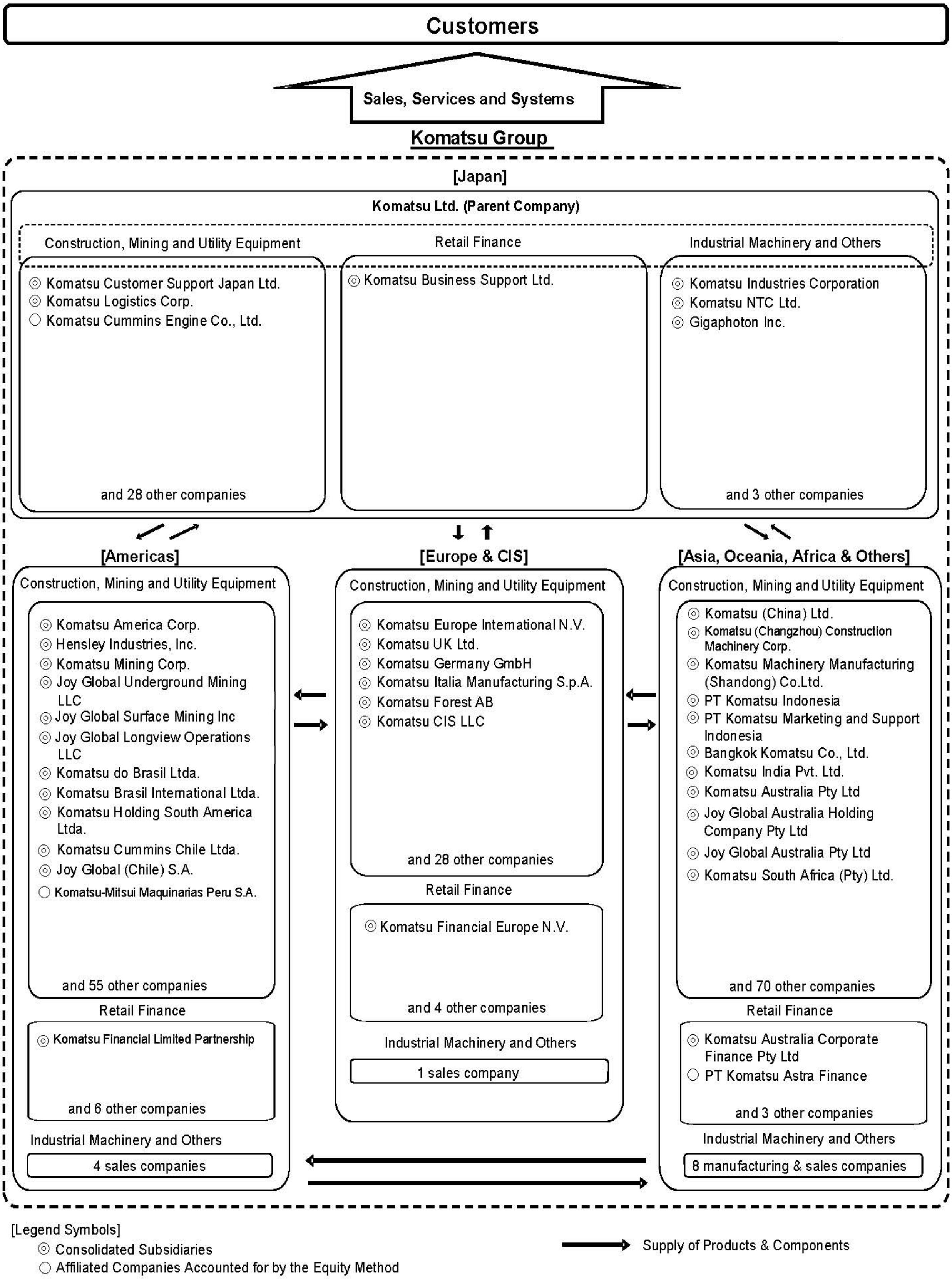
<table>
<tr><th colspan="2">Category/principal products and businesses</th><th>Principal companies</th></tr>
<tr><td colspan="3">Construction, Mining and Utility Equipment</td></tr>
<tr><td>Excavating equipment</td><td>Hydraulic excavators, rope shovels, mini excavators, backhoe loaders and blasthole drills</td><td rowspan="15">Komatsu Ltd., Komatsu Customer Support Japan Ltd., Komatsu Logistics Corp., Komatsu America Corp., Hensley Industries, Inc., Komatsu Mining Corp., Joy Global Underground Mining LLC, Joy Global Surface Mining Inc, Joy Global Longview Operations LLC, Komatsu do Brasil Ltda., Komatsu Brasil International Ltda., Komatsu Holding South America Ltda., Komatsu Cummins Chile Ltda., Joy Global (Chile) S.A., Komatsu Europe International N.V., Komatsu UK Ltd., Komatsu Germany GmbH, Komatsu Italia Manufacturing S.p.A., Komatsu Forest AB, Komatsu CIS LLC, Komatsu (China) Ltd., Komatsu (Changzhou) Construction Machinery Corp. Komatsu Machinery Manufacturing (Shandong) Co.Ltd., PT Komatsu Indonesia, PT Komatsu Marketing & Support Indonesia, Bangkok Komatsu Co., Ltd., Komatsu India Pvt. Ltd., Komatsu Australia Pty Ltd, Joy Global Australia Holding Company Pty Ltd, Joy Global Australia Pty Ltd, Komatsu South Africa (Pty) Ltd. and other 143 subsidiaries
(Total 174 companies)</td></tr>
<tr><td>Loading equipment</td><td>Wheel loaders, mini wheel loaders and skid-steer loaders</td></tr>
<tr><td>Grading and roadbed preparation equipment</td><td>Bulldozers and motor graders</td></tr>
<tr><td>Hauling equipment</td><td>Off-highway dump trucks, articulated dump trucks and crawler carriers</td></tr>
<tr><td>Forestry equipment</td><td>Harvesters, forwarders, feller bunchers, log loaders, and tree planters</td></tr>
<tr><td>Tunneling machines</td><td>Shield machines and tunnel-boring machines</td></tr>
<tr><td>Underground Mining Equipment</td><td>Continuous miners, shearers, load haul dumps and jumbo drills</td></tr>
<tr><td>Recycling equipment</td><td>Mobile crushers, mobile soil recyclers and mobile tub grinders</td></tr>
<tr><td>Industrial vehicles</td><td>Forklift trucks</td></tr>
<tr><td>Other equipment</td><td>Railroad maintenance equipment</td></tr>
<tr><td>Engines and components</td><td>Diesel engines, diesel generator sets and hydraulic equipment</td></tr>
<tr><td>Casting products</td><td>Steel castings and iron castings</td></tr>
<tr><td>Logistics</td><td>Transportation, warehousing and packing</td></tr>
<tr><td>Solution business</td><td>Autonomous Haulage System (AHS) for unmanned dump truck operation, SMARTCONSTRUCTION and KOMTRAX</td></tr>
</table>

<table>
<tr><th colspan="2">Category/principal products and businesses</th><th>Principal companies</th></tr>
<tr><td colspan="3">Retail Finance</td></tr>
<tr><td>Retail Financing</td><td>Leasing and installment of construction and mining equipment</td><td>Komatsu Ltd., Komatsu Business Support Ltd., Komatsu Financial Limited Partnership, Komatsu Financial Europe N.V., Komatsu Australia Corporate Finance Pty Ltd and other 13 subsidiaries
(Total 18 companies)</td></tr>
<tr><td colspan="3">Industrial Machinery and Others</td></tr>
<tr><td>Metal forging and stamping presses</td><td>Servo presses and mechanical presses</td><td rowspan="6">Komatsu Ltd., Komatsu Industries Corporation, Komatsu NTC Ltd., Gigaphoton Inc. and other 15 subsidiaries
(Total 19 companies)</td></tr>
<tr><td>Sheet-metal machines</td><td>Laser cutting machines, fine-plasma cutting machines, press brakes and shears</td></tr>
<tr><td>Machine tools</td><td>Transfer machines, machining centers, crankshaft millers, grinding machines and wire saws</td></tr>
<tr><td>Defense systems</td><td>Ammunition and armored personnel carriers</td></tr>
<tr><td>Temperature-control equipment</td><td>Thermoelectric modules and temperature-control equipment for semiconductor manufacturing</td></tr>
<tr><td>Optical Machinery</td><td>Excimer laser used for lithography tools in semiconductor manufacturing</td></tr>
</table>

Note: The number of principal companies includes the Company and consolidated subsidiaries.

Komatsu's business structure, summarized above, is shown in the following chart.

(As of March 31, 2024)



4. Overview of Subsidiaries and Affiliates

Consolidated subsidiaries

(Millions of yen, unless otherwise stated)

Company name	Location	Common stock, investments	Principal business	Ownership of voting rights (%)	Relationship
Komatsu Customer Support Japan Ltd. *1	Minato-ku, Tokyo, Japan	950	Construction, Mining and Utility Equipment	100.0	Sales and service of construction and utility equipment and industrial vehicles. Rental of construction equipment, etc. (Note 2)
Komatsu Logistics Corp.	Minato-ku, Tokyo, Japan	1,080	Construction, Mining and Utility Equipment	100.0	Transportation, warehousing, packing and other services. (Note 2)
Komatsu Business Support Ltd.	Minato-ku, Tokyo, Japan	1,770	Retail Finance	100.0	Retail financing related to construction and mining equipment.
Komatsu Industries Corporation	Kanazawa, Ishikawa, Japan	990	Industrial Machinery and Others	100.0	Development, sales and service of metal forging and stamping presses, sheet-metal machines, etc. (Note 2)
Komatsu NTC Ltd.	Nanto, Toyama, Japan	6,014	Industrial Machinery and Others	100.0	Manufacture, sales and service of machine tools, etc. (Note 1)
Gigaphoton Inc.	Oyama, Tochigi, Japan	5,000	Industrial Machinery and Others	100.0	Development, manufacture, sales and service of excimer laser used for lithography tools in semiconductor manufacturing. (Notes 1 and 2)
Komatsu America Corp. *1, 2	Chicago, U.S.A.	1,071 million US dollars	Construction, Mining and Utility Equipment	100.0	Manufacture and sales of construction, mining and utility equipment and supervision in the Americas. (Note 1)
Hensley Industries, Inc.	Dallas, U.S.A.	2 thousand US dollars	Construction, Mining and Utility Equipment	[100.0] 100.0	Manufacture and sales of parts of construction and mining equipment.
Komatsu Mining Corp. *1	Milwaukee, U.S.A.	5 thousand US dollars	Construction, Mining and Utility Equipment	[100.0] 100.0	Overall management of mining equipment business. (Note 1)
Joy Global Underground Mining LLC *1, 3	Warrendale, U.S.A.	1,406 million US dollars	Construction, Mining and Utility Equipment	[100.0] 100.0	Manufacture, sales and service of mining equipment.
Joy Global Surface Mining Inc *1	Milwaukee, U.S.A.	1 thousand US dollars	Construction, Mining and Utility Equipment	[100.0] 100.0	Manufacture, sales and service of mining equipment.
Joy Global Longview Operations LLC *1, 4	Longview, U.S.A.	1,005 million US dollars	Construction, Mining and Utility Equipment	[100.0] 100.0	Manufacture, sales and service of mining equipment.

Company name	Location	Common stock, investments	Principal business	Ownership of voting rights (%)	Relationship
Komatsu do Brasil Ltda.	Suzano, Brazil	148 million real	Construction, Mining and Utility Equipment	[100.0] 100.0	Manufacture of construction equipment and casting products.
Komatsu Brasil International Ltda. *1	Sao Paulo, Brazil	351 million real	Construction, Mining and Utility Equipment	[100.0] 100.0	Sales and service of construction and mining equipment.
Komatsu Holding South America Ltda. *1	Santiago, Chile	156 million US dollars	Construction, Mining and Utility Equipment	[100.0] 100.0	Sales and service of construction and mining equipment.
Komatsu Cummins Chile Ltda.	Santiago, Chile	34 million US dollars	Construction, Mining and Utility Equipment	[81.8] 81.8	Sales and service of construction and mining equipment.
Joy Global (Chile) S.A.	Santiago, Chile	1,958 thousand US dollars	Construction, Mining and Utility Equipment	[100.0] 100.0	Manufacture, sales and service of mining equipment.
Komatsu Financial Limited Partnership *5	Chicago, U.S.A.	—	Retail Finance	[100.0] 100.0	Retail financing related to construction and mining equipment.
Komatsu Europe International N.V. *1	Vilvoorde, Belgium	50 million euro	Construction, Mining and Utility Equipment	100.0	Sales of construction and mining equipment and supervision in Europe.
Komatsu UK Ltd.	Birtley, U.K.	23 million pounds	Construction, Mining and Utility Equipment	[100.0] 100.0	Manufacture of construction equipment.
Komatsu Germany GmbH	Dusseldorf, Germany	24 million euro	Construction, Mining and Utility Equipment	[100.0] 100.0	Manufacture and sales of construction and mining equipment.
Komatsu Italia Manufacturing S.p.A.	Este, Italy	6 million euro	Construction, Mining and Utility Equipment	[100.0] 100.0	Manufacture of construction equipment.
Komatsu Forest AB	Umea, Sweden	397 million Swedish krona	Construction, Mining and Utility Equipment	100.0	Manufacture, sales, and service of forestry equipment.

Company name	Location	Common stock, investments	Principal business	Ownership of voting rights (%)	Relationship
Komatsu CIS LLC *1	Moscow, Russia	5,301 million Russian rubles	Construction, Mining and Utility Equipment	100.0	Sales of construction and mining equipment.
Komatsu Financial Europe N.V. *1	Vilvoorde, Belgium	80 million euro	Retail Finance	[100.0] 100.0	Retail financing related to construction and mining equipment.
Komatsu (China) Ltd. *1	Shanghai, China	172 million US dollars	Construction, Mining and Utility Equipment	100.0	Sales of construction and mining equipment and supervision in China.
Komatsu (Changzhou) Construction Machinery Corp. *1	Changzhou, Jiangsu, China	79 million US dollars	Construction, Mining and Utility Equipment	[100.0] 100.0	Manufacture of construction equipment, casting products and metal forging and stamping presses.
Komatsu Machinery Manufacturing (Shandong) Co.Ltd. *1	Jining, Shandong, China	245 million US dollars	Construction, Mining and Utility Equipment	[100.0] 100.0	Manufacture of construction equipment and component.
PT Komatsu Indonesia *1	Jakarta, Indonesia	192,780 million Indonesian rupiah	Construction, Mining and Utility Equipment	94.9	Manufacture and sales of construction and mining equipment and casting products.
PT Komatsu Marketing & Support Indonesia	Jakarta, Indonesia	5 million US dollars	Construction, Mining and Utility Equipment	[100.0] 100.0	Sales and service of construction and mining equipment.
Bangkok Komatsu Co., Ltd.	Chonburi, Thailand	620 million Thai baht	Construction, Mining and Utility Equipment	[74.8] 74.8	Manufacture and sales of construction equipment and casting products.
Komatsu India Pvt. Ltd. *1	Kanchipuram, India	10,963 million Indian rupees	Construction, Mining and Utility Equipment	[54.8] 100.0	Manufacture and sales of construction and mining equipment.
Komatsu Australia Pty Ltd	Fairfield, Australia	22 million Australian dollars	Construction, Mining and Utility Equipment	[41.3] 62.0	Sales and service of construction and mining equipment.
Joy Global Australia Holding Company Pty Ltd *1	Murarrie, Australia	443 million Australian dollars	Construction, Mining and Utility Equipment	[100.0] 100.0	Roles as holding company of Joy Global Australia Pty Ltd.
Joy Global Australia Pty Ltd *1	Murarrie, Australia	608 million Australian dollars	Construction, Mining and Utility Equipment	[100.0] 100.0	Manufacture, sales and service of mining equipment.

Company name	Location	Common stock, investments	Principal business	Ownership of voting rights (%)	Relationship
Komatsu South Africa (Pty) Ltd.	Germiston, Republic of South Africa	186 million rand	Construction, Mining and Utility Equipment	[100.0] 100.0	Sales and service of construction and mining equipment.
Komatsu Australia Corporate Finance Pty Ltd	Fairfield, Australia	49 million Australian dollars	Retail Finance	[62.0] 62.0	Retail financing related to construction and mining equipment.
Other 171 companies					

Affiliated companies accounted for by the equity method

(Millions of yen, unless otherwise stated)

Company name	Location	Common stock, investments	Principal business	Ownership of voting rights (%)	Relationship
Komatsu Cummins Engine Co., Ltd.	Oyama, Tochigi, Japan	1,400	Construction, Mining and Utility Equipment	50.0	Manufacture and sales of diesel engines. (Note 2)
Komatsu-Mitsui Maquinarias Peru S.A.	Peru, Callao	22 million US dollars	Construction, Mining and Utility Equipment	[40.0] 40.0	Sales and service of construction and mining equipment.
PT Komatsu Astra Finance	Jakarta, Indonesia	436,300 million Indonesian rupiah	Retail Finance	[50.0] 50.0	Retail financing related to construction and mining equipment.
Other 39 companies					

Notes:

1) A certain member of the Board of Directors or an Audit & Supervisory Board Member of the Company concurrently holds a position on the Board of Directors at this company.
2) The Company rents certain land and buildings to this company.
3) The name of the operating segment in which the companies are classified is shown in “Principal business.”
4) The figures in square brackets in “Ownership of voting right (%)” represent the percentage of voting rights owned indirectly by the Company, among the total ownership percentage shown outside the square brackets.
5) Companies with an asterisk 1 (*1) in “Company name” are specified subsidiaries. Companies which correspond to the specified subsidiaries included in “other companies” of “Consolidated subsidiaries” are EARTHBRAIN Ltd., Quadco Inc., Komatsu Europe Coordination Center N.V., Komatsu Manufacturing Rus LLC., Komatsu Financial Leasing China Ltd. and Komatsu Australia Holdings Pty Ltd.

6) The total amount of sales (excluding inter-company transactions) of Komatsu America Corp. (indicated by asterisk 2 (*2) in “Company name”), exceeded the 10% of the amount of consolidated net sales in the period that corresponds to the recent fiscal year.

	Information on income or loss, etc. (Millions of yen)				
	Net sales	Income before income taxes and equity in earnings of affiliated companies	Net income	Total equity	Total assets
Komatsu America Corp.	891,095	215,907	200,348	1,386,624	1,991,930

7) Joy Global Underground Mining LLC (indicated by asterisk 3 (*3) in “Company name”) is a limited liability company established based on the state law of Delaware, the U.S., and the Company invests in it through Komatsu Mining Corp. Its paid-in capital is presented as its common stock.

8) Joy Global Longview Operations LLC (indicated by asterisk 4 (*4) in “Company name”) is a limited liability company established based on the state law of Texas, the U.S., and the Company invests in it through Komatsu Mining Corp. Its paid-in capital is presented as its common stock.

9) Komatsu Financial Limited Partnership (indicated by asterisk 5 (*5) in “Company name”) is a limited partnership established based on the state law of Delaware, the U.S., and the Company invests in it through Komatsu America Corp. Its net assets, which are equivalent to its equity, amount to USD 761 million.

5. Employees

(1) Consolidated

(As of March 31, 2024)

Operating segment	Number of employees	
Construction, Mining and Utility Equipment	60,578	[5,655]
Retail Finance	259	[9]
Industrial Machinery and Others	4,176	[354]
Corporate	725	[118]
Total	65,738	[6,136]

Notes:

1) The number of employees represents the number of employees actually at work. Separate from that, the average number of temporary employees during this fiscal year is disclosed in square brackets.
2) The number of employees under “Corporate” refers to employees working for administrative departments who cannot be classified into the three operating segments.

(2) The Company

(As of March 31, 2024)

Number of employees	Average age	Average length of service	Average annual salary (gross)
12,285 [1,330]	41.2 years old	16.7 years	¥8,308,017

(As of March 31, 2024)

Operating segment	Number of employees	
Construction, Mining and Utility Equipment	11,293	[1,196]
Retail Finance	8	[0]
Industrial Machinery and Others	259	[16]
Corporate	725	[118]
Total	12,285	[1,330]

Notes:

1) The number of employees represents the number of employees actually at work. Separate from that, the average number of temporary employees during this fiscal year is disclosed in square brackets.
2) Average annual salary (gross, before taxes) includes extra wages and bonuses.
3) The number of employees under “Corporate” refers to employees working for administrative departments who cannot be classified into the three operating segments.

(3) Relationship with labor union

The Company has a labor contract with the Komatsu Labor Union, which is organized by approximately 11,400 employees and 8 branches in Japan.

The Komatsu Labor Union is a member of “All Komatsu Workers Union” and “Japanese Association of Metal, Machinery and Manufacturing Workers.”

Each of 11 consolidated subsidiaries and affiliated companies in Japan has a labor contract with its each labor union joining “All Komatsu Workers Union.” They are organized by approximately 6,600 employees of subsidiaries and affiliated companies.

The relationships between the Company, subsidiaries, affiliated companies and these labor unions are stable.

(4) Percentage of female employees in managerial positions, percentages of male employees who took childcare leave, and wage differences between male and female employees

(i) The Company

Fiscal year ended March 31, 2024				
Percentage of female employees in managerial positions (%) (Notes 1 and 3)	Percentage of male employees who took childcare leave (%) (Notes 2 and 3)	Wage differences between male and female employees (Notes 1, 3, 4 and 5)		
		All employees (%)	Permanent employees (%)	Fixed-term employees etc. (%)
8.7	82.1	77.2	77.7	76.2

(ii) Domestic subsidiaries

Company name	Fiscal year ended March 31, 2024				
	Percentages of female employees in managerial positions (%) (Notes 1,3 and 6)	Percentage of male employees who took childcare leave (%) (Notes 2,3 and 6)	Wage differences between male and female employees (Notes 1, 3, 4 and 5)		
			All employees (%)	Permanent employees (%)	Fixed-term employees etc. (%)
Komatsu Customer Support Japan Ltd.	1.6	60.1	74.3	74.5	53.0
Komatsu Logistics Corp.	6.9	76.4	75.6	77.4	93.8
Komatsu Industries Corporation	-	-	62.0	61.3	87.5
Komatsu NTC Ltd.	3.6	93.5	71.6	71.7	63.3
Gigaphoton Inc.	5.3	93.3	81.3	84.7	62.5
KELK Ltd.	6.7	100.0	77.1	75.5	77.6

Notes:
1) These percentages are calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
2) These percentages are calculated based on the ratios of childcare leave, etc. and time off for childcare taken as specified in Article 71-4, item (ii) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labour No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991). These percentages of male employees who took childcare leave indicate the ratio of number of employees who took childcare leave to the number of employees whose spouses gave birth during this fiscal year.
3) The employees temporarily assigned to other companies are counted in the assigned company.
4) The fixed-term employees etc. comprise fixed-term rehired employees, temporary employees, etc.
5) Komatsu does not have any differences in the wage structure or system between male and female employees, either permanent or fixed-term employees etc. The wage differences between male and female employees resulted from differences in labor composition, such as the percentage of managers, job grades, length of services etc.
6) "-" indicates Not disclosed because these are not subjects to the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015) and the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

Item 2. Business Overview

1. Management Policy, Business Environment and Tasks Ahead, etc.

Following description contains forward-looking statements which the Company judged as of the filing date of this Annual Securities Report.

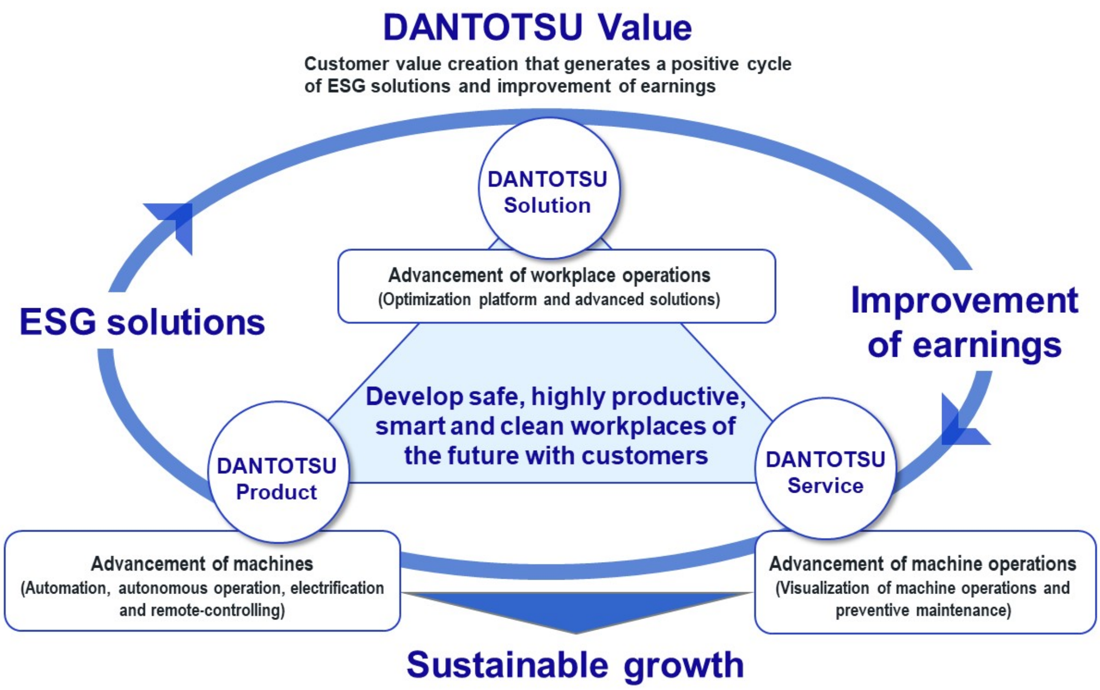
Komatsu (the Company and its consolidated subsidiaries) defines its purpose to be “creating value through manufacturing and technology innovation to empower a sustainable future where people, business and our planet thrive together.” The Komatsu’s basic approach to achieving this is to pursue “quality and reliability” and to maximize the total trust from society at large and all stakeholders surrounding us.

As a strategy to implement this management principle, the Company has formulated a mid-term management plan to create a positive cycle of solving ESG issues and improving profitability through the creation of customer value, thereby achieving sustainable growth.

Mid-Term Management Plan: “DANTOTSU Value—*Together, to ‘The Next’ for sustainable growth*”

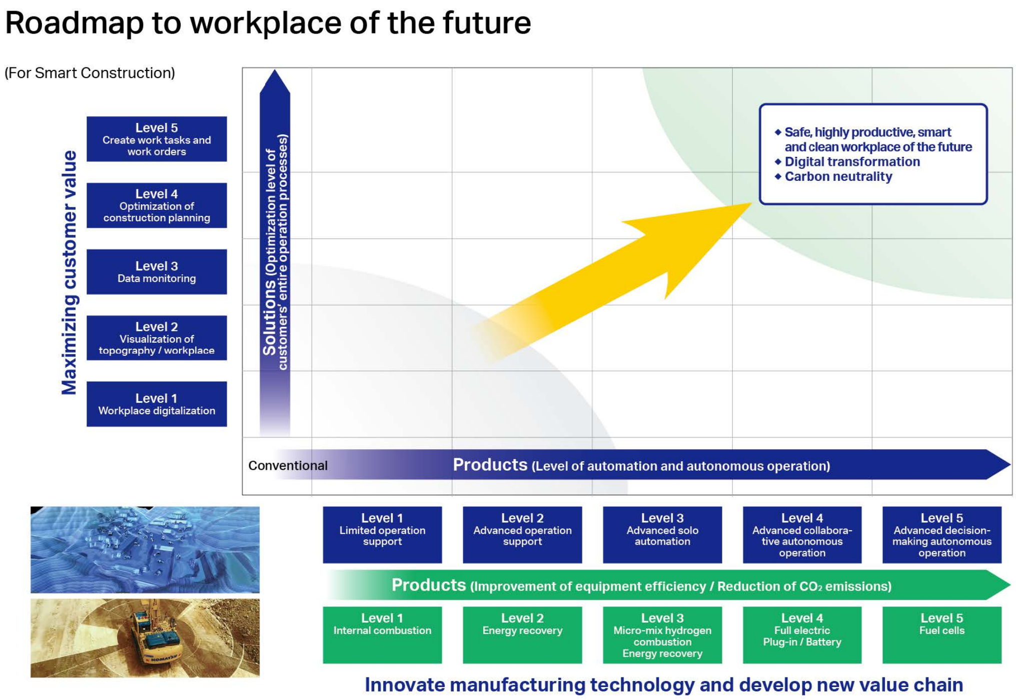
The mid-term management plan for three years (FY2022-FY2024), titled “DANTOTSU Value—*Together, to* ***‘The Next’*** *for sustainable growth,*” was launched in April 2022.

In the mid-term management plan, the Company is striving to achieve its vision of developing safe, highly productive, smart and clean workplaces of the future with customers. To this end, the Company is working to create DANTOTSU Value (New Customer Value) which integrates DANTOTSU Products (advancement of machines), DANTOTSU Service (advancement of machine operations), and DANTOTSU Solutions (optimization of workplace operations).



In order to achieve the workplace of the future, the Company will tackle innovation in terms of both products (automation, autonomous operation and efficiency of machines, and low carbon emissions) and solutions (optimization of the entire customer process). Moreover, in order to take measures against global warming and achieve business growth, the Company has formulated a roadmap to the workplace of the future and set a challenge goal in its management targets of achieving carbon neutrality by 2050.

Roadmap to workplace of the future



Three Pillars of Growth Strategies and Efforts of Focus

In the current mid-term management plan, the Company continues from the previous mid-term management plan to emphasize sustainability, backcasting from its goals, and, in light of changes in the external environment and management issues, the Company is working on the three pillars of its growth strategies: 1) Accelerate growth by means of innovation, 2) Maximize earnings power, and 3) Enhance corporate resilience.

(Three pillars of growth strategies)

The current external environment is increasingly uncertain as a result of geopolitical risks including the prolonged situation in Ukraine, economic security risks related to advanced technologies such as semiconductors, increasing cybersecurity risks, as well as sustainability risks such as climate change.
The market environment for our mainstay construction and mining equipment business is expected to experience moderate growth in the medium to long term as a result of population growth and urbanization, primarily in emerging countries, together with steady investment in infrastructure renewal in developed countries. In the short term, however, demand is expected to be highly volatile due to various external environmental risks, as mentioned above.
Within this environment, the Company will continue to invest heavily in future value creation (innovation), positioning areas of technology such as electrification, automation, autonomous operation, remote control, and component and system development, and business areas such as our solutions business, value chain business, forestry equipment, and underground hard rock mining as growth areas.
In addition, the Company will maximize profit-earning opportunities in our existing businesses and further improve profitability by expanding the Company's presence in growth markets through measures including product planning and development tailored to regional and categorical characteristics and through strengthening our aftermarket business by expanding extended warranties incorporating maintenance contracts that draw on our strengths in developing and manufacturing components in-house and IoT (KOMTRAX) use in order to build a business structure less susceptible to fluctuations in demand.
With regard to the management foundation supporting these activities, the Company will promote digital transformation (DX) and structural reforms and build a supply chain that is resilient to environmental changes, in order to improve the efficiency of its business operations and enhance its ability to respond to external environmental risks. In 2023, the Company introduced ERM (Enterprise Risk Management) and is working to strengthen the organization-wide risk management system. In addition, in February 2024, the Company announced to have signed a sponsorship agreement with F1 team Williams Racing. By disseminating information to a variety of stakeholders, we will maximize touch points between the Komatsu brand and stakeholders, and raise awareness of our brand as a global company.

Results of the key initiatives of the growth strategy in the current fiscal year and issues to be addressed from the next fiscal year

Three Pillars of Growth Strategies	Examples of Key Initiatives	
1. Accelerate growth by means of innovation	Main results for the current fiscal year	・Expanded the number of workplaces where Smart Construction solution is applied ・Number of Autonomous Haulage System (AHS) units adopted on the market: 727 units in total ・Started commercial operation of remote control of large ICT bulldozers ・Introduced four models of electrified construction equipment to the market ・Acquired American Battery Solutions, Inc. in the U.S. (battery manufacturer) ・Developed a concept machine for a medium-sized hydraulic excavator equipped with a hydrogen fuel cell, and began PoC tests ・Signed a joint development agreement with General Motors in the U.S. to develop a hydrogen fuel cell power module for haul trucks
	Issues for the next fiscal year onward	・Accelerating overseas expansion of Smart Construction ・Promoting solution business using mining open technology platforms ・Strengthening technology development for electrification, automation, and remote control ・Establish a forestry management solution business
2. Maximize earnings power	Main results for the current fiscal year	・Expansion of sales of hydraulic excavators (CE series) with urban civil engineering specifications, especially in Asia ・Expansion of extended warranties with maintenance contracts contributed to growth of the aftermarket business ・Started the remanufacturing business for hybrid hydraulic excavator components in Japan ・Established a subsidiary in the Republic of Kazakhstan (Komatsu Central Asia LLP) ・Acquired iVolve Holdings Pty Ltd in Australia (provider of fleet management systems for construction and mining equipment)
	Issues for the next fiscal year onward	・Strengthening product planning and development frameworks in strategic regions ・Expansion of the forestry machinery business and underground hard rock mining business ・Further expansion of the aftermarket business ・Establishment and global development of business models utilizing the next-generation KOMTRAX ・Expanding our reman/rebuild businesses
3. Enhance corporate resilience	Main results for the current fiscal year	・Development of cross-sourcing and multi-sourcing ・Strengthened the risk management system by introducing ERM ・Signed a sponsorship agreement with F1 team Williams Racing ・Conducted a global engagement survey and promoted diversity and inclusion ・Promoting human resource development in AI and DX
	Issues for the next fiscal year onward	・Strengthening the supply chain through further promotion of cross-sourcing and multi-sourcing ・Promoting business reforms through structural reforms and DX utilization ・Raising the level of risk management continuously ・Development of a global brand strategy ・Promoting talent management

ESG Resolutions through Growth Strategies

Based on our sustainability policy, it is our determination to continue to contribute to society through business activities. In the mid-term management plan, the Company has selected ten goals which are strongly related to the important issues (materiality) for us out of the 17 goals of SDGs (Sustainable Development Goals).

In order to resolve ESG issues steadily through our growth strategies, the Company will set KPIs (Key Performance Indicators) for key initiative activities and monitor their achievement. The Company is planning to disclose the progress in the Komatsu Report (integrated report).

	Relationship with SDGs	Materiality	Key activity themes for resolving ESG issues (main KPI)
With people	5 Gender equality 8 Decent work and economic growth 10 Reduced inequalities 17 Partnerships for the goals	[Employees] [Human rights] ・Occupational safety and health and wellbeing ・Employee engagement and job satisfaction ・Diversity & Inclusion ・Skills development and workplace retention ・Respect for human rights	Build workplaces that are safe and secure (occupational injury related indicator) Increase employee engagement (engagement survey score) Promote diversity and inclusion (ratio of female managers and people with disabilities) Develop individuals' skills and achieve business growth (develop talent in DX/AI) Promote human rights due diligence (disclosure of performance)
With society	9 Industry, innovation and infrastructure 11 Sustainable cities and communities 12 Responsible consumption and production 17 Partnerships for the goals	[Customers] [Ethics / Governance] [Communities] ・Provision of solutions ・Product safety and quality ・Governance ・Compliance ・Contributions to local communities	Improve productivity of construction workplaces by promoting smart construction (Number of workplaces where smart construction solution is applied) Provision of products and solutions that enable sustainable resource development (Cumulative units of AHS dump truck) Solutions for improving safety and productivity at customer workplaces (technological development stages for automation, safety device, etc.) Building of value chain adaptable to environmental and demand changes (Aftermarket business: sales growth rate / multi-sourcing parts ratio) Strengthen governance and ensure through compliance (disclosure of performance)
With the planet	7 Affordable and clean energy 9 Industry, innovation and infrastructure 12 Responsible consumption and production 13 Climate action 15 Life on land 17 Partnerships for the goals	[Environment] ・Development of low-carbon/low-emissions products, solutions and business models ・Resource recycling and remanufacturing ・Reduction of energy usage and GHG emissions ・Forest conservation through business activities	Plants with zero environmental impacts (CO_2 reduction, use of renewable energy, water usage) Reduction of CO_2 emissions at customer workplaces (CO_2 reduction from products in use / Development of electrified equipment) Provision of solutions that support sustainable, recycling-oriented forestry business (Forestry machinery business related indicators: sales growth rate, afforestation, Smart Forestry, etc.) Promotion of recycling-oriented business (reman) (reman business-related indicator: sales growth rate)

Targets of the mid-term management plan

Concerning management targets in the mid-term management plan, the Company has set targets for ESG management, together with industry-leading "Growth," "Profitability," "Efficiency," and "Sound financial position". With respect to shareholder return, while placing priority on focusing investments in growth areas, the Company will continue to work for stable dividends for shareholders and maintain the policy of keeping a consolidated payout ratio of 40% or higher.

Item	Index	Target
Growth	Sales growth rate	Growth rate above the industry's average
Profitability	Operating profit ratio	An Industry's top-level profit ratio
Efficiency	ROE*1	10% or higher
Sound financial position	Net debt-to-equity ratio*2	Industry's top-level financial position
Retail finance business	ROA*3	1.5% to 2.0%
	Net debt-to-equity ratio*2	5 times or less

ESG	Reduction of environmental impact	・CO_2 emissions: Decrease by 50% in 2030 from 2010 Become carbon neutral by 2050 (Challenging goal) ・Renewable energy use: Increase to 50% of total energy use in 2030
	Evaluation by external organizations	・Selected for DJSI*4 (World & Asia Pacific) ・Selected for CDP*5 A-List (Climate Changes and Water Security)

Shareholder return	Consolidated payout ratio	・Keep a fair balance between investment for growth and shareholder return (including stock buyback), while placing main priority on growth investment ・40% or more

Notes:

*1 ROE = Net income attributable to Komatsu Ltd. for the year / [(Komatsu Ltd. shareholders' equity at the beginning of the fiscal year + Komatsu Ltd. shareholders' equity at the end of the fiscal year)/2]

*2 Net debt-to-equity ratio = (Interest-bearing debt – Cash and cash equivalents – Time deposits) / Komatsu Ltd. shareholders' equity

*3 ROA = Segment profit / [(total assets at the beginning of the fiscal year + total assets at the end of the fiscal year)/2]

*4 Dow Jones Sustainability Indices: ESG investment indices of S&P Dow Jones Indices LLC of U.S.

*5 International non-profit organization which advocates the reduction of greenhouse gas emissions and protection of water resources and forests by companies and governments.

2. Approach to and Initiatives for Sustainability

Having long pledged to conduct management focused on sustainability, the Company aims to solve ESG issues through its business activities, including providing high-quality, highly efficient products, services, and solutions that take into account the environment and safety. Going forward, the Company will continue to address various ESG issues, including global climate change, by defining the material issues it will address and incorporating activities to address them into its mid-term management plan, with the goal of realizing a sustainable society and improving business continuity.

< Sustainability Policy >

With its basic stance to contribute to society through business activities, the Company defines its purpose as "Creating value through manufacturing and technology innovation to empower a sustainable future where people, businesses and our planet thrive together." Under this purpose, the Company established its Sustainability Policy in December 2021 to further promote sustainability management aimed at achieving both a sustainable society and business growth. As stated in this policy, the Company continues to work on material issues to realize a sustainable society and grow its business, and as a corporate group that can flexibly respond to changes in society and the external environment, Komatsu will further improve its corporate governance and contribute to society together with its stakeholders.

・Sustainability Policy：https://komatsu.disclosure.site/en/themes/201

(1) Governance

< Structure for promoting sustainability >

Based on the Sustainability Policy (With people, with business, and with the planet), the Company has established various committees, chaired by the President or the director in charge and composed of persons responsible for each business and function, to deliberate, decide on, and promote groupwide policies and measures in the areas of human resources, occupational safety and health, compliance, human rights, the environment, and other issues.
Specifically, the Komatsu Way Committee reviews personnel and educational measures, and the Sustainability Promotion Committee discusses measures related to the environment and human rights. In addition, the Strategy Review Committee deliberates on business strategies for carbon neutrality and decarbonization. The deliberations by the above-mentioned committees and business strategies are regularly reported to and discussed by the Board of Directors.
In addition, the Company sets KPIs for items related to the resolution for ESG issues as management targets in its mid-term management plan, which is based on the basic concept of creating a positive cycle of resolving ESG issues and improving earnings through customer value creation to achieve sustainable growth, discloses the status of their achievement in the Integrated Report, and links them to executive compensation. In this manner, the Company ensures the continuous promotion of sustainability.

1) Governance on climate change (Disclosure based on TCFD recommendations)

In April 2019, the Company announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has disclosed information in line with the TCFD's disclosure framework since 2020. the Company is committed to assessing the risks and opportunities posed by climate change to Komatsu, analyzing scenarios, and promoting a healthy dialogue with stakeholders, thereby promoting efforts to meet climate change. Komatsu has included the efforts to meet climate change as one of its key management issues in its business strategy objectives and has established a system whereby the Sustainability Promotion Committee and the Risk Management Committee discuss climate change on a committee-by-committee basis and report to the Board of Directors for appropriate oversight.
In addition, individual business strategies, including responses to climate change, are discussed at the Strategy Review Committee, and the meeting of Executive Officers performs the function of managing progress toward the objectives.

2) Governance of occupational safety and health

In addition to promoting groupwide safety and health management, the Company focuses on safety and health initiatives in the workplace, including those of its business partners. The Company also reviews and exchanges information on safety and health and health management through various meeting bodies, including Komatsu Health and Safety Convention, Komatsu Health and Safety Committee in Japan, the Global Health and Safety

Meeting, the Health Promotion Mid-Term Plan Meeting, and the Health Promotion Committee.

3) Governance on human resources development
The Komatsu Way Committee, chaired by the President and composed of persons responsible for each business and function, discusses and decides, and facilitates the implementation of policies and major actions relating to human resources, labor, education and human resources development and employee benefits for the entire Komatsu Group. It is held twice a year (and at other times as necessary). Furthermore, the activities of the Komatsu Way Committee are reported to the Board of Directors for review.

For details on the process, control and procedures for governance used to monitor and manage the risks and opportunities relating to sustainability, please refer to page 62 of the Integrated Report, “Komatsu Report 2023.” (Please note that the Risk Management Committee, which is listed on the lower left of the referenced page, is currently chaired by the President.)
https://www.komatsu.jp/en/-/media/home/ir/library/annual/en/2023/kmt_kr23e_spread.pdf?rev=9c88a24f813743d38922fcc6016f6f30&hash=675099D4EA686BB2C4D9C4A1F79ADECB

For details on the governance of occupational safety and health, please refer to page 66-67 of “ESG Data Book 2023”
https://komatsu.disclosure.site/en/csr/pdf/KOMATSUCSR2023_en.pdf

For an outline of corporate governance of the Company, please refer to the section headed “Item 4. Information on the Company 4. Corporate Governance, etc. (1) Overview of corporate governance”.

(2) Strategies

In recent years, as the external environment has changed dramatically and uncertainty has increased, the Company has recognized the importance of viewing trends such as digital transformation, carbon neutrality, and diversity and inclusion as business opportunities and linking them to business growth. In developing the current mid-term management plan, the Company reviewed the key issues (materiality) that it needs to address, taking into account changes in the external environment and business risks. The growth strategies in the mid-term management plan are based on the concept of achieving sustainable growth through a positive cycle for resolving ESG issues and improving earnings by creating customer value. The activities in areas identified as material issues are also reflected in the growth strategies.

For details on the process of revising material issues, please refer to page 16-17 of the Integrated Report, “Komatsu Report 2023.”

https://www.komatsu.jp/en/-/media/home/ir/library/annual/en/2023/kmt_kr23e_print.pdf?rev=9cf790b62659413f90cd3149f38b06d3&hash=42334011DF33A3B73917CB332CE55326

1) Strategies relating to climate change (Disclosure based on TCFD recommendations)

Climate change is one of the material sustainability-related risks and opportunities that are likely to have an impact on the Company’s management policy and management strategies over the short, medium and longer term. A total of 16 climate change-related risks and opportunities were identified, primarily in relation to the construction and mining equipment business based on the examples of risks and opportunities included in the final recommendation report published by the TCFD. The Company then assessed internal factors, which impact sales and earnings, and external factors, which are projected by the selected scenarios. Through this process, the 16 risks and opportunities were grouped into four major themes: “Changes in resource demand,” “Transition to low-carbon products,” “Manufacturing cost” and “Natural disasters.”

To gauge the potential impacts of climate change-related risks and opportunities on its business, the Company performed scenario analysis of the above-mentioned four major risk and opportunity themes.

The risks and opportunities connected to the four themes and the strategies for them are described in the following table.

Four major themes

Themes	Risks	Opportunities	Strategies
Changes in resource demand	・Regulation of power generation using fossil fuels ・Massive reductions in coal production volumes ・Reduced sales to coal-related customers ・Reduced appetite for investment in coal mines	・Rapid transition from fossil fuel-powered equipment to electric equipment ・Higher demand for copper and other resources necessary for electric equipment (motors, batteries, fuel cells, etc.) ・Increased sales to copper and other relevant mining-related customers by Komatsu in conjunction with trend toward electric equipment ・Increased investment for improving the efficiency of mining operations	By advancing initiatives based on the three pillars of growth strategies of the mid-term management plan—accelerate growth by means of innovation, maximize earnings power, and enhance corporate resilience—Komatsu will capitalize on opportunities created by changes in resource demand to achieve sustainable growth.

Themes	Risks	Opportunities	Strategies
Transition to low-carbon products	・Higher development and capital investment costs due to emissions restrictions ・Reduced sales due to inability to cater to customer electrification demands ・Substantial changes in technology development and competitive climate including market entry by new competitors ・Long-term diminishment of technological edge as customers begin leading the development and manufacturing of the drive component	・Increased sales by rising demand for electrified equipment, fuel-efficient equipment, and biomass fuel-powered equipment; ability to respond swiftly to impending changes in strategic markets fostered through adaptation in traditional markets ・Growth of remanufacturing businesses driven by transition to circular economy ・Increased demand for solutions businesses with emissions-reducing benefits ・Increased product reliability due to securing stable supply sources for high-quality components for storage batteries and others	The Company is advancing initiatives aimed at achieving carbon neutrality while facilitating the transition to the low-carbon products the world demands.
Manufacturing costs	・Taxation of fossil fuels and CO_2 emissions ・Price increase of purchased items ・Cost increases due to the investment in facilities with low CO_2 emissions	・Increased competitiveness through manufacturing technologies that reduce CO_2 emissions	Komatsu will work to mitigate cost increases by achieving its CO_2 reduction and renewable energy targets while developing production bases with low environmental impacts.
Natural disasters	・Increased frequency of heavy rain and floods due to abnormal weather ・Risks of disaster damages to Komatsu plants at high risk of flooding ・Parts supply delays following damages to suppliers from disasters	・Increased demand for flood-control works	Komatsu will implement countermeasures against heavy rains and flooding across the value chain (response to physical risks).

2) Basic policy on occupational safety and health
The Company has established "S (safety & health), L (compliance), Q (quality), D (delivery), and C (cost)" as the guideline for employee behavior, placing safety and health above all else. Furthermore, based on the "President's Message on Safety and Health," the Company has a "Health & Safety Policies", which requires management and all employees to work together to promote proactive health and safety activities as well as health management activities to ensure a safe and secure work environment for employees and to maintain and improve the health of employees on groupwide basis.
Based on this policy, groupwide measures are being implemented by Komatsu to eliminate potential causes of occupational accidents and prevent their recurrence by developing group-wide measures including risk assessment and focus on recurrence prevention actions for the past occupational accidents. Komatsu is also working to raise safety awareness among employees by complying the 15 basic safety principles set by the Company.

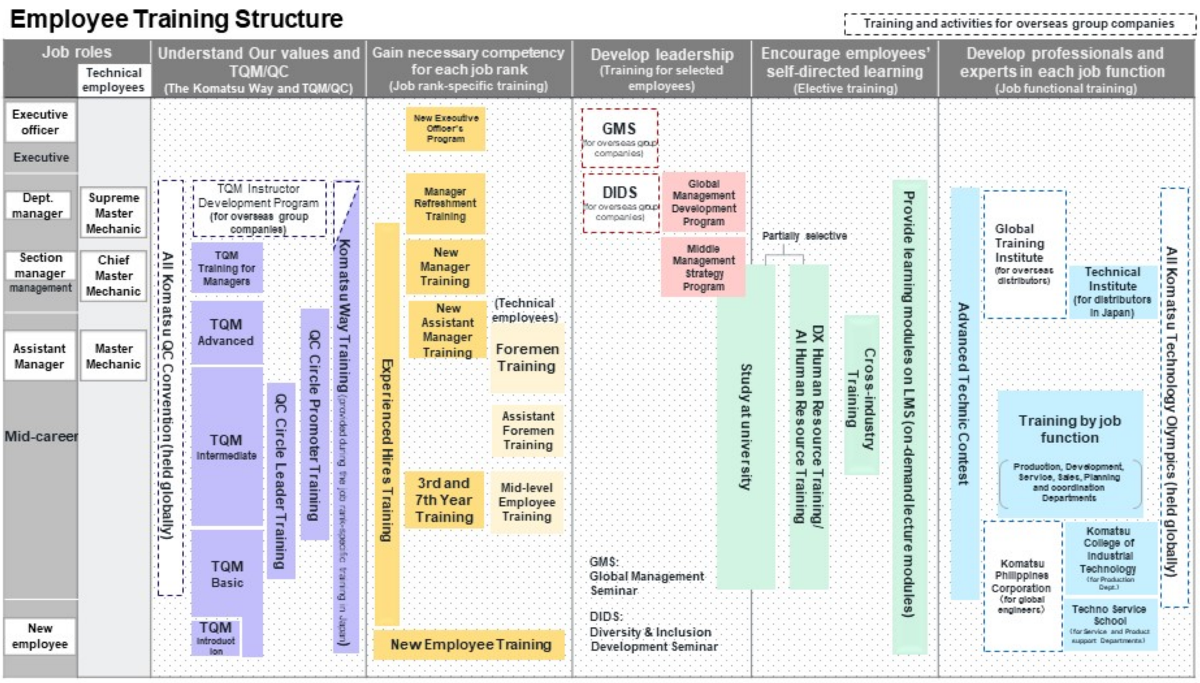
In terms of health management activities, the Company and Japanese subsidiaries are promoting various initiatives to improve employee health literacy under the mid-term plan for health promotion, working to create a "culture of health" that enables employees to think and act for themselves on matters necessary for a better life. In addition, the Company is also promoting cooperation with foreign subsidiaries.

For details on the strategy above, please refer to page 68-75 of "ESG Data Book 2023"
https://komatsu.disclosure.site/en/csr/pdf/KOMATSUCSR2023_en.pdf

3) Policies for human resources development and improvement of internal environment
In pursuit of global development and sustainable growth, the Company articulated "The Komatsu Way" in 2006 as a set of values to be shared by employees around the world, who otherwise may have different cultures and customs. The Company is working to disseminate it among all global employees. Based on this activity, the Company continues to implement human resource development.
And the Company will continue to invest in human capital to create new customer value (DANTOTSU Value), which is the basic concept of its growth strategy in the mid-term management plan. As part of that, the Company has set "Enrich human resources base with diversity" as one of the key initiatives of the mid-term management plan. Accordingly, the Company is accelerating its initiatives to maximize the value of its human capital, by promoting measures such as "Enhancement of diversity & inclusion," "Offering of a variety of talent development opportunities and improvement of employee engagement" and "Human resources development for digital applications and open-innovation."

(i) Promote diversity & inclusion
The Company continues to promote "Enhancement of diversity & inclusion" based on the belief that the realization of a workplace environment in which diverse people can respect each other's individuality and skills and work together effectively will lead to innovation and the growth of the entire company.
With sales outside of Japan accounting for approximately 90% of total sales and employees working in countries outside of Japan accounting for approximately 70% of all employees, national employees (local employees) are responsible for top management at overseas subsidiaries in many cases. Among them, the Company has also appointed the leaders of major overseas subsidiaries as "Global Officers," not only as the regional leaders but also as part of the senior management team of Komatsu, responsible for a part of consolidated management.
Furthermore, the Company has also appointed personnel who will play central roles with respect to business operations of Komatsu as executive officers of the Company.
The Company is also actively involved in promoting gender diversity. By setting key performance indicators for ratio of female employees in its mid-term management plan, the Company is pushing ahead with various measures to employ and develop more women and provide a workplace environment in which they can continue to develop their careers. Based on its past initiatives, the Company was named a Nadeshiko Brand company in Japan for FY2023. (Meaning that from among the approximately 3,900 companies listed on the Tokyo Stock Exchange, it was selected as one of 27 companies named the best.) As for experienced mid-career employee, the Company will also continue to positively recruit such personnel and promote to support their careers as core human resources.

(ii) Offering of a variety of talent development opportunities and improving employee engagement
The Company works to provide diversified talent development opportunities, including professional education in each field, and support for seeking the knowledge and skills required at each level. In developing the next generation of leaders, the Company takes a systematic approach for the leadership development program on a global basis by identifying "Global Key Positions" in Japan and overseas and developing a succession plan for them. Furthermore, in order to support employees' initiatives in their career development and planning, the Company developed the Career Development Program (CDP) in FY2023 and will enhance alignment and links between various human resource measures and career planning support.
Based on the belief that improving employee engagement is essential for its sustainable growth, the Company has conducted a global engagement survey for all employees of worldwide group companies with the aim of improving its personnel policies and measures, reflecting the survey results of the strengths and challenges by region and organization. By continuously analyzing and understanding employee engagement and responding to ever-changing challenges, the Company will endeavor to create an environment where each and every employee can work with vitality and enthusiasm.



(iii) Human Resources Development for digital applications and open-innovation
As to the development of human resources with digital knowledge and technologies, in addition to the programs for developing AI engineers that started in FY2019, the Company launched the "DX education programs" in FY2022 in Japan. These programs promote the employees' development with curriculums for attaining knowledge at every stage, from entry level for basic knowledge to practical training that covers problem solving in the context of real business operations and projects. With those efforts, the Company is working to enhance reskilling of employees for its business growth.
The curriculums of the "AI education programs" are upgraded every year to strengthen employee's capabilities to solve issues on its business operations and projects aiming to practical AI applications. The entry-level "DX education program" is provided to all employees of the Company to enhance skill improvement for broader range of employees. Furthermore, with regard to developing human resources to drive open innovation, the Company is conducting and utilizing both internal and external programs in order to accelerate collaboration with government and academic institutions.

For details on the Strategies, please refer to page 56-58 of the Integrated Report, "Komatsu Report 2023."
https://www.komatsu.jp/en/-/media/home/ir/library/annual/en/2023/kmt_kr23e_spread.pdf?rev=9c88a24f813743d38922fcc6016f6f30&hash=675099D4EA686BB2C4D9C4A1F79ADECB

(3) Risk management

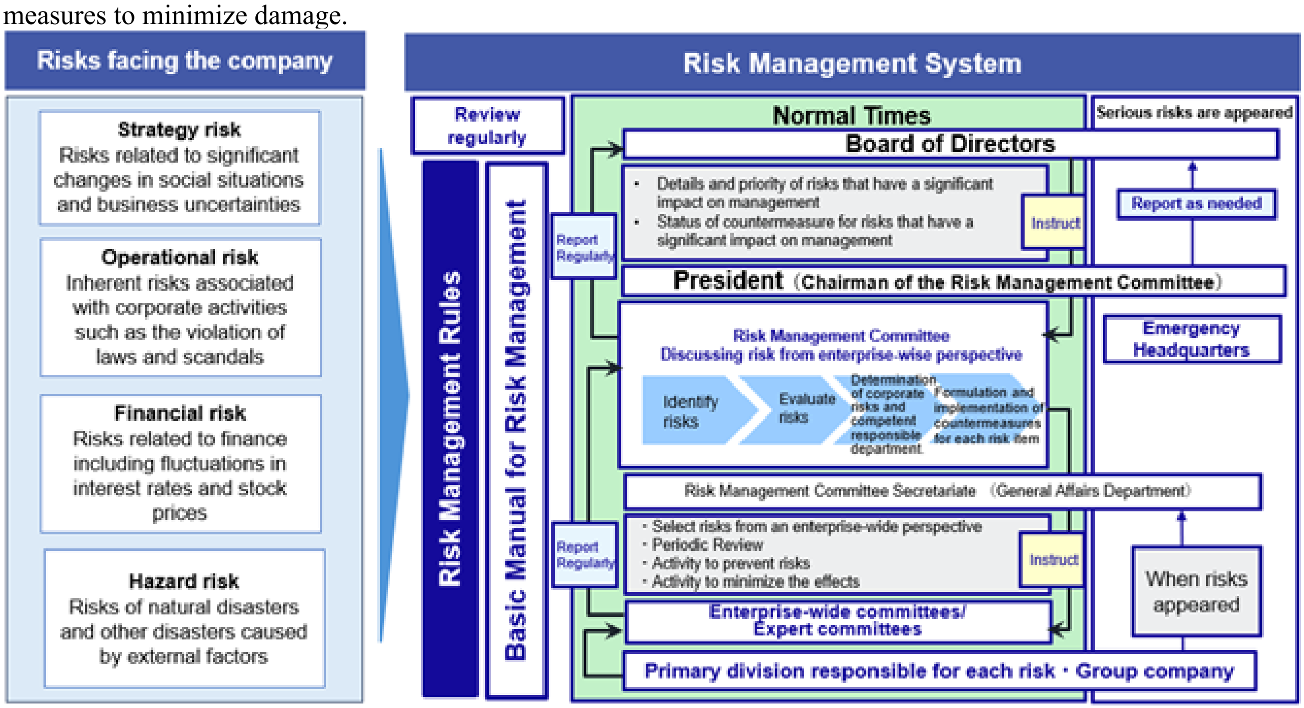
< Basic policies for risk management >

The management principle of the Company is to maximize its corporate value through the pursuit of “Quality and Reliability.” The Company regards all uncertainty that impedes this principle as a “risk.”
In order to support strategic decision-making and smooth business operations appropriately, Komatsu has established a “Risk Appetite Statement”, which is a policy to respond to risks and ensures that all employees make decisions and take actions based on this statement.

<Safety・Compliance> At Komatsu, SLQDC is the priority order given to all executives and employees when making decisions. (Safety(and Health) >Law(Compliance) > Quality > Delivery>Cost) We do not tolerate any risks that may interfere with our priority of safety, health, and compliance.	<Pursuit of Innovation> Komatsu defined our purpose as “Creating value through manufacturing and technology innovation to empower a sustainable future where people, businesses, and our planet thrive together.” To achieve this, we proactively take on challenges and maintain risks while implementing appropriate measures.
<Customer Values> Komatsu is aiming to “develop safe, highly productive, smart and clean workplaces of the future with customers.” We will strive to reduce and avoid risks that may interfere with the effectiveness, safety and quality assurance of all products provided to customers.	<Corporate Social Responsibility> Komatsu will “contribute to a sustainable future by addressing ESG issues through our business activities” based on its basic policy for social contributions. We will strive to reduce and avoid risks that may damage trust in society by promoting initiatives which includes to respect human rights and enhance low-carbon and reduction of environmental impacts.

< Structure for risk management >

The Company has introduced Enterprise Risk Management (hereinafter referred to as "ERM") to identify all risks surrounding Komatsu and prepare for them in normal times for responding accurately to the ever-changing business environment and risks. To promote ERM, the Company has set up “The Risk Management Committee”, chaired by President and composed of persons responsible for each business and function, regularly reporting the contents of deliberations and activities to the Board of Directors. This committee is responsible for formulating Komatsu’s entire policy on risk management, identifying corporate risks by the selection and evaluation of risks from an enterprise-wide perspective, checking and following up on the implementation status of countermeasures, and controlling risks when they materialize.
The Company will establish an Emergency Headquarters when serious risks occur and implement appropriate measures to minimize damage.



For more information on the above risks, please refer to the Integrated Report "Komatsu Report 2024" to be issued in September 2024.

(4) Indicators and targets

1) Indicators of policies concerning climate change and targets using such indicators

With respect to climate change-related indicators and targets, the Company has set a reduction of environmental impact as the management index and the management targets are specified below.

- CO_2 emissions Decrease by 50% by 2030 from 2010
  Become carbon neutral by 2050 (challenging goal)
- Renewable energy use Increase to 50% of total energy use by 2030

Furthermore, the Company applies the following indicators for mid-term management in terms of the climate change-related strategy under the paragraph headed "(2) Strategy" above. The targets relevant to such indicators are as follows.

Key activity themes	KPI	FY2024 Targets
Plants with zero environmental impacts	CO_2 emissions from production	45% reduction (compared with FY2010)
	Rate of renewable energy use	20%
Reduction of CO_2 emissions at customer workplaces	CO_2 emissions from product use	24% reduction (compared with FY2010)

* For details on the Indicators and targets, please refer to page 43-45 of the Integrated Report, "Komatsu Report 2023" and page 17-21 of "Komatsu ESG Databook 2023."

https://www.komatsu.jp/en/-/media/home/ir/library/annual/en/2023/kmt_kr23e_spread.pdf?rev=9c88a24f813743d38922fcc6016f6f30&hash=675099D4EA686BB2C4D9C4A1F79ADECB
https://komatsu.disclosure.site/en/csr/pdf/KOMATSUCSR2023_en.pdf

2)Indicator of policies concerning occupational safety and health and target using such indicators

The Company applies the following indicators for mid-term management in terms of the safety and health related strategy under the paragraph headed "(2) Strategy" above. The target relevant to such indicators are as follows.

Key activity themes	KPI	FY2024 Targets
Build workplaces that are safe and secure	Frequency rate of lost work time accidents (per 1 million hours)	Ongoing decrease from three-year average frequency rate of 0.65% from period of previous mid-term management plan (Performance disclosed)

* For details on the Indicators and targets, please refer to page 44-45 of the Integrated Report, "Komatsu Report 2023" and page 69-75 of "Komatsu ESG Databook 2023."
* For results for FY2023 and details thereof, please refer to "ESG Databook 2024," to be updated in August.
https://www.komatsu.jp/en/-/media/home/ir/library/annual/en/2023/kmt_kr23e_spread.pdf?rev=9c88a24f813743d38922fcc6016f6f30&hash=675099D4EA686BB2C4D9C4A1F79ADECB
https://komatsu.disclosure.site/en/csr/pdf/KOMATSUCSR2023_en.pdf

3) Indicators of policies concerning human resource development and improvement of internal working environment, and targets using such indicators

Komatsu applies the following indicators for mid-term management in terms of human resources development and improvement of internal working environment related strategy under the paragraph headed “(2) Strategy” above. The targets relevant to such indicators are as follows.

Key activity themes	KPI	FY2024 Targets
Promote diversity and inclusion	Ratio of female managers	13.0% or more
	Ratio of full-time female employees	17.0% or more
	Ratio of employees with disabilities	2.5% or more each year
Offer of a variety of talent development opportunities and improvement of employee engagement	Succession plans	Increased succession planning for senior management positions at overseas Group companies
	Engagement survey scores Notes *1 Score represents rate of favorable responses. *2 Global engagement surveys are conducted once every two years (survey conducted in FY2023).	・Global score : 85 or more ・Domestic score : 75 or more (*FY2023 Targets)
Development of digital and open innovation-driven human resources	Development of human resources with digital transformation and Al skills	Three-year aggregate numbers of training recipients (FY2022-2024) ・Digital transformation : 180 for practical, 900 for entry level ・Al :30 for practical, 90 for entry level
	Cultivation of Smart Construction consultants	1,000 (aggregate, FY2022-2024)

* Unless specified otherwise, the targets are stated on a consolidated basis.
* For details of indicators concerning human capital, please refer to pages 56-58 of the Integrated Report “Komatsu Report 2023” and pages 36-65 of “Komatsu ESG Databook 2023.”

* For results for FY2023 and details thereof, please refer to “ESG Databook 2024,” to be updated in August.
https://www.komatsu.jp/en/-/media/home/ir/library/annual/en/2023/kmt_kr23e_spread.pdf?rev=9c88a24f813743d38922fcc6016f6f30&hash=675099D4EA686BB2C4D9C4A1F79ADECB
https://komatsu.disclosure.site/en/csr/pdf/KOMATSUCSR2023_en.pdf

3. Risk Factors

Given that Komatsu operates on a global scale with development, production, sales, and other bases established around the world, Komatsu is exposed to a variety of risks. Komatsu has identified the following risks as its primary risks based on information currently available to it. Following description contains forward-looking statements which the Company judged as of the filing date of this Annual Securities Report.

< Strategy Risk >

1) Products/Solutions strategy

Komatsu defined our purpose to be "Creating value through manufacturing and technology innovation to empower a sustainable future where people, businesses, and our planet thrive together," and is creating and introducing new products and solutions to the market based on future market and social needs.

However, if Komatsu is unable to develop products and solutions that meet customer needs by the time required by the market, or if the products and solutions developed and provided by Komatsu are not appreciated by customers, Komatsu may lose its competitiveness in the market.

Moreover, Komatsu's products and business operations are required to meet increasingly stringent environmental laws and regulations in the numerous countries in which Komatsu operates. In addition, measures for reducing greenhouse gas emissions have been taken around the world. Therefore, Komatsu is investing a significant proportion of its management resources, such as research and development expenditure, to comply with environmental and other related regulations and to respond to climate change issues. If Komatsu is required to incur additional expenses and make additional capital investments due to future revision of environmental regulations or future impacts of climate change, or if its development, production, sales, and service operations are adversely affected by such revised regulations, Komatsu may experience an unfavorable impact on its business results.

2) Business environment

The business environment in which Komatsu operates and the market demand for its products may change substantially as a result of economic and market conditions, political and social circumstances, competitive conditions, or the like, which differ from region to region.

In economically developed countries in which Komatsu operates, Komatsu's business is generally affected by cyclical changes in the economies of such regions. Therefore, factors which are beyond Komatsu's control, such as levels of housing starts, industrial production, public investments in infrastructure development and private-sector capital outlays, may affect demand for Komatsu's products. In newly developing countries in which Komatsu operates, Komatsu constantly pays attention to the changes in demand for its products. However, these economies are subject to impact by a number of variable factors, such as commodity demand levels, commodity price fluctuations, and sudden movements in currency values and changes in any or all of these factors could adversely affect Komatsu's business results. Furthermore, when economic and/or market conditions deteriorates more drastically than expected, Komatsu may also experience, among other things, fewer orders of its products, an increase in cancellation of orders by customers and a delay in the collection of receivables.

These deteriorations in the business environment in which Komatsu operates may lead to a decline in sales, and inefficient inventory levels and/or production capacities, thereby causing Komatsu to record lower profitability and incur additional expenses and losses. As a result, Komatsu's results of operations may be adversely affected.

3) Business Investment

Komatsu has entered into and implemented alliances, collaborations, mergers and acquisitions, etc. with various business partners to reinforce its international competitiveness. Through such arrangements, Komatsu is working to improve and expand its product development, production, sales, and service capabilities as well as its solutions business. However, Komatsu's failure to attain expected results or the termination of such alliances or collaborative relationships may adversely affect Komatsu's results of operations.

4) Response to social issues

Komatsu operates in countries around the world and is aware of various social issues such as climate change, depletion of water resources and human rights issues. Komatsu aims to respond sincerely to these social issues and contribute to society through business activities while fulfilling our responsibilities to social and environment as a global company, however, the response may be considered insufficient by society. As a result, there is a risk of adversely affecting the management performance of Komatsu groups due to the decline in the image and social credit.

< Operational Risk >

1) Product safety and quality

Komatsu endeavors to sustain and improve the quality and reliability of the products that it offers, based on stringent standards established internally. While, in the event of an accident, etc. due to an unexpected defect arising out of product design/manufacturing, Komatsu takes improvement measures, such as recalling a product, Komatsu's business results may be adversely affected by claims for damages, etc. or loss of reputation/trust.

2) Supply Chain

Komatsu's procurement of parts and materials for its products is exposed to fluctuations in commodity and energy prices. Price increases in commodities, such as steel materials, as well as energies, such as crude oil and electricity, may increase the production cost of Komatsu's products. In addition, a shortage of product parts and materials, bankruptcies of suppliers or production discontinuation by suppliers of products used by Komatsu, multilateral export/import controls, disruption of international logistics or other issues may make it difficult for Komatsu to engage in the timely procurement of parts and materials and manufacture of its products, thereby lowering Komatsu's production efficiency or loss of sales opportunities. With respect to an increase in the cost of production as mainly affected by an increase in the cost of materials, Komatsu mainly strives to reduce costs and make price adjustments of its products. Komatsu also strives to minimize the effects of possible procurement or manufacturing issues by such means as using multiple suppliers, cross-sourcing operation for production, maintaining safety stock, and enhancing production management through collaboration among the relevant business divisions. However, if occurrence of disruptions in global supply chains, increase in commodity and energy prices were to exceed Komatsu's expectations or a prolonged shortage of materials and parts were to occur, Komatsu's results of operations may be adversely affected.

3) Talent Acquisition/Human Resource Development

Komatsu regards human resources as one of the important management resources that create new value and based on this belief, continuously invests in human resources, aiming for the sustainable growth and development of both the company and its employees, while being aware of changes in the internal and external environment and linkage with management policies. However, if Komatsu is unable to secure and develop the human resources it needs due to intensifying competition to secure human resources as a result of the decline in the working population and other factors, this could have a significant impact on the implementation of the Komatsu's management plan and its sustainable growth.

4) Information security

Komatsu may obtain confidential information concerning its customers and individuals in the normal course of its global business. Komatsu also holds confidential business and technological information. In addition to storing this information, Komatsu uses internal and external systems to carry out its various operations. Komatsu safeguards such confidential information and keeps the stable operation of its systems with the utmost care. To forestall infection with a computer virus or cyber-attacks in order to prevent unauthorized access, tampering, destruction, leakage, and losses, Komatsu employs appropriate safety measures, including implementing technological safety measures and strengthening its information management capabilities. However, when a leak or loss of confidential information concerning customers and individuals occurs, Komatsu may become liable for damages, or its reputation or its customers' confidence in Komatsu may be adversely affected. Also, there are risks that internal or external systems used by Komatsu may be shut down due to unexpected earthquakes, fires, or other disasters, or due to the failure of power supply facilities. In addition, threats are increasing that cyber-attacks and impersonate business partners. If a cyber incident were to occur at Komatsu or one of our key suppliers, there are risks of repercussions that could disrupt production and sales. In addition, if Komatsu's confidential business and technological information were leaked or lost, or misused by a third party, Komatsu's business results may be adversely affected. Furthermore, any more sophisticated cyber-attacks may impose increased costs on Komatsu for enhancing information security measures.

5) Intellectual Property

Komatsu has acquired rights to a number of patents, trademarks and other intellectual property relating to the Komatsu's products. However, in some countries or regions, these intellectual property rights may not be fully protected or may only be protected to a limited extent, and if third parties cannot be prevented from using the Komatsu's intellectual property rights to manufacture and sell similar products, there is a risk that the Komatsu's business results may be adversely affected by a decrease in sales and other factors.

< Finance Risk >

1) Financial market fluctuations

While Komatsu is currently improving the efficiency of its asset management, it has interest-bearing debt due to borrowings from financial institutions and the issuance of bonds. Although Komatsu has strived to reduce the effect of interest rate fluctuations using various measures, including procuring funds at fixed interest rates, an increase in interest rates may increase Komatsu's interest expenses and thereby adversely affect Komatsu's results of operations. In addition, with respect to Komatsu's pension assets, though Komatsu has been evaluating its operational status and reviewing its portfolio on a regular basis, fluctuations in the financial markets, such as fluctuations in the fair value of marketable securities and interest rates, may also increase the unfunded obligation portion of Komatsu's pension plans or pension liabilities, which may result in an increase in pension expenses. Such an increase in interest expenses and pension expenses may adversely affect Komatsu's results of operations and financial condition.

2) Tax system

With respect to transfer pricing between Komatsu and its affiliated companies, Komatsu is careful to comply with applicable taxation laws of Japan and the concerned foreign governments. Nevertheless, it is possible that Komatsu may be viewed by the concerned tax authorities as having used inappropriate pricing. Furthermore, if intergovernmental negotiations were to fail, Komatsu may be charged with double or additional taxation. When facing such an unexpected situation, Komatsu may experience an unfavorable impact on its business results.

3) Exchange rate fluctuations

A substantial portion of Komatsu’s overseas sales is affected by foreign currency exchange rate fluctuations. In general, an appreciation of the Japanese yen against another currency would adversely affect Komatsu’s results of operations, while a depreciation of the Japanese yen against another currency would have a favorable impact thereon. In addition, foreign currency exchange rate fluctuations may also affect the comparative prices between products sold by Komatsu and products sold by its foreign competitors in the same market, as well as the cost of materials used in the production of such products. Komatsu strives to alleviate the effect of such foreign currency exchange rate fluctuations by locating its production bases globally and engaging in production locally. Komatsu also engages in hedging activities to minimize the effects of short-term foreign currency exchange rate fluctuations. Despite Komatsu’s efforts, if the foreign currency exchange rates fluctuate beyond Komatsu’s expectations, Komatsu’s results of operations may be adversely affected.

< Hazard Risk >

1) War, Terrorism, Geopolitical

Given that Komatsu operates on a global scale with development, production, sales, and other bases established around the world, increased social, political, or military tensions in specific region may potentially affect our business. Komatsu takes steps to minimize the impacts of resource price fluctuations, trade restrictions, and supply chain complications that result from diversifying geopolitical risks by confirming, analyzing, and addressing the political, economic, and regulatory trends of relevant countries. However, global political divisions and military tensions could disrupt supply chains and have a financial and economic impact. Komatsu collects and analyses information on trends in economic security-related and various regulations, including the Economic Security Promotion Act, however, there is a risk that the Komatsu's business performance could be adversely affected if it faces unexpected circumstances.

2) Natural disasters, Accidents, and Pandemics

If natural disasters (such as earthquakes, tsunamis and floods), epidemics, radioactive contamination, accidents (such as fires and explosions), unforeseeable criticism or interference by third parties were to occur in the regions in which Komatsu operates, Komatsu may incur extensive damage to one or more of its facilities that then could not become fully operational within a short period of time. Even if Komatsu’s operations were not directly harmed by such events, confusion in logistic and supply networks, shortages in the supply of electric power, gas and other utilities, telecommunication problems and/or problems of supplier’s production may continue for a long period of time. In preparation for actualization of these risks, Komatsu takes measure such as establishment of a business continuity plan or implementation of training sessions, and, if a material risk is actualized, Komatsu will set up an emergency headquarters and take appropriate steps to minimize damage.

4. Analyses of Consolidated Financial Position, Operating Results and Cash Flows from the management’s perspective

1. Overview of Results of Operations, etc.

Komatsu’s financial position, results of operations and cash flows (hereinafter “Results of Operations, etc.”) in the fiscal year ended March 31, 2024 are as follows.

(1) Financial Position and Operating Results

(i) Overview

For the fiscal year ended March 31, 2024, consolidated net sales increased by 9.1% from the fiscal year ended March 31, 2023 to ¥3,865,122 million. With respect to profits, operating income increased by 23.7% from the fiscal year ended March 31, 2023 to ¥607,194 million. The operating income ratio increased by 1.9 percentage points from the fiscal year ended March 31, 2023 to 15.7%. Income before income taxes and equity in earnings of affiliated companies increased by 20.8% from the fiscal year ended March 31, 2023 to ¥575,663 million. Net income attributable to Komatsu Ltd. increased by 20.5% from the fiscal year ended March 31, 2023 to ¥393,426 million.

Consolidated results for the fiscal year ended March 31, 2024

	2024 (Millions of yen)	Changes from previous fiscal year
Net sales	3,865,122	9.1%
Construction, Mining and Utility Equipment	3,615,182	9.7%
Retail Finance	103,546	20.9%
Industrial Machinery and Others	195,620	2.5%
Elimination	(49,226)	—
Segment profit	605,674	22.7%
Construction, Mining and Utility Equipment	573,987	29.4%
Retail Finance	24,243	(11.1%)
Industrial Machinery and Others	10,279	(54.5%)
Corporate & elimination	(2,835)	—
Operating income	607,194	23.7%
Income before income taxes and equity in earnings of affiliated companies	575,663	20.8%
Net income attributable to Komatsu Ltd.	393,426	20.5%

(ii) Changes in foreign exchange rate

The Japanese yen depreciated against the U.S. dollar, and the Euro, etc. for the fiscal year ended March 31, 2024 compared to the fiscal year ended March 31, 2023. It is estimated that segment profit for the construction, mining and utility equipment business for the fiscal year ended March 31, 2024 increased approximately ¥76.0 billion compared to the fiscal year ended March 31, 2023 mainly due to the Japanese yen depreciation. Its estimation of influence amount is calculated as of a multiplication its trading amount of foreign currencies of the Company and its consolidated subsidiaries and the change in foreign exchange rate, not reflected sales price adjustment.

(iii) Net sales
Consolidated net sales for the fiscal year ended March 31, 2024 increased by 9.1% to ¥3,865,122 million from ¥3,543,475 million for the fiscal year ended March 31, 2023. Net sales to external customers in Japan for the fiscal year ended March 31, 2024 increased by 6.7% to ¥436,649 million from ¥409,414 million for the fiscal year ended March 31, 2023. Net sales to external customers in overseas for the fiscal year ended March 31, 2024 increased by 9.4% to ¥3,428,473 million from ¥3,134,061 million for the fiscal year ended March 31, 2023.

(iv) Cost of sales and selling, general and administrative expenses
Cost of sales increased by 6.0% from the fiscal year ended March 31, 2023 to ¥2,654,914 million primarily due to increased net sales. The ratio of cost of sales to net sales decreased by 2.0 percentage points from the fiscal year ended March 31, 2023 to 68.7%.
Selling, general and administrative expenses increased by 10.8% from the fiscal year ended March 31, 2023 to ¥604,534 million.
R&D expenses that were included in cost of sales and selling, general and administrative expenses increased by 14.1% from the fiscal year ended March 31, 2023 to ¥103.4 billion.

(v) Impairment losses on long-lived assets
Impairment losses on long-lived assets for the fiscal year ended March 31, 2024 increased by ¥587 million to ¥6,108 million as compared to ¥5,521 million for the fiscal year ended March 31, 2023. For the fiscal year ended March 31, 2024, this was mainly due to impairment losses from property, plant, and equipment.

(vi) Other operating income
Net other operating income of ¥7,628 million was recognized for the fiscal year ended March 31, 2024 as compared to net other operating income of ¥2,692 million for the fiscal year ended March 31, 2023.

(vii) Operating income
As a result of the above factors, operating income for the fiscal year ended March 31, 2024 increased by 23.7% to ¥607,194 million as compared to ¥490,685 million for the fiscal year ended March 31, 2023.

(viii) Other income (expenses), net
Interest and dividend income increased by ¥8,695 million to ¥21,146 million for the fiscal year ended March 31, 2024 as compared to ¥12,451 million for the fiscal year ended March 31, 2023. Interest expense increased by ¥22,135 million to ¥54,506 million for the fiscal year ended March 31, 2024 as compared to ¥32,371 million for the fiscal year ended March 31, 2023.

(ix) Income before income taxes and equity in earnings of affiliated companies
As a result of the above factors, income before income taxes and equity in earnings of affiliated companies for the fiscal year ended March 31, 2024 increased by 20.8% to ¥575,663 million as compared to ¥476,434 million for the fiscal year ended March 31, 2023.

(x) Income taxes
Income tax expense for the fiscal year ended March 31, 2024 increased by ¥32,033 million to ¥167,580 million from ¥135,547 million for the fiscal year ended March 31, 2023. The actual effective tax rate for the fiscal year ended March 31, 2024 increased by 0.6 percentage points to 29.1% from 28.5% for the fiscal year ended March 31, 2023. The difference between the Japanese statutory tax rate of 31.3% and the actual effective tax rate of 29.1% was caused by income of foreign subsidiaries being taxed at a rate lower than the Japanese statutory tax rate.

(xi) Equity in earnings of affiliated companies
Equity in earnings of affiliated companies for the fiscal year ended March 31, 2024 increased by ¥2,983 million to ¥8,273 million as compared to ¥5,290 million for the fiscal year ended March 31, 2023.

(xii) Net income
As a result of the above factors, net income for the fiscal year ended March 31, 2024 increased by ¥70,179 million to ¥416,356 million as compared to ¥346,177 million for the fiscal year ended March 31, 2023.

(xiii) Net income attributable to noncontrolling interests
Net income attributable to noncontrolling interests for the fiscal year ended March 31, 2024 increased by ¥3,151 million to ¥22,930 million as compared to ¥19,779 million for the fiscal year ended March 31, 2023. The portion attributable to noncontrolling interests increased mainly as a result of an increase in net income recorded by Komatsu Cummins Chile Ltda. and Komatsu Australia Pty. Ltd., etc.

(xiv) Net income attributable to Komatsu Ltd.
As a result of the above, net income attributable to Komatsu Ltd. for the fiscal year ended March 31, 2024 increased by 20.5% to ¥393,426 million as compared to ¥326,398 million for the fiscal year ended March 31, 2023. Accordingly, basic net income attributable to Komatsu Ltd. per share increased to ¥415.96 for the fiscal year ended March 31, 2024 from ¥345.22 for the fiscal year ended March 31, 2023. Diluted net income attributable to Komatsu Ltd. per share increased to ¥415.93 for the fiscal year ended March 31, 2024 from ¥345.18 for the fiscal year ended March 31, 2023.

(xv) Segment profit
(Segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from net sales.)
Segment profit for the construction, mining and utility equipment business for the fiscal year ended March 31, 2024 increased by ¥130,384 million to ¥573,987 million, mainly due to improved selling prices in most regions of the world, and the Japanese yen’s depreciation, which more than offset the adverse effects of increased fixed costs and material prices, as compared to ¥443,603 million for the fiscal year ended March 31, 2023.
Segment profit for the retail finance business for the fiscal year ended March 31, 2024 decreased by ¥3,024 million to ¥24,243 million, as compared to ¥27,267 million for the fiscal year ended March 31, 2023, mainly affected by the absence of a gain on reversal of allowance for doubtful accounts which was recorded in North America for the previous fiscal year.
Segment profit for the industrial machinery and others business for the fiscal year ended March 31, 2024 decreased by ¥12,307 million to ¥10,279 million, as compared to ¥22,586 million for the fiscal year ended March 31, 2023, due mainly to reduced maintenance revenues in the excimer laser-related business, affected by a drop in demand for semiconductors worldwide.
Consolidated segment profit, which was added corporate expenses and elimination, increased by ¥112,160 million to ¥605,674 million as compared to ¥493,514 million for the fiscal year ended March 31, 2023.
Consolidated segment profit is not in accordance with U.S. GAAP, but is disclosed as beneficial information for users of the financial statements.

(2) Cash flows

Net cash provided by operating activities totaled ¥434,778 million, mainly due to net income for the period, while trade notes and accounts receivable and inventories increased. This is a increase of ¥228,304 million from the fiscal year ended March 31, 2023.

Net cash used in investing activities amounted to ¥204,419 million, an increase of ¥34,901 million, mainly due to the purchase of fixed assets.

Net cash used in financing activities amounted to ¥122,037 million (as compared to ¥66,613 million used for the previous fiscal year), mainly due to payment of cash dividends.

After adding the effects of foreign exchange fluctuations to the total amount of each cash flow, as of March 31, 2024, cash and cash equivalents totaled ¥403,178 million, a increase of ¥113,203 million from the fiscal year ended March 31, 2023.

(3) Production, Orders Received and Sales

Komatsu produces and sells a wide range of products, and there are various types of specifications in terms of the capacity, structure design, model and others, even for the same kinds of products. In addition, Komatsu does not adopt a make-to-order production system for many products. Thus, Komatsu does not present this production and orders received in amount or volume terms for each operating segment.

Therefore, production, orders received, and sales are disclosed in relation to the business results of each operating segment in “2. Views and issues analyzed/discussed with regard to the status of Results of Operations, etc. from the management’s perspective”.

2. Views and issues analyzed/discussed with regard to the status of Results of Operations, etc. from the management’s perspective

Views and issues analyzed/discussed with regard to the status of Results of Operations, etc. of Komatsu from the management’s perspective are as follows.

Following description contains forward-looking statements which the Company judged as of the filing date of this Annual Securities Report.

(1) Significant Accounting Policies and Estimates

The Company prepares its consolidated financial statements in conformity with U.S. GAAP. The Company’s management regularly makes certain estimates and judgments that the Company believes are reasonable based upon available information. These estimates and judgments affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements, the reported amounts of income and expenses during the periods presented, and the disclosed information regarding contingent liabilities and debts. These estimates and judgments are based on Komatsu’s historical experience, terms of existing contracts, Komatsu’s observance of trends in the industry, information provided by its customers and information available from other outside sources, as appropriate. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty, and may differ from actual results. For a summary of the Company’s significant accounting policies, including the significant accounting policies discussed below, see Note 1 to the Consolidated Financial Statements.

Regarding the impact of the disruption and so forth in the supply chain, financial sector, and world economy caused by the Ukraine situation on Komatsu’s financial position and results of operations, there is uncertainty regarding when such conditions will improve, among other factors. Nevertheless, Komatsu has assumed that a certain level of impact from the Ukraine situation will continue in the future, based on the information which is available at present and our predictions. Komatsu is making its best estimates taking in the assumption to assess the calculation of the expected credit losses, the likelihood of recovery of deferred tax assets and the impairment losses on long-lived assets and goodwill given these items are relatively material among the accounting estimates. However, if actual future trends deviate from the assumption, Komatsu’s financial position and results of operations may be adversely affected.

The Company’s management believes that the following accounting policies are significant in fully understanding and evaluating the Company’s reported financial results.

(i) Allowance for Credit Losses
Komatsu estimates the amount of expected credit losses and recognizes the allowance for credit losses on receivables, etc. taking into consideration numerous factors such as historical credit loss experiences, economic indicators and credit ratings of the customer. Regarding receivables of retail finance business (hereinafter "retail finance receivables"), in particular, collection spans an extended period of time and there is a degree of uncertainty that accompanies the calculation of the estimated credit losses and the calculation of an expected amount recoverable from the collateral. Komatsu recognizes the allowance for credit losses on retail finance receivables utilizing the expected credit loss rates that are calculated based on the average historical loss rates adjusted to reflect forecasted changes in relevant economic indicators such as housing starts. For those retail finance receivables with a collectability risk due to deterioration of customer's financial condition or prolonged payment delays, Komatsu individually increases the allowance for credit losses based on the available information at hand such as credit status, status of outstanding receivables, and current market price of the equipment used as collateral. Since Komatsu's historical loss experiences have fallen within their original estimates and established provisions, the Company's management believes its allowance for credit losses to be adequate. However, if the composition of Komatsu's receivables were to change or the financial condition of each customer were to change due to an unexpected significant shift in the economic environment, it is possible that the accuracy of its estimates could be affected and thus its financial position and results of operations could be materially affected.
For additional information, see Note 4 to the Consolidated Financial Statements.

(ii) Deferred Income Tax Assets and Uncertain Tax Positions
The Company estimates income taxes and income taxes payable in accordance with applicable tax laws in each of the jurisdictions in which it operates. Net operating loss carry forwards and temporary differences resulting from differing treatment of items for taxation and financial accounting and reporting purposes are recognized on the Company's consolidated balance sheet by adjusting the effect for deferred income tax assets and liabilities. Komatsu is required to assess the likelihood that each of its group company's deferred tax assets will be recovered from future taxable income estimated for each group company and the available tax planning strategies.
The Company's management estimates its future taxable income and considers the likelihood of recovery of deferred tax assets based on the management plan authorized by the Board of Directors, periodic operational reports of each group company, future market conditions and tax planning strategies, and, to the extent the Company's management believes that any such recovery is not likely, each group company establishes a valuation allowance to reduce the amount of deferred tax assets reflected in the consolidated balance sheet. Changes to the amount and timing of future taxable income determined by the Company's management could result in an increase or decrease to the valuation allowance.
Benefits derived from uncertain tax positions are recognized when a particular tax position meets the more-likely-than-not recognition threshold based on the technical merits of such position. A benefit is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon a final settlement with the appropriate taxing authority.
While the Company's management believes that all deferred tax assets after adjustments for valuation allowance will be realized and all material uncertain tax positions that are recognized will be successfully sustained, the Company may be required to adjust its deferred tax assets or valuation allowance or reserve for unrecognized tax benefits if its estimates differ from actual results due to poor operating results, lower future taxable income as compared to estimated taxable income or different interpretations of tax laws by the relevant tax authorities. These adjustments to the valuation allowance or recognized tax benefits could materially affect Komatsu's financial position and results of operations.
For additional information, see Note 16 to the Consolidated Financial Statements.

(iii) Valuation of Long-Lived Assets and Goodwill
Komatsu's long-lived assets are reviewed for potential impairment whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable, such as a decrease in future cash flows caused by a change in business environment.
The recoverability of assets to be held and used is measured by comparing the carrying amount of a particular asset to the estimated future undiscounted cash flow expected to be generated by such asset. Such future undiscounted cash flow is estimated in accordance with Komatsu's management plan. The management plan is established by taking into consideration, to the extent possible, management's best estimates on the fluctuation of sales prices, changes in manufacturing costs and sales, general and administrative expenses based on expected sales volumes derived from market forecasts available through outside research institutions and through customers. If the carrying amount of an asset exceeds its future undiscounted cash flow and such asset is considered unrecoverable and identified as an impaired asset, Komatsu recognizes an impairment loss based on the amount by which the carrying amount of the asset exceeds its fair value. Fair value is customarily measured based on the asset's future discounted cash flow, and the rate used to discount such cash flow is the weighted average capital cost reflecting the fluctuation risk of future cash flow in the capital markets. As an alternative to such customary method, fair value may also be measured based on an independent appraisal. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less costs of sales.
Komatsu reviews its goodwill for impairment at least once annually and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value below its carrying amount.
The fair value of the reporting unit is generally determined using future discounted cash flow model. Projected future cash flow is estimated in accordance with Komatsu's management plan. The management plan is established by taking into consideration, to the extent possible, management's best estimates on the fluctuation of sales prices, changes in manufacturing costs and sales, general and administrative expenses based on expected sales volumes derived from market forecasts available through outside research institutions and through customers. When the carrying amount of the reporting unit exceeds the fair value, the difference is recognized as impairment loss on goodwill to the extent of the carrying amount of the goodwill allocated to that reporting unit.
While Komatsu believes that there are no additional major impairments of its long-lived assets and goodwill at present, in the event that Komatsu's strategy or market conditions in which it operates changes, estimates of future cash flows to be generated by an asset and evaluations of fair value would be affected, and the assessment of the ability to recover the carrying amount of long-lived assets and goodwill may change. Accordingly, such changes in assessment could materially affect Komatsu's financial position and results of operations.

(iv) Fair Values of Financial Instruments
The fair values of derivative financial instruments, consisting principally of foreign currency contracts and interest swap agreements, are estimated by obtaining quotes from brokers based on observable market inputs. While fair value estimates are made at a specific point in time based on relevant market information and information about the financial instruments, these estimates are subjective in nature. The estimated fair values may change due to uncertainties in the financial markets, and may therefore differ from actual results.
Komatsu's investments in marketable equity securities are stated at fair value. Changes in fair values are included in net income in the accompanying consolidated statements of income.
Komatsu measures equity securities without readily determinable fair values at the carrying amount after the write-down due to impairment, except for investments which are measured at net asset value per share. If Komatsu identifies observable price changes in orderly transactions for identical or similar investments issued by the same issuer, Komatsu measures the equity security at fair value as of the date that the observable transaction occurred.
In case of decrease market price, in periodically assessing other-than-temporary impairment of investments in affiliated companies, Komatsu considers the period and amount of its decline, and the financial positions and prospects of each subject companies.
While Komatsu believes that there are no additional major impairments of its investment securities or investments in affiliated companies at present, if the performance and business conditions of any subject company deteriorate due to a change in business circumstances, Komatsu may recognize an impairment of its investments.
For additional information, see Notes 20, 21 and 22 to the Consolidated Financial Statements.

(v) Pension Liabilities and Expenses
The amount of Komatsu’s pension obligations and net periodic pension costs are dependent on certain assumptions used to calculate such amounts. These assumptions are described in Note 12 to the Consolidated Financial Statements and include the discount rate, expected rate of return on plan assets and rates of increase in compensation. Actual results that differ from these assumptions are accumulated and amortized over future service years of employees and therefore generally affect Komatsu’s recognized expenses and recorded obligations during such future periods.
The discount rate is determined based on the rates of return of high-quality fixed income investments currently available and expected to be available until the maturity of the pension benefits. The expected long-term rate of return on plan assets is determined by taking into consideration the current expectations for future returns and actual historical returns of each plan asset category.
While Komatsu believes that its assumptions are appropriate, in the event that actual results differ significantly from these assumptions or significant changes are made to these assumptions, Komatsu’s pension obligations and future expenses may be affected.
The following table illustrates the sensitivity of pension obligations as of March 31, 2024 and net periodic pension costs for the fiscal year ending March 31, 2025 to changes in discount rates and expected long-term rate of return on pension plan assets, while holding all other assumptions constant, for Komatsu’s pension plans as of March 31, 2024.

	Change in assumption	Pension obligations (Billions of yen)	Net periodic pension costs (Billions of yen)
Discount rate	0.5% increase/decrease	-33.0 / +36.1	-0.4 / +1.1
Expected long-term rate of return	0.5% increase/decrease	—	-1.6 / +1.6

(vi) Recently Issued Accounting Standards Not Yet Adopted
In November 2023, Financial Accounting Standards Board (hereinafter “FASB”) issued Accounting Standards Update (hereinafter “ASU”) 2023-07 “Improvements to Reportable Segment Disclosures”. This update requires an entity to disclose significant segment expenses by reportable segment if they are regularly provided to the chief operating decision maker (CODM) and to provide a qualitative disclosure describing the composition of the other segment items, and so forth. Also, all existing annual disclosures about segment profit or loss must be provided on an interim basis in addition to disclosures of significant segment expenses and other segment items as noted above. The amendments in this update are effective for annual reporting periods beginning after December 15, 2023 and for interim reporting periods beginning after December 15, 2024. The amendments in this update apply retrospectively to all prior periods presented in the financial statements. Komatsu is currently considering the impact of this update on its disclosure information. The adoption of this update is not expected to have an impact on Komatsu’s financial position and results of operations.

In December 2023, FASB issued ASU 2023-09 “Improvements to Income Tax Disclosures”. This update requires an entity to disclose specific variance items in the tax rate reconciliation table from the Japanese statutory tax rates to the effective tax rates, the amount of corporate income taxes paid (domestic and foreign), income from continuing operations before income taxes (domestic and foreign), and income tax expense from continuing operations (domestic and foreign). The amendments in this update apply are effective for annual reporting periods beginning after December 15, 2024. Komatsu is currently considering the impact of this update on its disclosure information. The adoption of this update is not expected to have an impact on Komatsu’s financial position and results of operations.

(2) Views and issues analyzed/discussed with regard to the status of Results of Operations, etc. in the fiscal year ended March 31, 2024

(i) Views and issues analyzed/discussed with regard to the status of Komatsu's financial position and operating results

For the fiscal year ended March 31, 2024, consolidated net sales increased by 9.1% from the fiscal year ended March 31, 2023 to ¥3,865,122 million.

In the construction, mining and utility equipment business, demand for construction equipment decreased mainly in Latin America, Europe and Asia, but remained steady in North America. Demand for mining equipment remained strong against the backdrop of sustained stability in resource prices. Sales increased from the fiscal year ended March 31, 2023, supported in part by increased parts sales and service revenues, reflecting high machine utilization rates, especially for mining equipment, improved selling prices in most regions of the world, and the depreciation of the Japanese yen. In the industrial machinery and others business, sales increased from the fiscal year ended March 31, 2023, mainly due to increased sales of large presses for the automobile manufacturing industry.

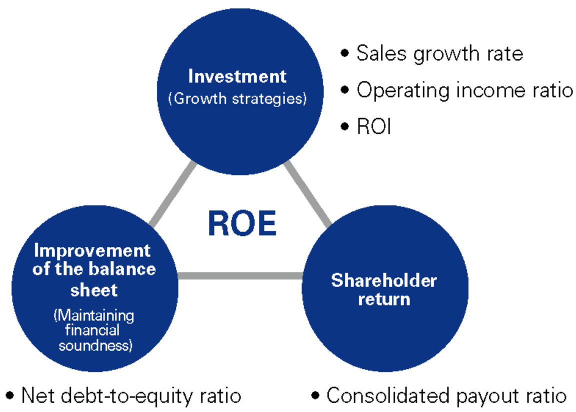
In terms of profits, operating income increased by 23.7% from the fiscal year ended March 31, 2023, to ¥607,194 million. This was due to improved selling prices in most regions of the world, and the Japanese yen's depreciation, which more than offset the adverse effects of increased fixed costs and material prices.

As of March 31, 2024, total assets increased by ¥760,809 million from March 31, 2023, to ¥5,636,656 million, as mainly affected by the Japanese yen's depreciation against the U.S. dollar from March 31, 2023, increased receivables and inventories. Interest-bearing debt increased by ¥145,608 million from March 31, 2023, to ¥1,199,370 million. Komatsu Ltd. shareholders' equity increased by ¥493,928 million from March 31, 2023, to ¥3,033,569 million. As a result, Komatsu Ltd. shareholders' equity ratio increased by 1.7 percentage points from March 31, 2023, to 53.8%.

(ii) Liquidity and Capital Resources

< Use of funds >

To strive for the sustainable increase of its corporate value, Komatsu are building a sound financial position and strengthen our competitiveness, which are resilient to changes in the external environment and market demand fluctuations. Komatsu also strives to engage in a well-balanced allocation of our funds to 1) investment for growth, 2) improvement of the balance sheet (maintaining financial soundness), and 3) shareholder return and monitors ROE (Return on Equity) which is a general index. We have set up ROE of 10% or higher as the management target, which is exceeded the cost of equity estimated. To expand equity spread (ROE – cost of shareholders' equity), Komatsu works to both improve ROE and reduce cost of shareholders' equity.



< Source of funds and liquidity management >

Komatsu's principal capital resources policy is to secure sufficient capital resources to be able to respond to future capital needs in connection with its operations and to maintain an appropriate level of liquidity. Consistent with this policy, Komatsu has secured various sources of funding, such as loans, corporate bonds, notes and lines of credit. Komatsu expects to use cash generated from its operations and funds procured through such external sources to satisfy future capital expenditures and working capital needs. In addition, in order to improve the efficiency and effectiveness of its cash management, Komatsu's overseas subsidiaries participate in a global cash management system based on the agreement with financial institutions, which is used to fund their liquidity needs. Participating overseas subsidiaries are allowed to withdraw cash from these financial institutions up to the aggregate cash deposit balance made to such financial institutions. This agreement contains specific provisions for the right to offset positive and negative cash balances on a global basis. Komatsu's consolidated balance sheet as of March 31, 2024 reflects cash net of withdrawals of ¥289,937 million in this global cash management system.

Komatsu's short-term funding needs have been met mainly by cash flows from its operating activities, and if necessary, by bank loans and the issuance of commercial paper as well. As of March 31, 2024, the Company and certain consolidated subsidiaries maintained committed credit line agreements totaling ¥357,587 million with financial institutions to secure liquidity. As of March 31, 2024, ¥322,951 million was available to be used under such credit line agreements. In addition, the Company and Komatsu Finance America Inc. each has a commercial paper program. As of March 31, 2024, the program size of the Company is ¥220,000 million, ¥180,000 million of which was unused, and the program size of Komatsu Finance America Inc. is USD 1,100 million, USD 150 million of which was unused.

To fulfill Komatsu's medium- to long-term funding needs, the Company has established a bond program as well as a Euro Medium Term Note (hereinafter "EMTN") program. In November 2022, the Company's bond program was renewed so that it could issue up to ¥100,000 million of variable-term bonds within a two-year period. As of March 31, 2024, ¥60,000 million remains unused under this program. On the other hand, Komatsu also has ¥160,635 million aggregate principal amount of bonds outstanding under past program as of March 31, 2024. This includes a USD 600 million Sustainability-Linked Bonds (hereafter "SLBs") issued in October 2022 through Komatsu Finance America Inc. This was the first dollar-denominated SLBs which issued by a Japanese company to investors in North America, Asia, and Europe. In addition, the Company, Komatsu Finance America Inc. and Komatsu Europe Coordination Center N.V. have established a USD 2,200 million EMTN program. Any of these three issuer entities can issue notes in various currencies under the EMTN program which was agreed with EMTN dealers. The aggregate principal amount of notes outstanding as of March 31, 2024 under the EMTN program was ¥175,147 million.

Komatsu's short-term debt as of March 31, 2024 increased by ¥129,881 million to ¥440,619 million from March 31, 2023. This short-term debt primarily consisted of loans from banks, insurance companies and other financial institutions and such short-term debt was used primarily for working capital.

Komatsu's long-term debt, including debt with maturity dates on or before March 31, 2025, increased by ¥15,727 million to ¥758,751 million in the fiscal year ended March 31, 2024 as compared to the fiscal year ended March 31, 2023. As of March 31, 2024, Komatsu's long-term debt excluding market value adjustment, consisted of (1) ¥422,969 million in loans from banks, insurance companies and other financial institutions, (2) ¥175,147 million in EMTNs and (3) ¥160,635 million in unsecured bonds. Such long-term debt was used primarily for capital expenditures and long-term working capital needs.

As a result, Komatsu's interest-bearing debt as of March 31, 2024 increased by ¥145,608 million to ¥1,199,370 million as compared to March 31, 2023. Net interest-bearing debt after deducting cash and deposits increased by ¥32,405 million to ¥796,192 million in the fiscal year ended March 31, 2024. As a result, Komatsu's net debt-to-equity ratio, as of March 31, 2024 was 0.26, compared to 0.30 as of March 31, 2023.

At March 31, 2024, Komatsu's total current assets increased by ¥477,613 million to ¥3,314,188 million. Komatsu's total current liabilities increased by ¥154,538 million to ¥1,526,199 million. As a result, the current ratio, which is calculated by dividing current assets by current liabilities, as of March 31, 2024, was 217.2%, increased by 10.4 percentage points from the fiscal year ended March 31, 2023. Based on anticipated cash flows from its operating activities, the available sources of funds and the level of its current ratio, Komatsu believes that it has sufficient means to satisfy its liquidity needs and future obligations. As of March 31, 2024, Komatsu's total cash and cash equivalents was ¥403,178 million. Out of total cash and cash equivalents, ¥331,963 million was held outside of Japan in various overseas subsidiaries as of March 31, 2024.

Komatsu obtains credit ratings from three rating agencies: Standard and Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Rating and Investment Information, Inc. ("R&I"). As of March 31, 2024, Komatsu's issuer ratings are as follows:

S&P: A (long-term), A-1 (short-term)

Moody's: A2 (long-term), Prime-1 (short-term)

R&I: AA (long-term), a-1+ (short-term)

< Capital investment >
In the fiscal year ended March 31, 2024, with respect to the construction, mining and utility equipment operating segment, Komatsu made capital investments to enhance production efficiency and flexibility and to enhance its rental-to-used equipment business. With respect to the retail finance operating segment, Komatsu made capital investments for operating lease equipment. With respect to the industrial machinery and others operating segment, Komatsu made capital investments to renew obsolete equipment. As a result, Komatsu's capital investments on a consolidated basis for the fiscal year ended March 31, 2024 increased by ¥18,436 million to ¥179,999 million from the fiscal year ended March 31, 2023.

< Tabular disclosure of contractual obligations >
The following table sets forth Komatsu's contractual obligations as of March 31, 2024.

	Millions of yen				
	Cash payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	Greater than 5 years
Short-term debt obligations	¥ 440,619	¥ 440,619	¥ —	¥ —	¥ —
Long-term debt obligations	758,751	140,359	425,988	176,217	16,187
Operating lease obligations	84,274	20,837	22,727	10,037	30,673
Interest on interest bearing debt	75,284	38,543	30,039	6,309	393
Liability for pension and other retirement benefits	4,716	4,716	—	—	—
Total	¥ 1,363,644	¥ 645,074	¥ 478,754	¥ 192,563	¥ 47,253

Notes:
1) With respect to long-term debt obligations, there is no market value adjustment.
2) Interest on interest-bearing debt is based on rates in effect as of March 31, 2024.
3) Liability for pension and other retirement benefits reflects contributions expected to be made during the fiscal year ending March 31, 2025 only, as the amounts of contributions beyond the next fiscal year are not yet determinable.

Commitments for capital investment outstanding at March 31, 2024 aggregated approximately ¥46,525 million.

(iii) Views and issues analyzed/discussed with regard to the status of financial position and operating results by operating segment

<Construction, Mining and Utility Equipment operating segment>

Net sales of the construction, mining and utility equipment business increased by 9.7% from the fiscal year ended March 31, 2023 to ¥3,615,182 million.

Concerning the "Accelerate growth by means of innovation" strategy, one of the growth strategies in the mid-term management plan, Komatsu increased the total number of Autonomous Haulage System (AHS) mining trucks in operation to 727 units as of March 31, 2024. During the fiscal year, in addition to expanding sales of ICT-intensive equipment, Komatsu also worked to strengthen its Smart Construction business by starting overseas sales of Smart Construction 3D Machine Guidance kits that add ICT functions such as machine guidance to conventional models. With respect to carbon neutralization of construction and mining equipment, Komatsu introduced four additional electrified construction models. A total of seven models, including these four, have been certified under Japan’s Ministry of Land, Infrastructure, Transport and Tourism's newly established GX Construction Equipment Certification System.

As part of the "Maximize earnings power" strategy, Komatsu strengthened its aftermarket business by expanding extended warranties with maintenance, leveraging its strengths in in-house development and production of components and utilizing the Internet of Things (Komtrax). In addition, Komatsu launched sales of the "PC900/950" large hydraulic excavators used in quarries and mines, and the "GD955" large motor grader used for maintenance of haul routes in mine, after remodeling them.

With regard to the "Enhance corporate resilience" strategy, Komatsu continued its efforts to build a supply chain that is resilient to changes in the external environment, including the use of cross-sourcing to flexibly shift production plants and product suppliers in response to changes in the external environment, and strengthening multi-sourcing, in which Komatsu procures parts from multiple suppliers.

Net sales to outside customers of construction, mining and utility equipment by region for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of yen			
	2024	2023	Changes Increase (Decrease)	
Japan	¥ **340,219**	¥ 321,746	¥ 18,473	5.7%
The Americas				
North America	**992,909**	864,912	127,997	14.8%
Latin America	**660,736**	545,072	115,664	21.2%
Total	**1,653,645**	1,409,984	243,661	17.3%
Europe & CIS				
Europe	**314,708**	314,008	700	0.2%
CIS	**66,682**	120,206	(53,524)	(44.5%)
Total	**381,390**	434,214	(52,824)	(12.2%)
China	**70,200**	79,690	(9,490)	(11.9%)
Asia (excluding Japan and China) and Oceania				
Asia (excluding Japan and China)	**439,380**	461,613	(22,233)	(4.8%)
Oceania	**369,335**	316,161	53,174	16.8%
Total	**808,715**	777,774	30,941	4.0%
Middle East & Africa				
Middle East	**117,634**	86,300	31,334	36.3%
Africa	**219,575**	177,015	42,560	24.0%
Total	**337,209**	263,315	73,894	28.1%
Consolidated	¥ **3,591,378**	¥ 3,286,723	¥ 304,655	9.3%

Komatsu’s operations by region are described below.

Japan

Demand for new equipment remained flat from the fiscal year ended March 31, 2023. Sales increased from the fiscal year ended March 31, 2023, mainly supported by improved selling prices.

The Americas

In North America, demand for construction equipment remained steady for housing sector, as well as for the rental industry, infrastructure development, and the energy-related sector. Also against the backdrop of strong demand for mining equipment, the Japanese yen’s depreciation and improved selling prices, sales increased from the fiscal year ended March 31, 2023. In Latin America, while demand for construction equipment slowed down due mainly to economic uncertainty, that for mining equipment remained strong. Reflecting increased parts sales and service revenues of mining equipment, as well as the Japanese yen’s depreciation and improved selling prices, sales increased from the fiscal year ended March 31, 2023.

Europe and CIS

In Europe, demand for construction equipment decreased in the major markets such as Germany and the United Kingdom, as well as in Italy and other countries, as affected by high interest rates and energy prices. However, sales remained flat from the fiscal year ended March 31, 2023, reflecting the Japanese yen’s depreciation and improved selling prices. In CIS, sales decreased from the fiscal year ended March 31, 2023, as affected by the restrictions in the supply chain, as well as the financial and economic conditions resulting from the situation in Ukraine.

China
Sales decreased from the fiscal year ended March 31, 2023, since demand remained slack, as affected by stagnant economic activities resulting especially from the sluggish real estate market conditions.

Asia and Oceania
In Asia, demand for mining equipment in Indonesia remained steady. Meanwhile, demand for construction equipment decreased mainly in Indonesia, Thailand and Vietnam, as primarily affected by delays in the execution of public works budgets and economic uncertainty. As a result, sales decreased from the fiscal year ended March 31, 2023. In Oceania, despite a decline for construction equipment, sales increased from the fiscal year ended March 31, 2023, supported by steady demand for mining equipment and increased parts sales and service revenues.

Middle East and Africa
In the Middle East, demand for construction equipment remained steady, mainly supported by projects in Saudi Arabia, the United Arab Emirates and other oil-producing countries as well as post-earthquake reconstruction needs in Turkey. As a result, sales expanded from the fiscal year ended March 31, 2023. In Africa, sales increased from the fiscal year ended March 31, 2023, supported by not only steady demand for mining and construction equipment, but also increased parts sales and service revenues.

Segment assets as of March 31, 2024 increased by ¥482,257 million to ¥3,995,612 million from March 31, 2023.

Production scale for the construction, mining and utility equipment operating segment increased by 2.1% from the fiscal year ended March 31, 2023 to approximately ¥3,654.0 billion (based on sales prices on a consolidated basis).

<Retail Finance operating segment>
Sales increased by 20.9% from the fiscal year ended March 31, 2023 to ¥103,546 million, reflecting increased interest rates and the Japanese yen's depreciation.

Segment assets as of March 31, 2024 increased by ¥209,883 million to ¥1,330,990 million from March 31, 2023.

<Industrial Machinery and Others operating segment>
Sales increased by 2.5% from the fiscal year ended March 31, 2023 to ¥195,620 million, primarily supported by increased sales of presses, sheet-metal machines, and machine tools for the automobile industry, centering large presses.

Segment assets as of March 31, 2024 increased by ¥29,094 million to ¥249,837 million from March 31, 2023.

Production scale for the industrial machinery and others operating segment increased by 10.2% from the fiscal year ended March 31, 2023 to approximately ¥233.8 billion (based on sales prices on a consolidated basis).

(iv) Status of achievement of target management indices, etc.
The targets of our three-year mid-term management plan (ending March 31, 2025) and FY2023 results are as follows.

Item	Index	Target	FY2023 Results
Growth	Sales growth rate	Growth rate above the industry's average	+9.1%
Profitability	Operating profit ratio	An Industry's top-level profit ratio	15.7%
Efficiency	ROE[*1]	10% or higher	14.1%
Financial position	Net debt-to-equity ratio[*2]	Industry's top-level financial position	0.26
Retail finance business	ROA[*3]	1.5% to 2.0%	2.0%
	Net debt-to-equity ratio[*2]	5 times or less	4.24
ESG	Reduction of environmental impact	・CO_2 emissions: Decrease by 50% in 2030 from 2010 Become carbon neutral by 2050 (Challenging goal) ・Renewable energy use: Increase to 50% of total energy use in 2030	・CO_2 reduction through product use: 22% decrease (expected). ・CO_2 reduction through production: 50% decrease (expected). ・Renewable energy use : 25% (expected).
	Evaluation by external organizations	・Selected for DJSI[*4] (World & Asia Pacific) ・Selected for CDP[*5] A-list (Climate Changes and Water Risk)	・DJSI[*4]: Selected. ・CDP[*5]: Scored of Climate Changes A. ・CDP[*5]: Scored of Water Risk A.
Shareholder return	・Consolidated payout ratio	・Keep a fair balance between investment for growth and shareholder return (including stock buyback), while placing main priority on growth investment ・40% or more	40.1%

Notes:
*1 ROE = Net income attributable to Komatsu Ltd. for the year / [(Komatsu Ltd. shareholders' equity at the beginning + Komatsu Ltd. shareholders' equity at the end of the fiscal year)/2]
*2 Net debt-to-equity ratio = (Interest-bearing debt – Cash and cash equivalents – Time deposits) / Komatsu Ltd. shareholders' equity
*3 ROA = Segment profit / [(total assets at the beginning + total assets at the end of the fiscal year)/2]
*4 Dow Jones Sustainability Indices: ESG investment indices of S&P Dow Jones Indices LLC of U.S.
*5 International non-profit organization which advocates the reduction of greenhouse gas emissions and protection of water resources and forests by companies and governments.

5. Material Agreements, etc.

Not applicable.

6. Research and Development Activities

With commitment to providing “Quality and Reliability,” Komatsu is actively promoting research and development activities for new technologies and new products in the fields of construction, mining and utility equipment, industrial machinery and others.
With respect to the structure of Komatsu’s research and development, the Office of Chief Technology Officer (CTO), research and development departments of the Development Division of the Company, which focus on construction, mining, and utility equipment and the technology departments of the Company’s subsidiaries and affiliates participate in its research and development activities. The total amount of research and development expenses for the fiscal year ended March 31, 2024 was ¥103,441 million. The objectives, results and expenses of the research and development activities by operating segment are described below.

(1) Construction, Mining and Utility Equipment
In order to efficiently develop construction, mining and utility equipment that can be used in various locations of the world, Komatsu has established research and development departments in Japan and overseas, which constitute a framework for global development, and also encourages joint research and development programs and personnel exchanges. Mainly through the Office of CTO, Komatsu is also proactively cooperating and collaborating, to create innovations, with Japanese and overseas universities, research institutes, and companies that have cutting-edge technologies in promising fields and striving to accelerate technological innovation achieved by merging core Komatsu technologies with external insight (Open innovation). Komatsu is pursuing following medium- and long-term research and development objectives intended to realize the safe, highly productive, smart and clean workplace of the future together with our customers.
<ICT (Information Communication Technology)>
Komatsu promotes the research and development activities of ICT (including remote management of equipment by obtaining information regarding machine locations, operating conditions and vehicle health using state-of-the-art remote sensing and telecommunication technologies), control technology and intelligent machine technology. Equipment with control systems and management systems Komatsu developed using these technologies has been rapidly penetrating in the market and contributing to productive operation and management of equipment. Through use of such technologies as teleoperation of large ICT mining dozers, ICT-intensive construction and “KOMTRAX”, of which 764,187 units have been distributed as of March 31, 2024, forestry equipment fleet system “MaxiFleet”, of which 2,730 units have been distributed as of March 31, 2024, and Autonomous Haulage System (AHS), increasing the total number of AHS mining trucks in operation to 727 units as of March 31, 2024, Komatsu is progressing “customer-perspective-oriented” activities towards research and development of new generation products. To realize customer demand for further improved productivity in mine field, Komatsu and Toyota launched an effort to jointly develop autonomous light vehicle.
Komatsu has Development of ICT bulldozers and ICT hydraulic excavators equipped with fully automatic control functions for work equipment to significantly improve automate construction, work accuracy and work efficiency, development of kits which provide 3D machine guidance function that visualizes the status of work equipment in real time regardless of manufacturer, and service business “Smart Construction®” which develops and provides solutions to resolve various issues faced in construction worksite and realize “the safe, highly productive and clean worksite of the future” are expanding introduction area and scale.
For "Smart Construction®", various solutions to realize digital transformation (DX), ICT construction equipment with advanced autonomy and cooperation, application which realizes digital twin in 3D in real time, and applications which optimizes construction plans using our production technology are being promoted.
For agricultural and forestry workplaces, Komatsu is proposing “smart forestry” which aims to streamline the entire process of forestry through know-how from “Smart Construction®”, and will be working to commercialize agriculture-specific ICT-intensive construction equipment.
<Environmental Friendliness, Resource Saving and Safety>
As the Corporate Principle under Komatsu Earth Environment Policy, Komatsu is committed to develop and manufacture products for customer satisfaction with both well-environmental performance and economic efficiency. Komatsu is striving to minimize the impact on the environment throughout the product’s life cycle from production to disposal and recycle, while at the same time, aiming for innovation in economically superior products with improved fuel consumption.
Komatsu is placing special emphasis on research and development activities related to technologies improving fuel consumptions, which relates to both the environment (by reducing CO_2 emissions) and the economy (by decreasing

fuel expenses). Hybrid hydraulic excavators have been launched in Japan, Europe, China, and other parts of the world. Accumulated number of introduced units has achieved 5,757 as of March 31, 2024.
Construction machinery with clean diesel engines that meet the world's strict emission standards is on the market.
Komatsu is actively working to reduce the amount of materials that place burdens on the environment. Komatsu considers not only the earth environment but also the human environment and is proactively working to make further improvements to the working conditions of machine operators by enhancing safety measures (“KomVision Human Detection and Collision Mitigation System”, “Collision Detection Alarm System”) and reducing noise and vibration levels of its machines.
As for mining field, we have launched the Komatsu Greenhouse Gas (GHG) Alliance, which will work with major mining companies to accelerate the development and market introduction of next-generation mining equipment to achieve zero-emission mining operations.
Through this activity, we are promoting the development of “Power Agnostic Dump Trucks," which can be operated using any power source, including batteries and hydrogen fuel cells, in addition to existing diesel engines, for super-large dump Trucks.
As for electrification, Komatsu has positioned FY2023 as the first year for the market introduction of electric construction equipment. We introduced electric micro excavators, 3-ton class electric mini excavators, 13-ton class electric excavators, and 20-ton class electric excavators to the market. Additionally, we have developed a concept machine for a medium-sized hydraulic excavator equipped with a hydrogen fuel cell and began PoC tests.
There has been a growing need for construction work at the dangerous water's edge and shallow water areas in order to respond to disaster prevention and post-disaster recovery from natural disasters. These are becoming more severe and frequent due to climate change as well as the impending massive earthquakes. In addition, the construction industry is experiencing a serious shortage of skilled workers due to the declining birthrate and aging population. To solve these social issues, we are working to demonstrate underwater electric construction robots which can be operated at depths of up to 50 meters without skilled techniques through automatic control and ICT functions.

The principal products developed and launched to the market in the construction, mining and utility equipment operating segment during the fiscal year ended March 31, 2024 are listed below:

Product	Model
Hydraulic Excavators	PC05E-1, PC30E-6, PC33E-6, PC75-11M0, PC78UU-11, PC130-11M0, PC138E-11, PC200-11M1, PC200LCE/PC210LCE-11, PC460-11M0, PC900LC-11, PC900LC-11M0, PC950/PC950LC-11E0, PC950-11M0, PC3000-11, PW168/PW198-11E1
Bulldozers	D65EX-18M0
Wheel Loaders	WA70M/WA80M/WA100M-8E0
Dump Trucks	HD465/ HD605-10, HD465/HD605-10E0, 980E-5SE
Motor Graders	GD955-7R, GD955-7M0
Wheeled Harvesters	951XC
Log Loaders	TN785D

The total amount of research and development expenses in the construction, mining and utility equipment operating segment for the fiscal year ended March 31, 2024 was ¥94,145 million.

(2) Industrial Machinery and Others
The Company and some of subsidiaries belonging to the Industrial Machinery and Others operating segment take in charge of research and development in the fields of metal forging and stamping presses, sheet metal machines, machine tools and others.
In the industrial machinery business, Komatsu has been promoting the provision of solutions that solve customers' problems. Komatsu has expanded sales of predictive maintenance systems that avoid sudden press line stoppages, and the cumulative number of contract lines in Japan, China and the United States has reached 39 lines, which is the

KPI for the fiscal year ended March 31, 2024. In addition, “Sanki-Komtrax” usage monitor functions for stamping presses such as forming load monitoring, peak load trend monitoring and auto time study have been installed as standard on new machines. And for retrofitting, these are sold by renewing the controller as a set. The number of contracts has doubled compared to last year.
In stamping presses business, we have launched the “H2W400”, the press that can be used to produce products that require many processes or are large in size. Although the die area is widened, the slide and bed rigidity are equal to or higher than conventional mechanical presses, and the allowable work energy and productivity are 1.5 times and twice as high, respectively, compared to conventional mechanical presses. The height of the bolster is also reduced, improving workability and reducing foundation construction costs due to pit-less construction. The adoption of an 8-sided gib maintains dynamic accuracy over a long period of time, contributing to longer die life. The adoption of a new controller improves operability and strengthens the collaboration with “Sanki-Komtrax”, contributing to customer's on-site DX.
In the sheet metal machinery business, following the “PVS” press brake, the “PAS” and “PBZ” models were redesigned with larger operation panels. The screen size has been increased from the previous 15-inch to 21.5-inch, increasing the amount of information per screen. In addition, by reviewing the screen operation flow, operability has been improved, such as reducing the number of operations when changing dies from 8 times to 2 times.
In the machine tool business, Komatsu have begun developing a large, high-speed machining center for processing large aluminum die-cast products, which are increasingly being used in EV vehicles.
In the others business, Komatsu enhanced its activities, excimer laser for semiconductor lithography system, EUV light source, and semiconductor package substrate ablation, precise temperature control equipment and high-performance thermoelectric heat exchange units for semiconductor manufacturing, micro thermo-modules for use in high speed optical communications, and thermoelectric power generation modules and its systems.
The total amount of research and development expenses in the industrial machinery and others operating segment for the fiscal year ended March 31, 2024 was ¥9,296 million.

Item 3. Property, Plants and Equipment

1. Overview of Capital Investment

Komatsu (the Company and its consolidated subsidiaries) invests capital each year in the development and production of new products and the improvement of the operating efficiency of its production infrastructure, primarily focusing on the construction, mining and utility equipment operating segment. Capital investment (acquisition basis excluding consumption taxes, etc.) for the fiscal year ended March 31, 2024 by operating segment is as follows:

Operating segment	Capital investment amount (Millions of yen)	Changes from previous fiscal year
Construction, Mining and Utility Equipment	127,964	6.2%
Retail Finance	42,412	26.4%
Industrial Machinery and Others	9,623	27.1%
Total	179,999	11.4%

With respect to the construction, mining and utility equipment operating segment, Komatsu made capital investments to enhance production efficiency and flexibility and to enhance its rental-to-used equipment business.
With respect to the retail finance operating segment, Komatsu made capital investments for operating lease equipment.
With respect to the industrial machinery and others operating segment, Komatsu made capital investments to renew obsolete equipment.

2. Major Facilities

Major facilities of Komatsu are as follows:

(1) The Company

(As of March 31, 2024)

Name and location	Operating segment	Facilities & equipment	Book value (Millions of yen)					Number of employees
			Buildings	Machinery and vehicles	Land (Thousand square meters)	Others	Total	
Awazu Plant Komatsu, Ishikawa	Construction, Mining and Utility Equipment, Industrial Machinery and Others	Manufacturing of bulldozers, hydraulic excavators, wheel loaders, motor graders, ammunition, etc.	15,935	8,547	2,756 (646)	1,215	28,454	2,271
Kanazawa Plant Kanazawa, Ishikawa	Construction, Mining and Utility Equipment, Industrial Machinery and Others	Manufacturing of hydraulic excavators, metal forging and stamping presses, sheet-metal machines, etc.	3,583	685	1,240 (97)	500	6,009	360
Himi Plant Himi, Toyama	Construction, Mining and Utility Equipment	Manufacturing of steel castings, iron castings, patterns for casting	7,318	5,595	2,350 (450)	2,351	17,615	854
Osaka Plant Hirakata, Osaka *1	Construction, Mining and Utility Equipment	Manufacturing of bulldozers, hydraulic excavators, recycling equipment, etc.	18,080	8,259	4,236 (542)	1,179	31,756	2,228
Shiga Plant Ryuou-cho, Gamou-gun, Shiga	Construction, Mining and Utility Equipment	Manufacturing of cabs (operator cabins), engine after treatment equipment	2,086	1,339	992 (52)	225	4,643	378
Ibaraki Plant Hitachinaka, Ibaraki	Construction, Mining and Utility Equipment	Manufacturing of dump trucks, wheel loaders, etc.	9,242	2,444	10,838 (338)	205	22,731	855
Shonan Plant Hiratsuka, Kanagawa	Construction, Mining and Utility Equipment	Manufacturing of controllers, monitors, hybrid components, etc.	5,689	629	2,214 (68)	1,056	9,590	1,159
Oyama Plant Oyama, Tochigi	Construction, Mining and Utility Equipment	Manufacturing of engines, hydraulic equipment, etc.	18,266	14,874	584 (584)	3,471	37,197	1,983

Name and location	Operating segment	Facilities & equipment	Book value (Millions of yen)					Number of employees
			Buildings	Machinery and vehicles	Land (Thousand square meters)	Others	Total	
Tochigi Plant Oyama, Tochigi	Construction, Mining and Utility Equipment	Manufacturing of industrial vehicles, hydraulic excavators, etc.	4,490	1,375	2,778 (214)	642	9,287	585
Koriyama Plant Koriyama, Fukushima	Construction, Mining and Utility Equipment	Manufacturing of hydraulic equipment	2,397	1,859	876 (369)	322	5,454	363
Head office Minato-ku, Tokyo	-	Others	1,326	150	1,179 (2)	639	3,295	1,036

*1 Osaka Plant's book value and employees include those of the Rokko Plant, Kobe, Hyogo.

(2) Subsidiary located in Japan

(As of March 31, 2024)

Name and location	Operating segment	Facilities & equipment	Book value (Millions of yen)					Number of employees
			Buildings	Machinery and vehicles	Land (Thousand square meters)	Others	Total	
Komatsu NTC Ltd. Nanto, Toyama	Industrial Machinery and Others	Manufacturing of machine tools, industrial machinery, etc.	4,327	1,331	4,345 (232)	678	10,681	1,175

(3) Subsidiaries located in overseas

(As of March 31, 2024)

Name and location	Operating segment	Facilities & equipment	Book value (Millions of yen)					Number of employees
			Buildings	Machinery and vehicles	Land (Thousand square meters)	Others	Total	
Komatsu America Corp. Chattanooga, U.S.A.	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators, etc.	761	2,145	299 (215)	310	3,515	339
Komatsu America Corp. Peoria, U.S.A.	Construction, Mining and Utility Equipment	Manufacturing of dump trucks	3,832	3,614	— (529)	1,663	9,109	830
Hensley Industries, Inc. Dallas, U.S.A.	Construction, Mining and Utility Equipment	Manufacturing of construction and mining equipment components	1,872	1,803	597 (104)	2,067	6,339	410
Joy Global Surface Mining Inc Milwaukee, U.S.A.	Construction, Mining and Utility Equipment	Manufacturing of rope shovel, etc.	26,650	11,826	2,848 (229)	2,356	43,680	1,032
Joy Global Longview Operations LLC Longview, U.S.A.	Construction, Mining and Utility Equipment	Manufacturing of wheel loaders, etc.	9,125	2,644	1,390 (518)	6,384	19,543	677
Komatsu do Brasil Ltda. Suzano, Brazil	Construction, Mining and Utility Equipment	Manufacturing of bulldozers, hydraulic excavators, etc.	2,195	2,931	22 (634)	2,099	7,247	1,086
Komatsu UK Ltd. Birtley, U.K.	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators, etc.	1,138	1,885	— (200)	45	3,068	337
Komatsu Germany GmbH Dusseldorf, Germany	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators	2,025	2,995	1,733 (112)	1,263	8,016	726
Komatsu Germany GmbH Hannover, Germany	Construction, Mining and Utility Equipment	Manufacturing of wheel loaders, etc.	2,747	1,299	594 (154)	2,400	7,040	744

Name and location	Operating segment	Facilities & equipment	Book value (Millions of yen)					Number of employees
			Buildings	Machinery and vehicles	Land (Thousand square meters)	Others	Total	
Komatsu Italia Manufacturing S.p.A. Este, Italy	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators, backhoe loaders, etc.	1,687	1,047	458 (144)	51	3,243	404
Komatsu Forest AB Umea, Sweden	Construction, Mining and Utility Equipment	Manufacturing of forestry equipment	5,693	4,847	246 (133)	144	10,930	590
Komatsu (Changzhou) Construction Machinery Corp. Jiangsu, China *2	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators, wheel loaders, etc.	8,704	3,861	— (—) [295]	699	13,264	627
Komatsu Machinery Manufacturing (Shandong) Co. Ltd. Shandong, China *2	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators	1,217	5,178	— (—) [977]	1,241	7,636	1,282
PT Komatsu Indonesia Jakarta, Indonesia	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators, bulldozers and dump trucks, etc.	3,222	3,093	5,167 (310)	726	12,208	1,236
PT Komatsu Undercarriage Indonesia Bekasi, Indonesia	Construction, Mining and Utility Equipment	Manufacturing of construction and mining equipment components	1,460	2,228	707 (64)	463	4,858	785
Bangkok Komatsu Co., Ltd. Chonburi, Thailand	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators, iron castings, etc.	1,214	1,191	1,771 (245)	17	4,193	832
Komatsu India Pvt. Ltd Kanchipuram, India *2	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators, dump trucks, etc.	2,678	1,743	— (—) [240]	127	4,548	593

*2 These companies rent the land for their operation. The figures in square brackets in the “Land” represent areas of rented land, which are not included in the figures immediately above.

Note: The amount of “Others” is the total of tools, furniture and fixtures and construction in progress. These amounts in the above table do not include consumption taxes, etc.

3. Plans for Capital Investment, Disposal of Property, Plants and Equipment, etc.

(1) Capital investment

Komatsu has not decided any detail plans of capital investment for individual projects at the end of fiscal year ended March 31, 2024, because Komatsu operates its various types of business all over the world. Therefore, Komatsu discloses capital investment amounts by operating segment.

Komatsu plans to make capital investments of ¥176,700 million in the fiscal year ending March 31, 2025 (acquisition basis excluding consumption taxes, etc.), and the principal investment objectives and the sources of funding by operating segment are set forth in the table below.

Operating segment	Approximate expected capital investment amount (Millions of yen)	Principal investment detail and objectives	Sources of funding
Construction, Mining and Utility Equipment	134,800	To enhance production efficiency and flexibility	Funds on hand, bank borrowings, etc.
Retail Finance	36,500	Operating lease equipment	Funds on hand, bank borrowings, etc.
Industrial Machinery and Others	5,400	To renew obsolete equipment	Funds on hand, bank borrowings, etc.
Total	176,700		

Item 4. Information on the Company

1. Information on the Company's Share, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of shares authorized to be issued (Shares)
Common shares	3,955,000,000
Total	3,955,000,000

(ii) Issued shares

Class	Number of issued shares at the end of the fiscal year (March 31, 2024) (Shares)	Number of issued shares as of the filing date (June 18, 2024) (Shares)	Name of stock exchange on which the Company is listed or names of authorized financial instruments firms associations	Description
Common shares	973,810,620	973,810,620	Tokyo Stock Exchange Prime Market	This is the standard of the Company's shares, whose holders have unlimited rights. The number of shares constituting one unit is 100 shares.
Total	973,810,620	973,810,620	—	—

(2) Stock acquisition rights, etc.

(i) Stock option plans

Although the Company had issued Stock Acquisition Rights as remuneration to its Directors and without consideration to its employees, etc. in accordance with the Companies Act of Japan, it did not issue new Stock Acquisition Rights as it introduced restricted stock compensation system in the fiscal year 2018.

Stock Acquisition Rights issued without consideration for certain employees of the Company, etc., in accordance with the Companies Act of Japan are as follows:

Date of resolution	Ordinary General Meeting of Shareholders	June 22, 2016
	Meeting of the Board of Directors	July 14, 2016
Category and number of individuals covered by the plan		Employees of the Company: 74 Representative Directors of major subsidiaries of the Company: 10
Number of Stock Acquisition Rights (Units)*		212 [154] *1
Class of shares subject to Stock Acquisition Rights*		Common stock
Number of shares subject to Stock Acquisition Rights (Shares)*		21,200 [15,400] *2
Amount to be paid in to exercise Stock Acquisition Rights*		¥1 per share
Period for exercising Stock Acquisition Rights*		From August 1, 2019 to July 31, 2024
Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of Stock Acquisition Rights*		Issue price ¥1 Additional paid-in capital per share ¥1 *3
Conditions for exercising the Stock Acquisition Rights*		If a holder of Stock Acquisition Rights who is a Director, Audit & Supervisory Board Member, or employee of the Company, or Director, Audit & Supervisory Board Member, or employee of a subsidiary or affiliate of the Company, loses all their respective status set above, that person is able to exercise the Stock Acquisition Rights only within three (3) year period from the date they lost such position; provided, however, that the period shall not exceed the original exercise period for the Stock Acquisition Rights described above, and other terms and conditions concerning the exercise of Stock Acquisition Rights shall be decided at the contracts to be executed by and between the Company and the holders of the Stock Acquisition Rights.
Transfer of the Stock Acquisition Rights*		Acquisition of the Stock Acquisition Rights by transfer shall be required to be approved by the resolution of the Company's Board of Directors.
Matters relating to grants of Stock Acquisition Rights in association with organizational restructuring actions*		*4

*These items indicate the status as of the end of the fiscal year (March 31, 2024). The items which were changed between the end of the fiscal year and the end of month previous to the filing month (May 31, 2024) are indicated in the bracket "[ ]". Other items have not been changed since the end of the fiscal year.

Notes:

1. The number of shares subject to one Stock Acquisition Right shall be 100 shares.
2. If the Company effects a stock split of its common stock (including allotment of its common stock to shareholders without consideration; the same applies hereinafter) or effects a stock consolidation, the number of shares granted subject to one Stock Acquisition Right shall be adjusted proportionately, in accordance with

the ratio of the stock split or the stock consolidation in question. Also, if it is necessary to adjust the number of shares granted after June 22, 2016 for other reasons than the aforementioned, the Company shall properly adjust the number of shares granted in connection with the aforementioned Stock Acquisition Rights to the extent reasonable. Fractions of less than one share resulting from the foregoing adjustment shall be rounded down.

3. If the Stock Acquisition Rights are exercised, new shares shall not be issued, but treasury stock shall be allotted.
4. Policy for decision on extinguishment of Stock Acquisition Rights in organizational restructuring and details of granting Stock Acquisition Rights of reorganized company

   In the event where the Company engages in any merger (limited to a case where the Company ceases to exist as a result of the merger), a corporate split in which a division of the Company is merged into an existing company, a corporate split in which a division of the Company is spun off to establish a new company (for both, limited to cases where the Company is split up), or an exchange or transfer of shares (for both, limited to cases where the Company becomes a wholly-owned subsidiary) (collectively “Restructuring Actions”), each person holding the remaining Stock Acquisition Rights at the time the Restructuring Actions take effect (hereinafter “Remaining Stock Acquisition Rights”) shall respectively be granted the Stock Acquisition Rights of the relevant stock companies set forth in Article 236, Paragraph 1, Item 8 (a) through (e) inclusive of the Companies Act of Japan (hereinafter “Reorganized Company”). In this event, the Remaining Stock Acquisition Rights shall become null and void and the Reorganized Company shall issue new Stock Acquisition Rights. However, the new Stock Acquisition Rights shall be granted, only if provisions for granting them in accordance with the following items are included as conditions in a merger agreement (in which the Company is merged into a Reorganized Company or a Reorganized Company is established as the result of the merger), a corporate split agreement (in which a division of the Company is merged into a Reorganized Company), a plan for a corporate split (in which a division of the Company is spun off to establish a Reorganized Company), a share exchange agreement, or a plan for transfer of shares (in both of which the Company becomes a fully-owned subsidiary of a Reorganized Company).

   (1) Number of the Stock Acquisition Rights of a Reorganized Company to be granted
       Each holder of the Remaining Stock Acquisition Rights shall be granted the Stock Acquisition Rights of the Reorganized Company of which the number is equivalent to the number of such Rights held by such holder at the time the Restructuring Actions take effect.
   (2) Class of shares of the Reorganized Company subject to the Stock Acquisition Rights
       The class of shares subject to the Stock Acquisition Rights shall be the common stock of the Reorganized Company.
   (3) Number of shares of the Reorganized Company subject to the Stock Acquisition Rights
       The number of shares shall be determined in accordance with Note 2. above, after taking into consideration the conditions or other factors concerning the Restructuring Actions.
   (4) Amount of assets to be paid upon the exercise of the Stock Acquisition Rights
       The amount of assets to be paid upon exercise of newly granted Stock Acquisition Rights shall be the amount obtained by multiplying ¥1 per share by the number of shares to be issued for each acquisition right as determined in (3) above.
   (5) Exercise period for the Stock Acquisition Rights
       The exercise period shall begin on either the first date of the exercise period for the Stock Acquisition Rights stipulated in the table above, or the date that the Restructuring Actions take effect, whichever comes later, and shall continue to the expiration date of the exercise period for the Stock Acquisition Rights stipulated in the table above.
   (6) Increase in paid-in capital and capital surplus in the event of the issuance of shares upon exercise of the Stock Acquisition Rights
       (i) The amount of paid-in capital increase in the event of the issuance of shares upon exercise of the Stock Acquisition Rights shall be 1/2 of the maximum amount of capital increase, calculated in accordance with Article 17, Paragraph 1 of Corporate Accounting Regulations of Japan. Fractions less than one yen resulting from the calculation shall be rounded up to a whole yen.
       (ii) The amount of capital surplus increase in the event of the issuance of shares upon exercise of the Stock Acquisition Rights shall be the amount obtained by subtracting the amount of the paid-in capital increase from the maximum amount of the capital increase, as described in (i) above.

(7) Restriction on acquisition of the Stock Acquisition Rights by transfer
Acquisition of the Stock Acquisition Rights by transfer shall be required to be approved by the Reorganized Company.

(8) Provisions pertaining to acquisition of the Stock Acquisition Rights
The Stock Acquisition Rights do not contain the provisions pertaining to the acquisition of the Stock Acquisition Rights.

<table>
<tr><td rowspan="2">Date of resolution</td><td>Ordinary General Meeting of Shareholders</td><td>June 20, 2017</td></tr>
<tr><td>Meeting of the Board of Directors</td><td>July 13, 2017</td></tr>
<tr><td colspan="2">Category and number of individuals covered by the plan</td><td>Employees of the Company: 78
Representative Directors of major subsidiaries of the Company: 10</td></tr>
<tr><td colspan="2">Number of Stock Acquisition Rights (Units)*</td><td>349 [286] *1</td></tr>
<tr><td colspan="2">Class of shares subject to Stock Acquisition Rights*</td><td>Common stock</td></tr>
<tr><td colspan="2">Number of shares subject to Stock Acquisition Rights (Shares)*</td><td>34,900 [28,600] *2</td></tr>
<tr><td colspan="2">Amount to be paid in to exercise Stock Acquisition Rights*</td><td>¥1 per share</td></tr>
<tr><td colspan="2">Period for exercising Stock Acquisition Rights*</td><td>From August 1, 2020
to July 31, 2025</td></tr>
<tr><td colspan="2">Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of Stock Acquisition Rights*</td><td>Issue price ¥1
Additional paid-in capital per share ¥1 *3</td></tr>
<tr><td colspan="2">Conditions for exercising the Stock Acquisition Rights*</td><td>If a holder of Stock Acquisition Rights who is a Director, Audit & Supervisory Board Member, or employee of the Company, or Director, Audit & Supervisory Board Member, or employee of a subsidiary or affiliate of the Company, loses all their respective status set above, that person is able to exercise the Stock Acquisition Rights only within three (3) year period from the date they lost such position; provided, however, that the period shall not exceed the original exercise period for the Stock Acquisition Rights described above, and other terms and conditions concerning the exercise of Stock Acquisition Rights shall be decided at the contracts to be executed by and between the Company and the holders of the Stock Acquisition Rights.</td></tr>
<tr><td colspan="2">Transfer of the Stock Acquisition Rights*</td><td>Acquisition of the Stock Acquisition Rights by transfer shall be required to be approved by the resolution of the Company’s Board of Directors.</td></tr>
<tr><td colspan="2">Matters relating to grants of Stock Acquisition Rights in association with organizational restructuring actions*</td><td>*4</td></tr>
</table>

*These items indicate the status as of the end of the fiscal year (March 31, 2024). The items which were changed between the end of the fiscal year and the end of month previous to the filing month (May 31, 2024) are indicated in the bracket “[ ]”. Other items have not been changed since the end of the fiscal year.

Notes:

1. The number of shares subject to one Stock Acquisition Right shall be 100 shares.
2. If the Company effects a stock split of its common stock (including allotment of its common stock to shareholders without consideration; the same applies hereinafter) or effects a stock consolidation, the number of shares granted subject to one Stock Acquisition Right shall be adjusted proportionately, in accordance with the ratio of the stock split or the stock consolidation in question. Also, if it is necessary to adjust the number of shares granted after June 20, 2017 for other reasons than the aforementioned, the Company shall properly adjust the number of shares granted in connection with the aforementioned Stock Acquisition Rights to the extent reasonable. Fractions of less than one share resulting from the foregoing adjustment shall be rounded down.

3. If the Stock Acquisition Rights are exercised, new shares shall not be issued, but treasury stock shall be allotted.

4. Policy for decision on extinguishment of Stock Acquisition Rights in organizational restructuring and details of granting Stock Acquisition Rights of reorganized company

In the event where the Company engages in any merger (limited to a case where the Company ceases to exist as a result of the merger), a corporate split in which a division of the Company is merged into an existing company, a corporate split in which a division of the Company is spun off to establish a new company (for both, limited to cases where the Company is split up), or an exchange or transfer of shares (for both, limited to cases where the Company becomes a wholly-owned subsidiary) (collectively "Restructuring Actions"), each person holding the remaining Stock Acquisition Rights at the time the Restructuring Actions take effect (hereinafter "Remaining Stock Acquisition Rights") shall respectively be granted the Stock Acquisition Rights of the relevant stock companies set forth in Article 236, Paragraph 1, Item 8 (a) through (e) inclusive of the Companies Act of Japan (hereinafter "Reorganized Company"). In this event, the Remaining Stock Acquisition Rights shall become null and void and the Reorganized Company shall issue new Stock Acquisition Rights. However, the new Stock Acquisition Rights shall be granted, only if provisions for granting them in accordance with the following items are included as conditions in a merger agreement (in which the Company is merged into a Reorganized Company or a Reorganized Company is established as the result of the merger), a corporate split agreement (in which a division of the Company is merged into a Reorganized Company), a plan for a corporate split (in which a division of the Company is spun off to establish a Reorganized Company), a share exchange agreement, or a plan for transfer of shares (in both of which the Company becomes a fully-owned subsidiary of a Reorganized Company).

(1) Number of the Stock Acquisition Rights of a Reorganized Company to be granted
Each holder of the Remaining Stock Acquisition Rights shall be granted the Stock Acquisition Rights of the Reorganized Company of which the number is equivalent to the number of such Rights held by such holder at the time the Restructuring Actions take effect.

(2) Class of shares of the Reorganized Company subject to the Stock Acquisition Rights
The class of shares subject to the Stock Acquisition Rights shall be the common stock of the Reorganized Company.

(3) Number of shares of the Reorganized Company subject to the Stock Acquisition Rights
The number of shares shall be determined in accordance with Note 2. above, after taking into consideration the conditions or other factors concerning the Restructuring Actions.

(4) Amount of assets to be paid upon the exercise of the Stock Acquisition Rights
The amount of assets to be paid upon exercise of newly granted Stock Acquisition Rights shall be the amount obtained by multiplying ¥1 per share by the number of shares to be issued for each acquisition right as determined in (3) above.

(5) Exercise period for the Stock Acquisition Rights
The exercise period shall begin on either the first date of the exercise period for the Stock Acquisition Rights stipulated in the table above, or the date that the Restructuring Actions take effect, whichever comes later, and shall continue to the expiration date of the exercise period for the Stock Acquisition Rights stipulated in the table above.

(6) Increase in paid-in capital and capital surplus in the event of the issuance of shares upon exercise of the Stock Acquisition Rights

(i) The amount of paid-in capital increase in the event of the issuance of shares upon exercise of the Stock Acquisition Rights shall be 1/2 of the maximum amount of capital increase, calculated in accordance with Article 17, Paragraph 1 of Corporate Accounting Regulations of Japan. Fractions less than one yen resulting from the calculation shall be rounded up to a whole yen.

(ii) The amount of capital surplus increase in the event of the issuance of shares upon exercise of the Stock Acquisition Rights shall be the amount obtained by subtracting the amount of the paid-in capital increase from the maximum amount of the capital increase, as described in (i) above.

(7) Restriction on acquisition of the Stock Acquisition Rights by transfer
Acquisition of the Stock Acquisition Rights by transfer shall be required to be approved by the Reorganized Company.

(8) Provisions pertaining to acquisition of the Stock Acquisition Rights
The Stock Acquisition Rights do not contain the provisions pertaining to the acquisition of the Stock Acquisition Rights.

(ii) Rights plan
Not applicable.

(iii) Other stock acquisition rights, etc.
Not applicable.

(3) Exercises, etc., of moving strike convertible bonds, etc.
Not applicable.

(4) Changes in number of issued shares, capital stock, etc.

Date	Changes in number of issued shares (Shares)	Balance of number of issued shares (Shares)	Changes in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Changes in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
September 2, 2019 *1	328,770	972,581,230	412	70,973	412	140,993
September 1, 2020 *2	306,380	972,887,610	348	71,322	348	141,341
September 1, 2021 *3	258,190	973,145,800	355	71,678	355	141,697
September 1, 2022 *4	305,130	973,450,930	440	72,118	440	142,138
September 1, 2023 *5	359,690	973,810,620	676	72,795	676	142,814

Notes:

1) Due to the allotment to third parties with consideration for the purpose of the payment of the restricted stock compensation implemented.
   Issue price per share ¥ 2,507.5
   Increase of capital per share ¥ 1,253.75
   Subject persons of allotment Directors (excluding Outside Directors) and employees of the Company, and the Directors and employees of subsidiaries of the Company, totaling 89 persons
2) Due to the allotment to third parties with consideration for the purpose of the payment of the restricted stock compensation implemented.
   Issue price per share ¥ 2,275
   Increase of capital per share ¥ 1,137.5
   Subject persons of allotment Directors (excluding Outside Directors) and employees of the Company, and the Directors and employees of subsidiaries of the Company, totaling 87 persons
3) Due to the allotment to third parties with consideration for the purpose of the payment of the restricted stock compensation implemented.
   Issue price per share ¥ 2,754.5
   Increase of capital per share ¥ 1,377.25
   Subject persons of allotment Directors (excluding Outside Directors) and employees of the Company, and the Directors and employees of subsidiaries of the Company, totaling 85 persons
4) Due to the allotment to third parties with consideration for the purpose of the payment of the restricted stock compensation implemented.
   Issue price per share ¥ 2,889.5
   Increase of capital per share ¥ 1,444.75
   Subject persons of allotment Directors (excluding Outside Directors) and employees of the Company, and the Directors and employees of subsidiaries of the Company, totaling 87 persons
5) Due to the allotment to third parties with consideration for the purpose of the payment of the restricted stock compensation implemented.
   Issue price per share ¥ 3,760
   Increase of capital per share ¥ 1,880
   Subject persons of allotment Directors (excluding Outside Directors) and employees of the Company, and the Directors and employees of subsidiaries of the Company, totaling 88 persons

(5) Shareholding by shareholder category

(As of March 31, 2024)

Category	Status of shares (1 unit = 100 shares)								Shares less than one unit (Shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign shareholders		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders	2	184	68	1,732	1,000	212	204,112	207,310	-
Number of shares held (Units)	600	3,140,470	594,784	195,207	4,064,210	1,271	1,730,949	9,727,491	1,061,520
Shareholding ratio (%)	0.00	32.28	6.11	2.00	41.78	0.01	17.79	100.00	-

Notes:

1) 27,411,301 shares of treasury stock held by the Company are included in “Individuals and others” and “Share less than one unit” in the table. These amounts are 274,113 units and 1 share, respectively.
2) The shares registered in the name of the Japan Securities Depository Center, Incorporated are included in “Other corporations” and “Share less than one unit” in the table. These amounts are 70 units and 16 shares, respectively.
3) The figures of “Shareholding ratio” in the table have been rounded down to the second decimal place.

(6) Major shareholders

(As of March 31, 2024)

Name	Address	Number of shares held (Thousands of - shares)	Shareholding ratio (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-ku, Tokyo, Japan	159,743	16.87
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo, Japan	65,208	6.89
JP Morgan Securities Japan Co., Ltd.	2-7-3, Marunouchi, Chiyoda-ku, Tokyo, Japan	28,305	2.99
The Bank of New York Mellon as Depositary Bank for Depositary Receipt Holders (Standing proxy: Sumitomo Mitsui Banking Corporation)	240 Greenwich Street, 8th Floor West, New York, NY 10286 U.S.A. (1-1-2, Marunouchi, Chiyoda-ku, Tokyo, Japan)	26,310	2.78
State Street Bank West Client - Treaty 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo, Japan)	22,701	2.39
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1-6-6, Marunouchi, Chiyoda-ku, Tokyo, Japan (1-8-1, Akasaka, Minato-ku, Tokyo, Japan)	21,301	2.25
State Street Bank and Trust Company 505223 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	P.O. Box 351 Boston Massachusetts 02101 U.S.A. (2-15-1, Konan, Minato-ku, Tokyo, Japan)	15,179	1.60
Taiyo Life Insurance Company	2-7-1, Nihonbashi, Chuo-ku, Tokyo, Japan	14,200	1.50
JP Morgan Chase Bank 385781 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (2-15-1, Konan, Minato-ku, Tokyo, Japan)	12,565	1.32
JP Morgan Chase Bank 380055 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	270 Park Avenue, New York, NY 10017, United States of America (2-15-1, Konan, Minato-ku, Tokyo, Japan)	12,448	1.31
Total	–	377,965	39.93

Notes:

1) The figures of “Shareholding ratio (excluding treasury stock) (%)” in the table are rounded down to the second decimal place.
2) 27,411,000 shares of treasury stock held by the Company are excluded from the list.
3) All shares held by The Master Trust Bank of Japan, Ltd. (Trust Account) and Custody Bank of Japan, Ltd. (Trust Account) are held through trusts.

4) The Report of Possession of Large Volume relating to the Company's shares was filed in the joint names of Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset management Co., Ltd. at the date of September 23, 2020 under the Financial Instruments and Exchange Act of Japan. However, the description in the table is as the same with that in the shareholders' list of the Company and does not reflect the information in the Report, because the Company is not able to confirm the actual state of shareholdings as of March 31, 2024. The major content of the report is as follows:

Name, address and number of shares held (As of September 15, 2020)

Name	Address	Number of shares held (Shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo, Japan	29,750,700	3.06
Nikko Asset management Co., Ltd.	9-7-1, Akasaka, Minato-ku, Tokyo, Japan	21,060,300	2.16
Total	—	50,811,000	5.22

5) The Change Report No.4 pertaining to Report of Possession of Large Volume relating to the Company's shares was filed in the name of Nomura Asset Management Co., Ltd. at the date of May 20, 2022 under the Financial Instruments and Exchange Act of Japan. However, the description in the table is as the same with that in the shareholders' list of the Company and does not reflect the information in the Report, because the Company is not able to confirm the actual state of shareholdings as of March 31, 2024. The major content of the report is as follows:

Name, address and number of shares held (As of May 13, 2022)

Name	Address	Number of shares held (Shares)	Shareholding ratio (%)
Nomura Asset Management Co., Ltd.	2-2-1, Toyosu, Koto-ku, Tokyo, Japan	50,169,400	5.16
Total	—	50,169,400	5.16

6) The Change Report No.3 pertaining to Report of Possession of Large Volume relating to the Company's shares was filed in the joint names of BlackRock Japan Co., Ltd. and nine joint holders at the date of June 21, 2022 under the Financial Instruments and Exchange Act of Japan. However, the description in the table is as the same with that in the shareholders' list of the Company and does not reflect the information in the Report, because the Company is not able to confirm the actual state of shareholdings as of March 31, 2024. The major content of the report is as follows:

Name, address and number of shares held (As of June 15, 2022)

Name	Address	Number of shares held (Shares)	Shareholding ratio (%)
BlackRock Japan Co., Ltd.	1-8-3, Marunouchi, Chiyoda-ku, Tokyo, Japan	17,755,737	1.82
BlackRock Advisers, LLC	251 Little Falls Drive, Wilmington, Delaware, U.S.A.	16,128,254	1.66
BlackRock Investment Management LLC	251 Little Falls Drive, Wilmington, Delaware, U.S.A.	2,333,771	0.24
BlackRock (Netherlands) BV	1 Amstelplein, HA1096, Amsterdam, Kingdom of the Netherlands	2,579,836	0.27
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, U.K.	3,166,328	0.33
BlackRock (Luxembourg) S.A.	35A J.F. Kennedy Street, L-1855, Grand Duchy of Luxembourg	1,108,400	0.11
BlackRock Asset Management Ireland Limited	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, Ireland	6,551,766	0.67
BlackRock Fund Advisors	400 Howard Street, San Francisco, CA, U.S.A.	14,636,900	1.50
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, CA, U.S.A.	13,606,302	1.40
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, U.K.	1,922,443	0.20
Total	―	79,789,737	8.20

(7) Voting rights

(i) Issued shares

(As of March 31, 2024)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury stock, etc.)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(treasury stock) Common shares 27,411,300	—	This is the standard of the Company's shares, whose holders have unlimited rights. The number of shares constituting one unit is 100 shares.
	(reciprocally held shares) Common shares 881,500	—	Same as above
Shares with full voting rights (others)	Common shares 944,456,300	9,444,563	Same as above
Shares less than one unit	Common shares 1,061,520	—	Same as above
Number of issued shares	973,810,620	—	—
Total number of voting rights	—	9,444,563	—

Note: "Shares with full voting rights (others)" include the shares registered in the name of Japan Securities Depository Center, Incorporated. The amount is 7,000 shares (70 voting rights).

(ii) Treasury stock, etc.

(As of March 31, 2024)

Name of shareholders, address	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total shares held (Shares)	Ownership percentage to the total number of issued shares (%)
The Company 1-2-20, Kaigan, Minato-ku, Tokyo, Japan	27,411,300	—	27,411,300	2.81
KOMATSU TOCHIGI LTD. *1 38-12, Hiraidekougyodanchi, Utsunomiya City, Tochigi, Japan	287,000	14,300	301,300	0.03
KOMATSU DOUTOU LTD. 1-3-4, Nishinijuyonjokita, Obihiro City, Hokkaido, Japan	300,000	—	300,000	0.03
KOMATSU AKITA LTD. *1 9-48, Kawashiriokawamachi, Akita City, Akita, Japan	—	98,500	98,500	0.01
KOMATSU AWAJI LTD. *1 1-1-7, Kuwama, Sumoto City, Hyogo, Japan	—	98,200	98,200	0.01
KOMATSU SANIN LTD. *1 1876, Higashitsudacho, Matsue City, Shimane, Japan	10,000	24,800	34,800	0.00
KOMATSU IBARAKI LTD. *1 358-1, Yoshizawacho, Mito City, Ibaraki, Japan	—	33,200	33,200	0.00
HAMAMATSU KOMATSU FORKLIFT LTD. 1-6-15, Sakuradai, Chuo-ku, Hamamatsu City, Shizuoka, Japan	6,000	—	6,000	0.00
SHIZUOKA KOMATSU FORKLIFT LTD. 1-31-4, Kitamariko, Suruga-ku, Shizuoka City, Shizuoka, Japan	3,800	—	3,800	0.00
OITA KOMATSU FORKLIFT LTD. 4-2-12, Toyomi, Oita City, Oita, Japan	3,000	—	3,000	0.00
KOMATSU MIYAZAKI LTD. *1 2957-12, Shimonaka, Sadowaracho, Miyazaki City, Miyazaki, Japan	—	2,400	2,400	0.00
YAMAGATA KOMATSU FORKLIFT LTD. 1-2-1, Ryutsu-Center, Yamagata City, Yamagata, Japan	300	—	300	0.00
Total	28,021,400	271,400	28,292,800	2.90

Notes:

1) A registered shareholder described in "Number of shares held under the names of others" in the table is Komatsu Dealers' Shareholding Association (2-3-6, Akasaka, Minato-ku, Tokyo, Japan). The association moved to 1-17-3, Shirokane, Minato-ku, Tokyo, Japan on 25 April 2024.

2) The figures of "Ownership percentage to the total number of issued shares" for each shareholder are rounded down to the second decimal place. Accordingly, the sum of the amounts indicated in each row does not necessarily add up to the figure provided as "Total."

2. Acquisitions, etc. of Treasury Stock

Classes of shares, etc.
Acquisition of common stock in accordance with Article 155, Item 3 of the Companies Act of Japan, and Article 155, Item 7 of the Companies Act of Japan.

(1) Acquisitions by a resolution of the General Meeting of Shareholders
Not applicable.

(2) Acquisitions by a resolution of the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Resolution of the Board of Directors (April 26, 2024) (Acquisition period: April 30, 2024 to September 30, 2024)	33,000,000 (up to)	100,000,000,000 (up to)
Treasury stock acquired before the fiscal year	—	—
Treasury stock acquired during the fiscal year	—	—
Total number and total value of remaining shares to be acquired by the resolution	—	—
Unexercised rate as of the end of the fiscal year (%)	—	—
Treasury stock acquired during the current period*2	5,375,600	24,852,764,204
Unexercised rate as of the filing date (%)	83.7	75.1

Notes:
1) The method of acquiring treasury stock is the purchase at the Tokyo Stock Exchange.
2) Treasury stock acquired during the current period does not include shares acquired by resolution of the Board of Directors from June 1, 2024 to the filing date of this Annual Securities Report.

(3) Acquisitions not based on a resolution of the General Meeting of Shareholders or the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Treasury stock acquired during the fiscal year*1	6,470	25,300,754
Treasury stock acquired during the current period*2	1,142	5,176,129

Notes:
1) Treasury stock acquired during the fiscal year consists of the purchase of shares constituting less than one unit of shares.
2) Treasury stock acquired during the current period does not include shares constituting less than one unit of shares purchased during the period from June 1, 2024 to the filing date of this Annual Securities Report.

(4) Disposals or holding of acquired treasury stock

Category	During the fiscal year		During the current period*1	
	Number of shares (Shares)	Total disposal amount (Yen)	Number of shares (Shares)	Total disposal amount (Yen)
Acquired treasury stock that was offered to subscribers for subscription	—	—	—	—
Acquired treasury stock that was canceled	—	—	—	—
Acquired treasury stock that was transferred due to merger, exchange of shares, issue of shares, or corporate split	—	—	—	—
Acquired treasury stock that was disposed of in other ways (Exercise of stock options)*2 (Request for sale of shares less than one unit of shares)	40,600 50	40,600 185,700	12,100 61	12,100 282,552
Number of treasury stock held	27,411,301	—	32,775,882	—

Notes:
1) The number of treasury stock held during the current period does not include shares disposed of through exercise of stock options or request for sale of shares less than one unit of shares during the period from June 1, 2024 to the filing date of this Annual Securities Report.
2) “Total disposal amount” in the table shows the total amount paid in on exercise of stock options.

3. Dividend Policy

The Company is working to secure a sound financial position and strengthen our competitiveness to sustainably increase its corporate value. Concerning cash dividends to shareholders, the Company maintains the policy of continuing stable dividends by comprehensively considering consolidated business results, future investment plans, cash flows and other related factors. Specifically, the Company has the policy of maintaining a consolidated payout ratio of 40% or higher. The Company distributes dividends twice a year (i.e., year-end dividends and interim dividends). The distribution of year-end dividends and interim dividends are to be resolved at the Ordinary General Meeting of Shareholders and the meeting of the Board of Directors, respectively.
Concerning cash dividends for the fiscal year, after considering consolidated business results for the fiscal year and future business prospects under its dividend policy, the Company is planning to set the fiscal year-end common stock dividend at ¥95 per share. Annual cash dividends for the 155th fiscal year, including the interim dividend of ¥72 per share, are expected to amount to ¥167 per share.
The Company considers using its retained earnings for expanding its business and enhancing its operating structures by investing actively for its global operation activities, its development and introduction activities of new products which have technical competitiveness, etc.
The Company can declare an interim dividend once a fiscal year according to its Articles of Incorporation under Article 454, Paragraph 5 of the Companies Act of Japan.
Dividends for the 155th fiscal year are as follows:

Date of resolution	Total dividend amount (Millions of yen)	Dividend amount per share (Yen)
October 27, 2023 Resolution of the meeting of the Board of Directors	68,139	72
June 19, 2024 (planned) Resolution of the Ordinary General Meeting of Shareholders*	89,907	95

Note: These are the year-end dividends of the Company whose record date shall be March 31, 2024. These are proposed to be resolved at the Ordinary General Meeting of Shareholders of the Company to be held on June 19, 2024.

4. Corporate Governance, etc.

(1) Overview of corporate governance

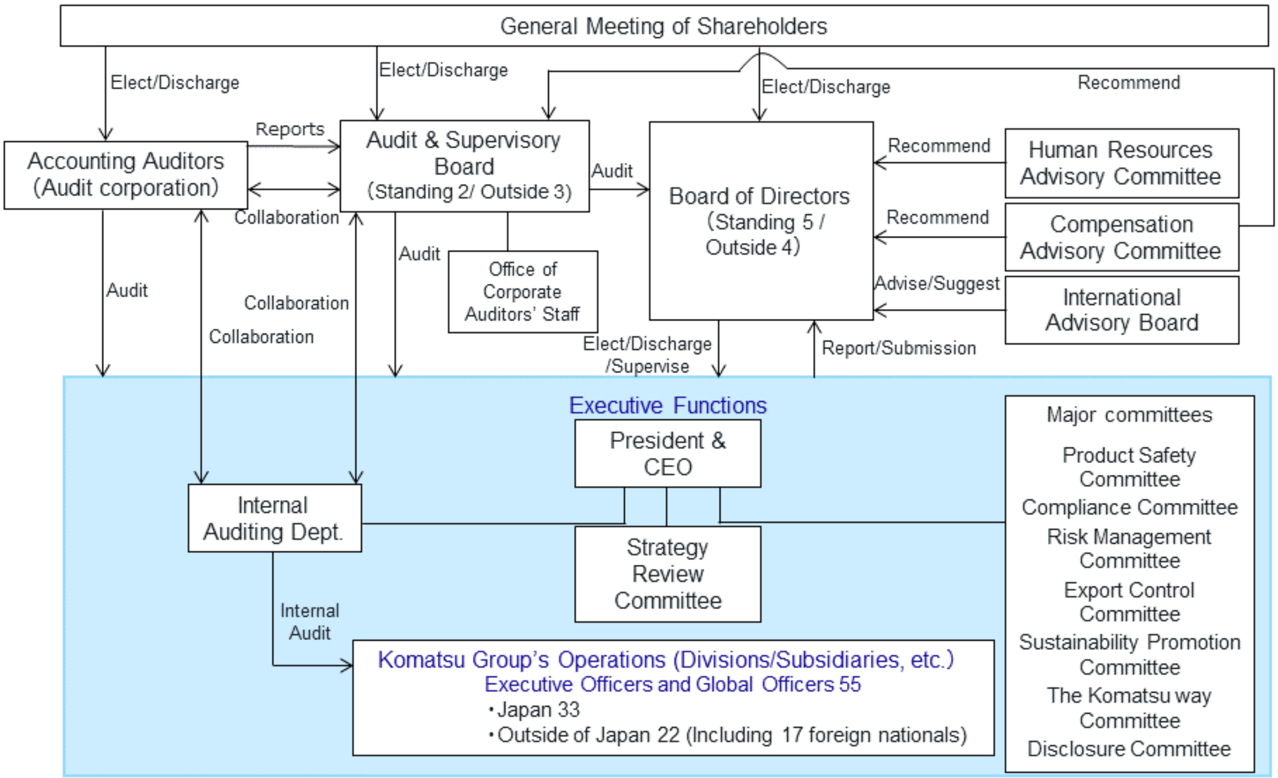
A. Basic stance on corporate governance

The Company believes its corporate value is the total sum of trust given to us by society and all stakeholders. To become a company which enjoys more trust from shareholders and all other stakeholders, the Company is working to strengthen corporate governance, improve management efficiency, advocate corporate ethics and ensure sound management on a group-wide basis. To further improve the transparency of management for its shareholders and investors, the Company discloses information in a fair and timely manner and actively engages in investor relations' activities by holding meetings with shareholders and investors.

B. Current Corporate Governance Structure

1. Overview of current corporate governance structure

Corporate Governance of the Company (As of the filing date)



At the Company, the Board of Directors is positioned as the core of corporate governance, and to improve the effectiveness of discussions at meetings of the Board of Directors, the Company has worked to put in place a system to ensure thorough discussions of important management matters and prompt decision making, and reform their operational aspect. Having introduced the Executive Officer (Shikko Yakuin) System in 1999, the Company has separated management decision making and supervisory functions from executive functions to the extent permitted by laws and regulations, and while appointing both Outside Directors and Outside Audit & Supervisory Board Members, limits the Board of Directors to a small number of members.

(i) Meetings of the Board of Directors

The Company holds Board of Directors' meetings periodically at least once every month. The Board of Directors deliberates and makes resolutions on important matters, determines management policies of Komatsu, and rigorously controls and supervises the execution of duties by all members of the executive management team including Representative Directors. Of the nine (9) Directors on the Board, four (4) are Outside Directors to ensure transparent and objective management.

The Company strives to make improvements to increase the effectiveness of the Board of Directors and conducts annual evaluation and analysis of the effectiveness of the Board of Directors.

The names of the members of the Board of Directors are listed in (1) Frequency of meetings and attendance below, and the Chairman of the Board chairs the meetings.

In 1995, the Company established the International Advisory Board as a body to provide advice and recommendations to the Board of Directors. The Board exchanges opinions and engages in discussions to incorporate objective advice and suggestions from experts in Japan and overseas on how the Company should conduct itself as a global company. The Company has also established the Strategy Review Committee, which consists of Senior Executive Officers and senior managers, to contribute to the efficient operation of the Board of Directors. Based on the deliberations of the Strategy Review Committee, each Executive Officer executes his or her duties within the scope of authority delegated by the Board of Directors.

(Activities of the Board of Directors)
(1) Frequency of meetings and attendance
During the fiscal year, ended on March 31, 2024, the Company held 16 meetings of the Board of Directors, and the attendance of individual directors is shown as follows.

Name	Frequency	No. of attendance
Tetsuji Ohashi	16	16
Hiroyuki Ogawa	16	16
Masayuki Moriyama	16	16
Kiyoshi Mizuhara	4	4
Takeshi Horikoshi	16	16
Mitsuko Yokomoto	12	12
Takeshi Kunibe	16	16
Arthur M. Mitchell	16	15
Naoko Saiki	16	16
Michitaka Sawada	16	16

Notes: 1) Directors Takeshi Kunibe, Arthur M. Mitchell, Naoko Saiki, and Michitaka Sawada are outside directors.
2) Director Kiyoshi Mizuhara retired at the 154th Ordinary General Meeting of Shareholders held in June 2023, and Director Mitsuko Yokomoto was appointed at the same Ordinary General Meeting of Shareholders; therefore, the number of Board of Directors meetings to be attended differs from other Directors.

(2) Matters discussed
Matters resolved and discussed during the fiscal year under review, in addition to those specified in laws and regulations, were mainly as follows.
- Strategy and Risk: Annual business plan, M&A deals, and risk recognition and response
- Personnel, Compensation, and Governance: Personnel changes of Executive Officers, remuneration of Directors, restricted stock units, and revision of the basic policy on internal controls.
- Shareholder return and Financing: Shareholder return, bond issuance, borrowings, borrowings by subsidiaries, and debt guarantee limit.

In addition to the above, the Board also discusses topics related to business strategies, such as carbon neutrality, presented by the execution side concerning the reporting agenda of business execution.

(ii) Meetings of the Audit & Supervisory Board
Furthermore, more than half of the five (5) Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members. The Audit & Supervisory Board determines such matters as audit policies, audit method, key matters of the audit and the allocation of duties among Audit & Supervisory Board Members. Each Audit & Supervisory Board Member attends meetings of the Board of Directors and other important meetings and audits the execution of duties by Directors. Meetings of the Audit & Supervisory Board are in principle held periodically at least once every month, and the Board performs appropriate audits by such means as hearing reports from members of the executive management team on their execution of duties. The Company has also established the Office of Corporate Auditors' Staff to assist the Audit & Supervisory Board Members in their duties.
The names of the members of the Audit & Supervisory Board are as follows and the chairman is Yasuhiro Inagaki.
[Composition of the Audit & Supervisory Board] Chairman: Yasuhiro Inagaki, Members: Terumi Sasaki, Kotaro Ohno, Tatsuro Kosaka and Mariko Matsumura. (As of the filing date of this Annual Securities Report)

Note: The Company is going to propose the agendas of Election of nine (9) Directors and Election of one (1) Audit & Supervisory Board Member as the matters requiring a resolution by the 155th Ordinary General Meeting of Shareholders scheduled for June 19, 2024. When the said agendas are approved, the Company will have nine (9) Directors (including four (4) Outside Directors), five (5) Audit & Supervisory Board Members (including three (3) Outside Audit & Supervisory Board Members), and four (4) Directors who concurrently serve executive functions.

(iii) Human Resources Advisory Committee

The Human Resources Advisory Committee, (As the ratio of outside members represents 66.7% of total), consisting of four (4) Outside Directors (one of them as Committee Chairperson), Chairman of the Board and President, deliberates such matters as nomination of candidates for Directors and Auditors, and appointment and discharge of executive officers and other senior management officers including President (CEO), and reports the results to the Board of Directors. When selecting the candidates, the Committee also considers diversity, as represented by gender, nationality and race. Based on the report, the Board of Directors discusses and decides appointments of the candidates for directors and Audit & Supervisory Board Members as well as appointments and discharges of executive and other officers.

[Members of the Human Resources Advisory Committee] Chairperson: Takeshi Kunibe. Members: Arthur M. Mitchell, Naoko Saiki, Michitaka Sawada, Tetsuji Ohashi and Hiroyuki Ogawa. (As of the filing date of this Annual Securities Report)

〔Activities of the Human Resources Advisory Committee〕

In the fiscal year, ended March 31, 2024, the Company held three (3) meetings of the Human Resources Advisory Committee, and the attendance at each meeting is shown as follows.

Name	No. of meetings held	No. of attendance
Takeshi Kunibe	3	3
Arthur M. Mitchell	3	3
Naoko Saiki	3	3
Michitaka Sawada	3	3
Tetsuji Ohashi	3	3
Hiroyuki Ogawa	3	3

The contents of deliberations by the Human Resources Advisory Committee during the fiscal year under review included the nomination and development of candidates for the next President (CEO), nomination of candidates for Directors and Auditors for fiscal 2024, skill matrixes for Directors and Auditors, appointment of candidates for Executive Officers, and the operational structure of the Human Resources Advisory Committee and Compensation Advisory Committee for fiscal 2024.

(iv) Compensation Advisory Committee

In an effort to maintain an objective and transparent remuneration system, the policy and levels of remuneration for Directors and Audit & Supervisory Board Members of the Company are deliberated by the Compensation Advisory Committee, which consists of five (5) Outside Members [four (4) Outside Directors (including one (1) as the Chairperson of the Committee), and one (1) Outside Auditor] and one (1) Internal Member (As the ratio of outside members represents 83.3% of total). Taking its reports and recommendations into consideration, the remuneration for Directors is determined by the Board of Directors, and the remuneration for Audit & Supervisory Board Members is determined by discussions by the Audit & Supervisory Board Members, respectively, within the range previously determined by resolution of the General Meeting of Shareholders.

[Members of the Compensation Advisory Committee] Chairperson: Takeshi Kunibe. Members: Arthur M. Mitchell, Naoko Saiki, Michitaka Sawada, Kotaro Ohno, and Tetsuji Ohashi. (As of the filing date of this Annual Securities Report)

〔Activities of the Compensation Advisory Committee〕
In the fiscal year, ended March 31, 2024, the Company held four (4) meetings of the Compensation Advisory Committee, and the attendance at each meeting is shown as follows.

Name	No. of meetings	No. of attendance
Takeshi Kunibe	4	4
Arthur M. Mitchell	4	4
Naoko Saiki	4	4
Michitaka Sawada	4	4
Kotaro Ohno	4	4
Tetsuji Ohashi	4	4

The contents of deliberations by the Compensation Advisory Committee during the fiscal year under review included the revision of the amount of remuneration for Directors and Audit & Supervisory Board Members, the determination policy of remuneration, etc. for Directors, revision of remuneration and stock-based remuneration system for Directors, monthly compensation levels for Directors and Auditors for fiscal 2024, and evaluation indexes for performance-based remuneration for directors for fiscal 2024.

2. Reason for adoption of the current corporate governance system
The Company organizes the above framework to ensure effective and adequate performance of matters related to decision making, management, supervision and audit, such as separation of corporate management from business execution, enhancement of corporate management decision making by the Board of Directors, strict management and supervision of business execution, measures undertaken by Outside Directors to improve transparency and objectivity of management, and measures undertaken by the Audit & Supervisory Board to appropriately audit Directors’ execution of duties.

3. Basic policy on internal control system and status of maintenance and development thereof
With regards to systems for ensuring that the execution of duties by Directors complies with laws and regulations, and the Company’s Articles of Incorporation, and other systems for ensuring the properness of operations, the details of the resolution of the Board of Directors of the Company are as follows:
(1) Basic Policy on Internal Control
The Company defines its corporate value as the total sum of trust given to us by society and all stakeholders.
To increase this corporate value, the Company recognizes the importance of strengthening corporate governance. The Company strives to maintain transparency and soundness of management by appointing Outside Directors and Outside Audit & Supervisory Board Members, while limiting the members of the Board of Directors small so that discussions at the Board of Directors are more substantial. The Company also does its utmost to improve the operation of the Board of Directors, aiming at more effective governance by the Board, ample discussions and quick decision making.

(2) Systems for Retention and Management of Information Related to Directors’ Execution of Duties
The Company shall adequately retain and manage important information related to Directors’ execution of duties, including the record of Board meetings and other approved documents, as stipulated by laws and regulations, and the Company’s internal rules.

(3) Rules and Other Systems for Risk Management
While continuing to make efforts to increase its corporate value, the Company has been implementing the following countermeasures to address all risks that threaten our sustainable growth.

i) The Company shall establish Risk Management Rules to correctly recognize and manage risks. In accordance with the rules, the Company has appointed personnel in charge of individual risks, further promoting the build-up of a solid foundation for risk management.
ii) The Company shall establish Risk Management Committee to devise groupwide risk management policies, select and evaluate risks from an enterprise-wide perspective, check and follow up countermeasures in place for risks, and take control of risks when they materialize. The Risk Management Committee regularly reports its reviews and activities to the Board of Directors.
iii) The Company shall identify significant risks from an enterprise-wide perspective as "corporate risks," discuss them in the Risk Management Committee, and report to the Board of Directors regarding the

nature, priority, and status of risk mitigation measures.

iv) The Company shall establish an emergency headquarters when serious risks materialize, and work to minimize damage(s) and implement appropriate measures.

(4) Systems for Ensuring Efficient Execution of Duties by Directors

To ensure the efficient execution of duties by Directors, the Company shall implement the following:

i) The Board of Directors shall meet in principle at least once every month and more often as needed. It shall strive to maintain transparency and soundness of management through the participation of Outside Directors. It shall also establish the Regulations of the Board of Directors and the Standards for Agenda of Board Meetings, thereby clarifying the matters on which the Board of Directors should make decisions.

ii) Together with the introduction of the Executive Officer System, the Company shall define the separation of duties for Directors, Executive Officers and senior managers, and set up internal rules including the Regulations of Decision-Making Authority, to ensure appropriate and effective execution of duties by Directors, Executive Officers and other senior managers.

iii) To promote efficient management of the Board of Directors, the Company shall establish a Strategy Review Committee consisting of Senior Executive Officers and senior managers. Based on the reviews of the Committee, Executive Officers and senior managers execute their duties within the authority delegated by the Board of Directors.

(5) Systems for Ensuring that the Execution of Duties by Directors and Employees Complies with Laws and Regulations, and the Company's Articles of Incorporation

The Board of Directors makes decisions on important management matters in accordance with laws and regulations and the Regulations of the Board of Directors. In accordance with the decisions made by the Board of Directors, each Director not only executes his or her own duties but also supervises employees for the execution of their duties, and reports the conditions thereof to the Board of Directors.

The Company shall establish the Compliance Committee to oversee compliance, and the Committee regularly reports its reviews and activities to the Board of Directors. The Company shall also establish a system to ensure Directors and employees thorough compliance to business rules through a variety of measures, including the provision of guiding principles of Corporate Conduct and Komatsu Code of Worldwide Business Conduct, appointment of the Executive Officer in charge of compliance, and establishment of the Compliance Department. Through all of these, the Company work to supervise, educate and train Directors and employees.

In addition, the Company shall establish the internal reporting system where those who are discretely reporting questionable actions in light of laws and regulations and business rules will not be given any disadvantageous treatment.

(6) Systems for Ensuring the Proper Operation of Komatsu Comprising the Company and Its Subsidiaries

i) The Company shall establish the Affiliated Company Regulations and relevant rules to contribute to proper and efficient operation of Group management. It shall also position the Komatsu Code of Worldwide Business Conduct, as the code of conduct to be applied by all companies affiliated with Komatsu. In accordance with those regulations and rules as well as the Komatsu Code of Worldwide Business Conduct, each department or division of the Company in charge of affiliated companies shall manage and support each relevant company, and each company in Komatsu shall stipulate various regulations for the proper promotion of duties.

ii) The Company shall assign and dispatch persons for Directors and Audit & Supervisory Board Members to major affiliated companies as needed, in order to strengthen corporate governance on a group-wide basis and monitor their management.

iii) Important committees of the Company, including the Compliance Committee, Risk Management Committee and Export Control Committee, shall take actions with the entire Group in view, and allow representatives of affiliated companies to take part in their committees on occasion.

iv) The Company shall make particularly important affiliated companies regularly report to the Board of Directors of the Company on the status of business, including risks and compliance.

v) The Internal Auditing Department of the Company shall audit each division of the Company and implement or supervise auditing of major affiliated companies that belong to Komatsu. It shall also monitor and instruct each affiliated company regarding internal control systems built by them in accordance with the Company requirements and the appropriate operation. The Internal Auditing Department shall also regularly report to the Board of Directors and the Audit & Supervisory Board about the building, operational status and results of internal control systems across the Komatsu Group.

(6)-1 Systems for Ensuring Items Related to the Implementation of Duties by Directors and Other Employees at Subsidiaries are Reported to the Company

Each division/department of the Company that has affiliated companies under its supervision shall make each affiliated company report on the management status, financial status, and other important matters of management in accordance with the Affiliated Company Regulations and relevant rules.

(6)-2 Rules and Other Systems for Risk Management at Subsidiaries

The Company comprehensively manages risk on a groupwide basis applying the risk management system explained in (3) Rules and Other Systems for Risk Management to its subsidiaries as a whole.

(6)-3 Systems for Ensuring Efficient Execution of Duties by Directors and Other Employees at Subsidiaries

In the case where a subsidiary executes a matter that has a significant impact on the consolidated business operations of the Company, it is necessary either that the Company provides approval beforehand or that the Company receives notification of the matter beforehand in accordance with the Affiliated Company Regulations and relevant rules. In addition, to ensure the Company carries out the efficient groupwide management based on a continual grasp of the status of the affiliated company's status of business execution, the Company receives reports on the affiliated company's standards for the agenda of board meetings, the frequency of the meetings of board of directors, the status of attendance, and agenda proposals.

(6)-4 Systems for Ensuring that the Execution of Duties by Directors and Employees at Subsidiaries Complies with Laws and Regulations, and the Company's Articles of Incorporation

The internal control systems and compliance systems described in (5) Systems for Ensuring that the Execution of Duties by Directors and Employees Complies with Laws and Regulations, and the Company's Articles of Incorporation are implemented on a groupwide basis, ensuring that Directors and employees of each company in Komatsu carry out their duties in accordance with laws and regulations and the Company's Articles of Incorporation.

(7) Employees Assisting Audit & Supervisory Board Members for Execution of Their Duties, When They Ask for Such Employees

The Company shall set up the Office of Corporate Auditors' Staff, which shall assist Audit & Supervisory Board Members in their duties, and allocate employees who work as assistants to Audit & Supervisory Board Members either exclusively or concurrently in another position within the Company.

(8) Matters Regarding the Independence of the Assistants to Audit & Supervisory Board Members from Directors and Ensuring the Effectiveness of Directions given to the Assistants

i) Handling of personnel affairs (employment, appointment and personnel changes) of the employees who belong to the Office of Corporate Auditors' Staff shall be premised on approval of the Standing Audit & Supervisory Board Members.

ii) The employees who exclusively assist the Office of Corporate Auditors' Staff are independent of control and command of the Directors, and their performance shall be rated by the Standing Audit & Supervisory Board Members.

iii) The Company's Standing Audit & Supervisory Board Members shall hold regular meetings with employees of the Office of Corporate Auditors' Staff to confirm the execution of duties by the office.

(9) Systems for Directors and Employees Reporting to Audit & Supervisory Board Members; Other Systems Relating to Reports to Audit & Supervisory Board Members and Ensuring Effective Audits by Audit & Supervisory Board Members

i) In accordance with laws and regulations, Audit & Supervisory Board Members shall receive reports by Directors, Executive Officers and other senior managers concerning the conditions of execution of their respective duties.

ii) In the event that Directors find a serious violation of laws and regulations or other important facts regarding compliance at the Company or affiliated companies of Komatsu, they shall report to the Audit & Supervisory Board Members immediately.

iii) The Audit & Supervisory Board Members shall attend various committees concerning internal control and principal meetings as observers, and also review approval documents by President or other authorized executives, which are important decision-making documents of the Company.

iv) Audit & Supervisory Board Members may appoint legal counsels and other advisors needed for the execution of their duties.

(9)-1 Systems to Ensure Reports from Directors, Audit & Supervisory Board Members and Employees of Subsidiaries are Passed, Directly or via a Person Receiving such Reports, to Audit & Supervisory Board Members of the Company

Audit & Supervisory Board Members shall attend as observers meetings of committees, including the Strategy Review Committee discussing important management matters of the Company and affiliated companies, Compliance Committee, Risk Management Committee, and Export Control Committee, respectively discussing compliance matters and risk management matters of the Company and affiliated companies.

In accordance with the Affiliated Company Regulations and relevant rules, reports provided from affiliated companies regarding business operations, financial position and other important management matters are provided also to Audit & Supervisory Board Members.

The Company's Risk Management Rules and Internal Auditing Rules are applicable to affiliated companies and any important matter is reported to Audit & Supervisory Board Members.

(9)-2 Systems to Ensure Individuals who Provide Reports to Audit & Supervisory Board Members are not Given any Disadvantageous Treatment for the Provision Thereof

It is clearly stated in general rules on compliance regulated by the Company and each affiliated company that no disadvantageous treatment will arise from the act of reporting or informing, and the Company and each affiliated company shall operate in accordance with the aforesaid general rules.

(10) Policy related to Processes of Advance Payments and Reimbursements for Expenses Incurred by Audit & Supervisory Board Members Executing Duties and Expenses or Debts Incurred by Executing Other Duties

The Audit & Supervisory Board, after discussion with the operating department, shall secure the necessary budget to implement audit plans approved by the Audit & Supervisory Board.

On receiving claims from Audit & Supervisory Board Members for expenses to be incurred related to the execution of their duties, the Company shall promptly pay expenses in all cases except where there is no clear connection with the execution of duties of the Audit & Supervisory Board Members.

Audit & Supervisory Board Members and employees assigned to the Office of Corporate Auditors' Staff shall be responsible for managing and implementing costs related to the execution of duties by Audit & Supervisory Board Members.

(11) Basic Policy Pertaining to the Elimination of Antisocial Forces

The Company and each affiliated company shall sever all relationships with groups or individuals that pursue economic benefits through violence, threats and fraudulent methods, and other organized crime groups, and shall develop and maintain an internal system based on a policy of taking a firm stand against any and all demands.

4. Outline of contents of limited liability agreement

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act of Japan and the Articles of Incorporation, the Company has entered into agreements with Outside Directors and Audit & Supervisory Board Members that limit their liability for damages caused by their negligence of duty under Article 423, Paragraph 1 of the same. The maximum liability amount specified in these agreements shall be equivalent to those amounts stipulated by laws and regulations.

5. Outline of Contents of Company Indemnification Agreement

The Company has entered into a company indemnification agreement in accordance with the provisions of Article 430-2, Paragraph 1 of the Companies Act of Japan with Directors and Audit & Supervisory Board Members, thereby providing that the Company shall indemnify expenses set forth in Article 430-2, Paragraph 1, Item 1 of the same, and losses set forth in Article 430-2, Paragraph 1, Item 2 of the same, within the scope permitted by laws and regulations. However, in order to ensure that appropriate execution of duties by the Directors and Audit & Supervisory Board Members of the Company is not impaired due to such company indemnification agreement, a refund may be requested for a monetary sum equivalent to the indemnified amount if such Director or Audit & Supervisory Board Member violates the provisions of laws and regulations or otherwise incurs liability as a result of he or she having acted in bad faith or with gross negligence in regard to his or her execution of duties.

6. Outline of Contents of Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act of Japan with an insurance company, whereby those listed as insured persons include the Directors, Audit & Supervisory Board Members, and executive officers of the Company and its consolidated subsidiaries. The insurance policy covers damages which may arise should an insured person incur liability in relation to his or her execution of duties or otherwise become subject to a claim pertaining to pursuit of such liability. However, in order to ensure that the appropriate execution of duties by the insured persons is not impaired, coverage is not provided under certain circumstances such as when there are damages arising from an insured person’s involvement in criminal acts or acts committed with the knowledge that they may violate laws and regulations, nor is coverage provided with respect to portions of amounts of damages not exceeding deductibles. Insurance premiums shall be assumed by the Company and its consolidated subsidiaries.

C. Articles of Incorporation of the Company

The following are prescribed by the Articles of Incorporation of the Company.

1) The Company shall have no more than fifteen (15) Directors.
2) A resolution for the election of a Director shall be adopted by a majority of the voting rights of the shareholders who are eligible to exercise the voting rights and who are present at the meeting, where the shareholders holding one-third (1/3) or more of the voting rights of all shareholders eligible to exercise the voting rights must be present.
3) Cumulative voting shall not be used in a resolution for the election of a Director.
4) To ensure a quorum can be secured, when a special resolution is required, resolutions made pursuant to Article 309, Paragraph 2 of the Companies Act of Japan shall be adopted by two-thirds (2/3) or more of the voting rights of the shareholders who are eligible to exercise the voting rights and who are present at the meeting, where the shareholders holding one-third (1/3) or more of the voting rights of all shareholders eligible to exercise the voting rights must be present.
5) To enable the execution of flexible capital policy to respond to changes in the business environment, pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act of Japan, the Company may acquire its own shares through transactions on the market, etc., by a resolution of the Board of Directors.
6) To ensure Directors and Audit & Supervisory Board Members can fully perform the role expected of them, in accordance with the provisions of Article 426, Paragraph 1 of the Companies Act of Japan, the Company may, by a resolution of the Board of Directors, exempt a Director or an Audit & Supervisory Board Member from his/her liability for damages caused by his/her dereliction of duty, within the limits stipulated by laws or regulations.
7) To provide flexible redistribution of profits to shareholders, the Company may distribute interim dividends, by a resolution of the Board of Directors, by setting the record date as of September 30 of each year.

(2) Board of Directors and Audit & Supervisory Board Members

A. List of Board of Directors and Audit & Supervisory Board Members

1. The Board of Directors and Audit & Supervisory Board Members of the Company as of June 18, 2024 (As of the filing date of this Annual Securities Report) are shown as below.

Male: eleven (11) persons, Female: three (3) persons (percentage of the female: 21.4 %)

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Chairman of the Board	Tetsuji Ohashi	Mar. 23, 1954	Apr. 1977	Joined the Company Product Control Section, Planning & Coordination Department of Awazu Plant	*4	233
			Jun. 1982	Graduate School, Stanford University, U.S.A. (until Jun. 1984)		
			Oct. 1998	General Manager of Planning & Cooperation Department of Awazu Plant, Production Division		
			Oct. 2001	Plant Manager of Moka Plant, Production Division		
			Jan. 2004	President and COO of Komatsu America Corp.		
			Apr. 2007	Took office as Executive Officer		
			Apr. 2007	President of Production Division		
			Apr. 2008	Took office as Senior Executive Officer		
			Jun. 2009	Took office as Director and Senior Executive Officer		
			Apr. 2012	Took office as Director and Senior Executive Officer		
			Apr. 2013	Took office as President, Representative Director and CEO		
			Apr. 2019	Took office as Chairman of the Board and Representative Director		
			Apr. 2022	Took office as Chairman of the Board (current)		
President and Representative Director and CEO	* Hiroyuki Ogawa	Mar. 23, 1961	Apr. 1985	Joined the Company Production Engineering Section, Production Engineering Department of Kawasaki Plant	*4	140
			Apr. 2004	Plant Manager of Chattanooga Manufacturing Operation, Komatsu America Corp.		
			Apr. 2007	General Manager of Planning & Coordination Department of Osaka Plant, Production Division		
			Apr. 2010	Took office as Executive Officer		
			Apr. 2010	Plant Manager of Ibaraki Plant, Production Division		
			Apr. 2013	President of Procurement Division in Production Division		
			Apr. 2014	Representative of All Indonesia Operations Chairman of PT Komatsu Marketing & Support Indonesia (until Mar. 2016)		
			Apr. 2015	Took office as Senior Executive Officer		
			Apr. 2016	President of Production Division		
			Apr. 2018	Took office as Senior Executive Officer		
			Jun. 2018	Took office as Director and Senior Executive Officer		
			Apr. 2019	Took office as President and Representative Director (current)		
			Apr. 2019	CEO (current)		

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Director	Masayuki Moriyama	Feb. 5, 1960	Apr. 1982 Jul. 1988 Mar. 2000 Apr. 2010 Apr. 2010 Apr. 2014 Apr. 2015 Apr. 2017 Apr. 2018 Jun. 2019 Apr. 2022 Apr. 2024	Joined the Company Technology Management Department, Vehicle Development Center of Kawasaki Plant Graduate School, Cornell University, U.S.A. (until Jun. 1990) Komatsu America Corp. (until Mar. 2003) Took office as Executive Officer General Manager of Construction Equipment Technical Center 1, Development Division President and COO of Komatsu America Corp. Took office as Senior Executive Officer President of Mining Business Division Took office as Senior Executive Officer Took office as Director and Senior Executive Officer Took office as Representative Director and Senior Executive Office Director (current)	*4	92
Representative Director	* Takeshi Horikoshi	Aug. 1, 1961	Apr. 1985 Feb. 1996 Sep. 1998 Nov. 2008 Jun. 2012 May. 2016 Apr. 2017 Apr. 2018 Apr. 2020 Jun. 2021 Apr. 2023 Apr. 2024	Joined the Company Accounting Section, Administration Department of Osaka Plant Komatsu UK Ltd. Komatsu France S.A.S (until May. 2003) Komatsu Europe International N.V. (until Nov. 2011) General Manager of Finance & Treasury Department General Manager of Corporate Controlling Department Took office as Executive Officer CFO (current) Took office as Senior Executive Officer Took office as Director and Senior Executive Officer Took office as Director and Senior Executive Officer Took office as Representative Director and Senior Executive Officer (current)	*4	50
Director	* Mitsuko Yokomoto	Jan. 6, 1963	Apr. 1985 Apr. 2011 May. 2015 Apr. 2018 Apr. 2019 Apr. 2021 Apr. 2021 Apr. 2023 Jun. 2023	Joined the Company Human Resources Section, Human Resources Department General Manager of General Affairs Department of Gigaphoton Inc. General Manager of General Affairs Department of Shonan Plant, Production Division General Manager of General Affairs Department Took office as Executive Officer (Responsible for Risk Management) Took office as Senior Executive Officer President of Sustainability Promotion Division Senior Executive Officer (Supervising Human Resources, Education and Sustainability) (current) Took office as Director and Senior Executive Officer (current)	*4	31

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Director	Takeshi Kunibe	Mar. 8, 1954	Apr. 1976 Jun. 2003 Oct. 2006 Apr. 2007 Jun. 2007 Apr. 2009 Apr. 2011 Apr. 2017 Apr. 2017 Jun. 2017 Apr. 2019 Jun. 2020 Oct. 2021 Apr. 2023	Joined The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation, hereinafter "SMBC") Took office as Executive Officer of SMBC Took office as Managing Executive Officer of SMBC Took office as Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc. (hereinafter "SMFG") Took office as Director of SMFG Took office as Director and Senior Managing Executive Officer of SMBC Took office as Representative Director, President and Chief Executive Officer of SMBC Took office as Representative Director and President of SMFG Retired from Director of SMBC Took office as Director President and Representative Executive Officer of SMFG Took office as Chairman of the Board of SMFG (current) Took office as Director of the Company (current) Took office as Chairman of the Board of SMBC Retired from Director of SMBC	*4	-
Director	Arthur M. Mitchell	Jul. 23, 1947	Jul. 1976 Jan. 2003 Sep. 2007 Jan. 2008 Jan. 2008 Jun. 2020	Registered as attorney at law in New York State, U.S.A. (current) Took office as General Counsel of Asian Development Bank Joined White & Case LLP Registered as registered foreign lawyer in Japan (current) Registered foreign lawyer of White & Case LLP (current) Took office as Director of the Company (current)	*4	-
Director	Naoko Saiki	Oct. 11, 1958	Apr. 1982 Jul. 2014 Oct. 2015 Jul. 2017 Jan. 2019 Apr. 2020 Jun. 2021 Apr. 2023	Joined the Ministry of Foreign Affairs (hereinafter "MOFA") Took office as Director-General, Economic Affairs Bureau, MOFA and Councillor, Cabinet Secretariat Took office as Director-General, International Legal Affairs Bureau, MOFA Took office as Director-General, Foreign Service Training Institute, MOFA Retired from MOFA Took office as Visiting Professor, Graduate School of Public Policy, The University of Tokyo Took office as Director of the Company (current) Took office as Special Assistant to the Minister for Foreign Affairs (current)	*4	-

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Director	Michitaka Sawada	Dec. 20, 1955	Apr. 1981	Joined Kao Soap Co., Ltd. (currently Kao Corporation)	*4	-
			Jun. 2006	Took office as Executive Officer of Kao Corporation		
			Jun. 2008	Took office as Director, Executive Officer of Kao Corporation		
			Jun. 2012	Took office as Representative Director, President and Chief Executive Officer of Kao Corporation		
			Jan. 2021	Took office as Director, Chair of Kao Corporation		
			Jun. 2022	Took office as Director of the Company (current)		
			Mar. 2024	Retired from Director of Kao Corporation		
			Mar. 2024	Took office as Executive Advisor of Kao Corporation (current)		
Standing Audit & Supervisory Board Member	Yasuhiro Inagaki	Aug. 21, 1961	Apr. 1984	Joined the Company Legal Section, Administration Department	*5	47
			Jul. 1989	Graduate School, Cornell Law School, U.S.A. (until Jan. 1991)		
			Apr. 2003	General Manager of Business Development Department		
			Apr. 2010	Took office as Executive Officer		
			Apr. 2010	General Manager of Business Development Department and General Manager of Legal Department		
			Apr. 2015	Took office as Senior Executive Officer		
			Apr. 2015	General Manager of Business Coordination Department		
			Apr. 2018	Representative of All China Operations		
			Apr. 2021	Advisor to President		
			Jun. 2021	Took office as Standing Audit & Supervisory Board Member (current)		
Standing Audit & Supervisory Board Member	Terumi Sasaki	Dec. 24, 1960	Apr. 1983	Joined the Company Shipping Section, Transportation Department, Export Sales Division	*6	22
			Jul. 1996	Komatsu Hanomag GmbH (currently Komatsu Germany GmbH) (until Oct. 2003)		
			Jun. 2011	General Manager of IFRS Implementation Department		
			Sep. 2012	Vice President, Finance and Control of Komatsu America Corp.		
			Apr. 2017	Executive Vice President and CFO of Komatsu Mining Corp.		
			Apr. 2020	Advisor to President		
			Jun. 2020	Took office as Standing Audit & Supervisory Board Member (current)		

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Audit & Supervisory Board Member	Kotaro Ohno	Apr. 1, 1952	Apr. 1976 Jul. 2009 Jul. 2012 Jul. 2014 Sep. 2016 Nov. 2016 Jun. 2017 Jan. 2023	Appointed as Prosecutor Took office as Vice-Minister of Justice Took office as Superintending Prosecutor of Tokyo High Public Prosecutors Office Took office as Prosecutor-General of Supreme Public Prosecutors Office Retired from the position of Prosecutor-General of Supreme Public Prosecutors Office Attorney at law, Special Counsel of Mori Hamada & Matsumoto Took office as Audit & Supervisory Board Member of the Company (current) Advisor, Atsumi & Sakai (current)	*5	-
Audit & Supervisory Board Member	Tatsuro Kosaka	Jan. 18, 1953	Apr. 1976 Oct. 2002 Oct. 2004 Mar. 2005 Jul. 2005 Mar. 2008 Mar. 2010 Mar. 2012 Mar. 2018 Mar. 2020 Mar. 2022 Mar. 2022 Jun. 2022	Joined Chugai Pharmaceutical Co., Ltd. Took office as Vice President, General Manager of Corporate Planning Dept. of Chugai Pharmaceutical Co., Ltd. Took office as Senior Vice President, General Manager of Corporate Planning Dept. of Chugai Pharmaceutical Co., Ltd. Took office as Senior Vice President, Deputy Managing Director of Sales & Marketing Group of Chugai Pharmaceutical Co., Ltd. Took office as Senior Vice President, Head of Strategic Marketing Unit of Chugai Pharmaceutical Co., Ltd. Took office as Senior Vice President, Head of Lifecycle Management & Marketing Unit of Chugai Pharmaceutical Co., Ltd. Took office as Director, Executive Vice President of Chugai Pharmaceutical Co., Ltd. Took office as Representative Director, President & COO of Chugai Pharmaceutical Co., Ltd. Took office as Representative Director, President & CEO of Chugai Pharmaceutical Co., Ltd. Took office as Representative Director, Chairman & CEO of Chugai Pharmaceutical Co., Ltd. Retired from Director of Chugai Pharmaceutical Co., Ltd. Took office as Senior Advisor of Chugai Pharmaceutical Co., Ltd. (current) Took office as Audit & Supervisory Board Member of the Company (current)	*7	-

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Audit & Supervisory Board Member	Mariko Matsumura	Sep. 24, 1959	Apr. 1988	Admitted to the bar in Japan as attorney at law (current)	*8	-
			Apr. 1988	Joined Braun Moriya Hoashi & Kubota		
			Feb. 1994	Joined Ryudo Sogo Law Offices		
			Jan. 2006	Joined Shinwa Sohgoh Law Offices as a Partner (current)		
			Apr. 2022	Took office as President of Dai-Ichi Tokyo Bar Association		
			Jun. 2023	Took office as Audit & Supervisory Board Member of the Company (current)		
Total						618

Notes:
1) Directors Takeshi Kunibe, Arthur M. Mitchell, Naoko Saiki and Michitaka Sawada are Outside Directors.
2) Audit & Supervisory Board Members Kotaro Ohno, Tatsuro Kosaka and Mariko Matsumura are Outside Audit & Supervisory Board Members.
3) The Company introduced an executive officer system in June 1999. As of June 18, 2024, the Company has 45 officers including 3 persons simultaneously holding the position of director. Such persons have been marked with an asterisk above their names in the table.
4) The term of office of the Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year of the Company ending within 1 year after the Ordinary General Meeting of Shareholders held on June 21, 2023.
5) The term of office of Audit & Supervisory Board Members Yasuhiro Inagaki and Kotaro Ohno shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within 4 years after the Ordinary General Meeting of Shareholders held on June 18, 2021.
6) The term of office of Audit & Supervisory Board Member Terumi Sasaki shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within 4 years after the Ordinary General Meeting of Shareholders held on June 18, 2020.
7) The term of office of Audit & Supervisory Board Member Tatsuro Kosaka shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within 4 years after the Ordinary General Meeting of Shareholders held on June 21, 2022.
8) The term of office of Audit & Supervisory Board Member Mariko Matsumura shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within 4 years after the Ordinary General Meeting of Shareholders held on June 21, 2023.
9) The names of organizations and subsidiaries, etc., of the Company shown in the “Career summary” above present those at the time.

2. The Board of Directors and Audit & Supervisory Board Members of the Company will be as shown below, when the proposed items of "Election of nine (9) Directors" and "Election of one (1) Audit & Supervisory Board Member" will be resolved at the Ordinary General Meeting of Shareholders to be held on June 19, 2024.
The table below also shows the proposed items, including titles and positions, to be resolved at the Board of Directors and Audit & Supervisory Board of the Company to be held immediately after the Ordinary General Meeting of Shareholders.
Male: eleven (11) persons, Female: three (3) persons (percentage of the female: 21.4%)

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Chairman of the Board	Tetsuji Ohashi	Mar. 23, 1954	Apr. 1977	Joined the Company Product Control Section, Planning & Coordination Department of Awazu Plant	*4	233
			Jun. 1982	Graduate School, Stanford University, U.S.A. (until Jun. 1984)		
			Oct. 1998	General Manager of Planning & Cooperation Department of Awazu Plant, Production Division		
			Oct. 2001	Plant Manager of Moka Plant, Production Division		
			Jan. 2004	President and COO of Komatsu America Corp.		
			Apr. 2007	Took office as Executive Officer		
			Apr. 2007	President of Production Division		
			Apr. 2008	Took office as Senior Executive Officer		
			Jun. 2009	Took office as Director and Senior Executive Officer		
			Apr. 2012	Took office as Director and Senior Executive Officer		
			Apr. 2013	Took office as President, Representative Director and CEO		
			Apr. 2019	Took office as Chairman of the Board and Representative Director		
			Apr. 2022	Took office as Chairman of the Board (current)		
President and Representative Director and CEO	* Hiroyuki Ogawa	Mar. 23, 1961	Apr. 1985	Joined the Company Production Engineering Section, Production Engineering Department of Kawasaki Plant	*4	140
			Apr. 2004	Plant Manager of Chattanooga Manufacturing Operation, Komatsu America Corp.		
			Apr. 2007	General Manager of Planning & Coordination Department of Osaka Plant, Production Division		
			Apr. 2010	Took office as Executive Officer		
			Apr. 2010	Plant Manager of Ibaraki Plant, Production Division		
			Apr. 2013	President of Procurement Division in Production Division		
			Apr. 2014	Representative of All Indonesia Operations Chairman of PT Komatsu Marketing & Support Indonesia (until Mar. 2016)		
			Apr. 2015	Took office as Senior Executive Officer		
			Apr. 2016	President of Production Division		
			Apr. 2018	Took office as Senior Executive Officer		
			Jun. 2018	Took office as Director and Senior Executive Officer		
			Apr. 2019	Took office as President and Representative Director (current)		
			Apr. 2019	CEO (current)		

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Representative Director	* Takeshi Horikoshi	Aug. 1, 1961	Apr. 1985	Joined the Company Accounting Section, Administration Department of Osaka Plant	*4	50
			Feb. 1996	Komatsu UK Ltd.		
			Sep. 1998	Komatsu France S.A.S (until May. 2003)		
			Nov. 2008	Komatsu Europe International N.V. (until Nov. 2011)		
			Jun. 2012	General Manager of Finance & Treasury Department		
			May. 2016	General Manager of Corporate Controlling Department		
			Apr. 2017	Took office as Executive Officer		
			Apr. 2018	CFO (current)		
			Apr. 2020	Took office as Senior Executive Officer		
			Jun. 2021	Took office as Director and Senior Executive Officer		
			Apr. 2023	Took office as Director and Senior Executive Officer		
			Apr. 2024	Took office as Representative Director and Senior Executive Officer (current)		
Director	* Takuya Imayoshi	Nov. 14, 1963	Apr. 1987	Joined the Company Accounting Section, Administration Department of Awazu Plant	*4	30
			Aug. 1998	Komatsu America Corp. (until Jul. 2004)		
			Jun. 2010	Komatsu (China) Ltd. (until Aug. 2013)		
			May. 2016	General Manager of Finance & Treasury Department		
			Apr. 2017	General Manager of Finance & Treasury Department and President of Global Retail Finance Business Division		
			Apr. 2018	Took office as Executive Officer		
			Apr. 2018	General Manager of Business Coordination Department		
			Apr. 2021	Took office as Senior Executive Officer		
			Apr. 2021	Representative of All China Operations and Chairman of Komatsu (China) Ltd.		
			Apr. 2024	Took office as Senior Executive Officer (Supervising Business Coordination, Responsible for the Mid-Term Management Plan) (current)		
			Jun. 2024	Took office as Director and Senior Executive Officer (current)		

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Director	* Mitsuko Yokomoto	Jan. 6, 1963	Apr. 1985 Apr. 2011 May. 2015 Apr. 2018 Apr. 2019 Apr. 2021 Apr. 2021 Apr. 2023 Jun. 2023	Joined the Company Human Resources Section, Human Resources Department General Manager of General Affairs Department of Gigaphoton Inc. General Manager of General Affairs Department of Shonan Plant, Production Division General Manager of General Affairs Department Took office as Executive Officer (Responsible for Risk Management) Took office as Senior Executive Officer President of Sustainability Promotion Division Senior Executive Officer (Supervising Human Resources, Education and Sustainability) (current) Took office as Director and Senior Executive Officer (current)	*4	31
Director	Takeshi Kunibe	Mar. 8, 1954	Apr. 1976 Jun. 2003 Oct. 2006 Apr. 2007 Jun. 2007 Apr. 2009 Apr. 2011 Apr. 2017 Apr. 2017 Jun. 2017 Apr. 2019 Jun. 2020 Oct. 2021 Apr. 2023	Joined The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation, hereinafter "SMBC") Took office as Executive Officer of SMBC Took office as Managing Executive Officer of SMBC Took office as Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc. (hereinafter "SMFG") Took office as Director of SMFG Took office as Director and Senior Managing Executive Officer of SMBC Took office as Representative Director, President and Chief Executive Officer of SMBC Took office as Representative Director and President of SMFG Retired from Director of SMBC Took office as Director President and Representative Executive Officer of SMFG Took office as Chairman of the Board of SMFG (current) Took office as Director of the Company (current) Took office as Chairman of the Board of SMBC Retired from Director of SMBC	*4	-
Director	Arthur M. Mitchell	Jul. 23, 1947	Jul. 1976 Jan. 2003 Sep. 2007 Jan. 2008 Jan. 2008 Jun. 2020	Registered as attorney at law in New York State, U.S.A. (current) Took office as General Counsel of Asian Development Bank Joined White & Case LLP Registered as registered foreign lawyer in Japan (current) Registered foreign lawyer of White & Case LLP (current) Took office as Director of the Company (current)	*4	-

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Director	Naoko Saiki	Oct. 11, 1958	Apr. 1982 Jul. 2014 Oct. 2015 Jul. 2017 Jan. 2019 Apr. 2020 Jun. 2021 Apr. 2023	Joined the Ministry of Foreign Affairs (hereinafter "MOFA") Took office as Director-General, Economic Affairs Bureau, MOFA and Councillor, Cabinet Secretariat Took office as Director-General, International Legal Affairs Bureau, MOFA Took office as Director-General, Foreign Service Training Institute, MOFA Retired from MOFA Took office as Visiting Professor, Graduate School of Public Policy, The University of Tokyo Took office as Director of the Company (current) Took office as Special Assistant to the Minister for Foreign Affairs (current)	*4	-
Director	Michitaka Sawada	Dec. 20, 1955	Apr. 1981 Jun. 2006 Jun. 2008 Jun. 2012 Jan. 2021 Jun. 2022 Mar. 2024 Mar. 2024	Joined Kao Soap Co., Ltd. (currently Kao Corporation) Took office as Executive Officer of Kao Corporation Took office as Director, Executive Officer of Kao Corporation Took office as Representative Director, President and Chief Executive Officer of Kao Corporation Took office as Director, Chair of Kao Corporation Took office as Director of the Company (current) Retired from Director of Kao Corporation Took office as Executive Advisor of Kao Corporation (current)	*4	-
Standing Audit & Supervisory Board Member	Yasuhiro Inagaki	Aug. 21, 1961	Apr. 1984 Jul. 1989 Apr. 2003 Apr. 2010 Apr. 2010 Apr. 2015 Apr. 2015 Apr. 2018 Apr. 2021 Jun. 2021	Joined the Company Legal Section, Administration Department Graduate School, Cornell Law School, U.S.A. (until Jan. 1991) General Manager of Business Development Department Took office as Executive Officer General Manager of Business Development Department and General Manager of Legal Department Took office as Senior Executive Officer General Manager of Business Coordination Department Representative of All China Operations Advisor to President Took office as Standing Audit & Supervisory Board Member (current)	*5	47

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Standing Audit & Supervisory Board Member	Mitsuo Nakao	May. 16, 1968	Apr. 1992	Joined the Company Accounting Section, Corporate Controlling Department, Corporate Planning Division	*6	12
			Dec. 2002	Komatsu Mining Germany GmbH (until Aug. 2008)		
			May. 2012	Komatsu do Brasil Ltda. (until May. 2016)		
			Apr. 2018	General Manager of Finance & Treasury Department		
			Apr. 2020	Group Manager of IR Group, Business Coordination Department		
			May. 2023	General Manager of Corporate Controlling Department		
			May. 2024	Advisor to President		
			Jun. 2024	Took office as Standing Audit & Supervisory Board Member (current)		
Audit & Supervisory Board Member	Kotaro Ohno	Apr. 1, 1952	Apr. 1976	Appointed as Prosecutor	*5	-
			Jul. 2009	Took office as Vice-Minister of Justice		
			Jul. 2012	Took office as Superintending Prosecutor of Tokyo High Public Prosecutors Office		
			Jul. 2014	Took office as Prosecutor-General of Supreme Public Prosecutors Office		
			Sep. 2016	Retired from the position of Prosecutor-General of Supreme Public Prosecutors Office		
			Nov. 2016	Attorney at law, Special Counsel of Mori Hamada & Matsumoto		
			Jun. 2017	Took office as Audit & Supervisory Board Member of the Company (current)		
			Jan. 2023	Advisor, Atsumi & Sakai (current)		

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Audit & Supervisory Board Member	Tatsuro Kosaka	Jan. 18, 1953	Apr. 1976	Joined Chugai Pharmaceutical Co., Ltd.	*7	-
			Oct. 2002	Took office as Vice President, General Manager of Corporate Planning Dept. of Chugai Pharmaceutical Co., Ltd.		
			Oct. 2004	Took office as Senior Vice President, General Manager of Corporate Planning Dept. of Chugai Pharmaceutical Co., Ltd.		
			Mar. 2005	Took office as Senior Vice President, Deputy Managing Director of Sales & Marketing Group of Chugai Pharmaceutical Co., Ltd.		
			Jul. 2005	Took office as Senior Vice President, Head of Strategic Marketing Unit of Chugai Pharmaceutical Co., Ltd.		
			Mar. 2008	Took office as Senior Vice President, Head of Lifecycle Management & Marketing Unit of Chugai Pharmaceutical Co., Ltd.		
			Mar. 2010	Took office as Director, Executive Vice President of Chugai Pharmaceutical Co., Ltd.		
			Mar. 2012	Took office as Representative Director, President & COO of Chugai Pharmaceutical Co., Ltd.		
			Mar. 2018	Took office as Representative Director, President & CEO of Chugai Pharmaceutical Co., Ltd.		
			Mar. 2020	Took office as Representative Director, Chairman & CEO of Chugai Pharmaceutical Co., Ltd.		
			Mar. 2022	Retired from Director of Chugai Pharmaceutical Co., Ltd.		
			Mar. 2022	Took office as Senior Advisor of Chugai Pharmaceutical Co., Ltd. (current)		
			Jun. 2022	Took office as Audit & Supervisory Board Member of the Company (current)		
Audit & Supervisory Board Member	Mariko Matsumura	Sep. 24, 1959	Apr. 1988	Admitted to the bar in Japan as attorney at law (current)	*8	-
			Apr. 1988	Joined Braun Moriya Hoashi & Kubota		
			Feb. 1994	Joined Ryudo Sogo Law Offices		
			Jan. 2006	Joined Shinwa Sohgoh Law Offices as a Partner (current)		
			Apr. 2022	Took office as President of Dai-Ichi Tokyo Bar Association		
			Jun. 2023	Took office as Audit & Supervisory Board Member of the Company (current)		
Total						546

Notes:
1) Directors Takeshi Kunibe, Arthur M. Mitchell, Naoko Saiki and Michitaka Sawada are Outside Directors.
2) Audit & Supervisory Board Members Kotaro Ohno, Tatsuro Kosaka and Mariko Matsumura are Outside Audit & Supervisory Board Members.
3) The Company introduced an executive officer system in June 1999. As of June 19, 2024, the Company has 45 officers including 4 persons simultaneously holding the position of director. Such persons have been marked with an asterisk above their names in the table.

4) The term of office of the Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year of the Company ending within 1 year after the Ordinary General Meeting of Shareholders held on June 19, 2024.
5) The term of office of Audit & Supervisory Board Members Yasuhiro Inagaki and Kotaro Ohno shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within 4 years after the Ordinary General Meeting of Shareholders held on June 18, 2021.
6) The term of office of Audit & Supervisory Board Member Mitsuo Nakao shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within 4 years after the Ordinary General Meeting of Shareholders held on June 19, 2024.
7) The term of office of Audit & Supervisory Board Member Tatsuro Kosaka shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within 4 years after the Ordinary General Meeting of Shareholders held on June 21, 2022.
8) The term of office of Audit & Supervisory Board Member Mariko Matsumura shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within 4 years after the Ordinary General Meeting of Shareholders held on June 21, 2023.
9) The names of organizations and subsidiaries, etc., of the Company shown in the “Career summary” above present those at the time.

B. Outside Directors and Outside Audit & Supervisory Board Members

The Company has four (4) Outside Directors and three (3) Outside Audit & Supervisory Board Members as of June 18, 2024 (As of the filing date of this Annual Securities Report).

Note: The Company is going to propose the agendas of Election of nine (9) Directors and Election of one (1) Audit & Supervisory Board Member as the matters requiring a resolution by the 155th Ordinary General Meeting of Shareholders scheduled for June 19, 2024. When the said agendas are approved, the Company will have four (4) Outside Directors and three (3) Outside Audit & Supervisory Board Members.

Outside Directors of the Company perform their duty of contributing to the maintenance of management transparency and soundness by providing advice and suggestions based on their considerable insight and rich experience from an independent standpoint for proposed items and their discussions at the meetings of the Board of Directors. Outside Audit & Supervisory Board Members perform their duty of enforcing audit activities throughout the fiscal year based on the audit policy, audit plan, audit method and assignment of duties, which they discussed and decided at the meeting of the Audit & Supervisory Board in collaboration with Standing Audit & Supervisory Board Members, as well as provide comments as necessary based on their professional standpoint and rich experience at the meetings of the Board of Directors and of the Audit & Supervisory Board.

The Board of Directors of the Company has determined the independence standards for Outside Directors and Outside Audit & Supervisory Board Members as follows. Outside Directors Takeshi Kunibe, Arthur M. Mitchell, Naoko Saiki and Michitaka Sawada and Outside Audit & Supervisory Board Members Kotaro Ohno, Tatsuro Kosaka and Mariko Matsumura are unlikely to have a conflict of interest with general shareholders, because there are no special interests between them and the Company. Accordingly, they are considered to be Independent Directors and Audit & Supervisory Board Members.

The Company’s Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

1. Basic stance:

Independent Board Members are defined as Outside Board Members who have no potential conflict of interest with ordinary shareholders of the Company.

In the event that they are critically controlled by the top management of the Company or they can critically control the top management of the Company, they are deemed to have a conflict of interest with ordinary shareholders of the Company. Therefore, the Board of Directors determines that they have no independence from the Company.

2. Independence standards:

Based on ‘1. Basic stance’ above, the Board of Directors determines an Outside Board Member who is listed below has no independence from the Company.

1) Person engaged in transactions or execution of business with the Company or its subsidiary as his/her major business partner

This is applicable to a business partner or a person engaged in business execution with the Company or its subsidiary, and the Company or its subsidiary can give significant influence on decision making of the concerned partner or person.

Through its departments engaged in business transactions with the companies where candidates for Outside Board Members are concurrently employed (or execute business thereof), the Company reviews the business relationship of these companies by making direct inquiries to the concerned companies and implementing other means, thereby evaluating their independence from the Company.

2) Main business partner of the Company or person engaged in business execution thereof

This is applicable to a business partner or a person engaged in business execution with the Company, and the concerned business partner or person engaged in business execution thereof can give significant influence on the Company’s decision making. Specifically, in the event that the Company generates sales, revenues, etc. from its business with the concerned business partner, which account for a considerable portion of total sales, revenues, etc. of the Company, the Board of Directors of the Company determines the concerned business partner or person has no independence from the Company.

The Company discusses with its departments engaging in business with the companies where candidates for Outside Board Members are concurrently employed (or execute business thereof), and evaluates their independence from the Company.

3) Consultant(s), certified public accountant(s), lawyer(s), or other professional(s) obtaining large amounts of money or other financial benefits, other than remunerations of Outside Board Members of the Company (when such financial benefits are obtained by an incorporated entity, this matter applies to a person belonging to such organization)
With respect to large amounts of money or other financial benefits, the Company determines independence in accordance with “large amounts of money or other financial benefits” stipulated in Article 74, Paragraph 4, Item 7, (d) or Article 76, Paragraph 4, Item 6, (d) of the Ordinance for Enforcement of the Companies Act of Japan.
In the case that the concerned professional who obtains large amounts of money or other financial benefits belongs to an incorporated entity and that such organization depends heavily on fees paid by the Company, the Board of Directors determines the concerned professional has no independence from the Company.

4) Person who is applicable to any of 1) through 3) above for last one year

5) Spouse or relative in second degree of an important person among the following persons
a. Person to whom 1) through 4) above are applicable
b. Person engaged in business execution of subsidiaries of the Company
c. Director engaged in non-business execution of subsidiaries of the Company (limited to determining Outside Audit & Supervisory Board Members)
d. Person to whom b or c above is applicable for the past one year
e. Person who engaged in business execution of the Company for the past one year
f. Director of the Company engaged in non-business execution for the past one year (limited to determining Outside Audit & Supervisory Board Members)

The reasons for electing Outside Directors and Outside Audit & Supervisory Board Members of the Company as of June 18, 2024 (As of the filing date of this Annual Securities Report) are outlined below.

<Outside Directors>

Name (Month and year of taking office)	Important concurrent positions held in other organizations	Reason for appointment as Outside Director
Takeshi Kunibe (June 2020)	Chairman of the Board of Sumitomo Mitsui Financial Group, Inc. Outside Member of the Board of TAISHO PHARMACEUTICAL HOLDINGS CO., LTD. Outside Director (Audit and Supervisory Committee Member) of Nankai Electric Railway Co., Ltd.	Mr. Takeshi Kunibe has considerable knowledge and rich experience in the business world, including the field of finance and group company management, etc., having served successively as Representative Director, President and Chief Executive Officer of SMBC, as well as Representative Director and President, Director President and Representative Executive Officer and Chairman of the Board of SMFG. Utilizing this knowledge and experience, his recommendations concerning the overall management of the Company are expected to contribute to sustaining and improving transparency and soundness of management as well as enhancing corporate governance. Therefore, the Company appointed him as an Outside Director. Mr. Takeshi Kunibe is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers him as an Independent Director and has submitted the relevant notification to the Tokyo Stock Exchange. Mr. Takeshi Kunibe serves as Chairman of the Board of Sumitomo Mitsui Financial Group, Inc. He also served as Representative Director, President and Chief Executive Officer of Sumitomo Mitsui Banking Corporation from April 2011 to April 2017, but has had no involvement in the execution of business at the said bank since his retirement in April 2017. Because the Company and its consolidated subsidiaries have several lenders and the said bank is only one lender among the several lenders of the Company and its consolidated subsidiaries, the said bank is not a business partner which has a significant impact on the Company's decision making. As of the end of the most recent fiscal year, the balance of loans from the said bank was ¥223.3 billion, which was 18.6% of the total amount of interest-bearing liabilities.
Arthur M. Mitchell (June 2020)	Registered foreign lawyer of White & Case LLP	Mr. Arthur M. Mitchell has worked for many years as a New York state attorney and foreign law attorney in Japan, and has considerable knowledge and rich experience in the field of international legal affairs. Utilizing this knowledge and experience, his recommendations concerning the overall management of the Company are expected to contribute to the mitigation and avoidance of risk in the Company's global business operations, and to the enhancement of the Company's medium- and long-term corporate value. Therefore, the Company appointed him as an Outside Director. Mr. Arthur M. Mitchell is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers him as an Independent Director and has submitted the relevant notification to the Tokyo Stock Exchange.

Name (Month and year of taking office)	Important concurrent positions held in other organizations	Reason for appointment as Outside Director
Naoko Saiki (June 2021)	Special Assistant to the Minister for Foreign Affairs Outside Director of Sojitz Corporation Outside Director of Development Bank of Japan Inc. Outside Director of Sankyu Inc.	Ms. Naoko Saiki has considerable knowledge and abundant experience in international affairs, international law, and the field of economics as she served in positions such as Director-General of Economic Affairs Bureau and Director-General of International Legal Affairs Bureau at MOFA. Utilizing this knowledge and experience, her recommendations concerning the overall management of the Company are expected to contribute to the enhancement of medium- to long-term corporate value of the Company. Therefore, the Company appointed her as an Outside Director. Ms. Naoko Saiki is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers her as an Independent Director and has submitted the relevant notification to the Tokyo Stock Exchange.
Michitaka Sawada (June 2022)	Executive Advisor of Kao Corporation Outside Director of Panasonic Holdings Corporation Outside Director of Nitto Denko Corporation	Mr. Michitaka Sawada has considerable knowledge and rich experience in the business world having engaged in global group corporate management and ESG management, as Representative Director, President and Chief Executive Officer of Kao Corporation and Director, Chair of Kao Corporation. Utilizing this knowledge and experience, his recommendations concerning the overall management of the Company are expected to contribute to the enhancement of medium- to long-term corporate value of the Company. Therefore, the Company appointed him as an Outside Director. Mr. Michitaka Sawada is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers him as an Independent Director and has submitted the relevant notification to the Tokyo Stock Exchange.

<Outside Audit & Supervisory Board Members>

Name (Month and year of taking office)	Important concurrent positions held in other organizations	Reasons for appointment as Outside Audit & Supervisory Board Members
Kotaro Ohno (June 2017)	Advisor of Atsumi & Sakai Outside Director of Mizuho Financial Group, Inc.	Having served as Prosecutor-General of Supreme Public Prosecutors Office, Mr. Kotaro Ohno has considerable knowledge and abundant experience in the legal profession. Utilizing this knowledge and experience, the Company expects him to execute his duties as an Outside Audit & Supervisory Board Member from the standpoint of a specialist. Therefore, the Company appointed him as an Outside Audit & Supervisory Board Member. Mr. Kotaro Ohno is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers him as an Independent Audit & Supervisory Board Member and has submitted the relevant notification to the Tokyo Stock Exchange.
Tatsuro Kosaka (June 2022)	Senior Advisor of Chugai Pharmaceutical Co., Ltd. Outside Director of Mitsubishi Electric Corporation Outside Director of Olympus Corporation	Mr. Tatsuro Kosaka has considerable knowledge and rich experience in the business world having engaged in global corporate management as Representative Director, President of Chugai Pharmaceutical Co., Ltd. and Representative Director, Chairman of Chugai Pharmaceutical Co., Ltd. Utilizing this knowledge and experience, the Company expects him to execute his duties as an Outside Audit & Supervisory Board Member by performing managerial oversight from the perspective of a corporate manager. Therefore, the Company appointed him as an Outside Audit & Supervisory Board Member. Mr. Tatsuro Kosaka is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers him as an Independent Audit & Supervisory Board Member and has submitted the relevant notification to the Tokyo Stock Exchange.
Mariko Matsumura (June 2023)	Partner of Shinwa Sohgoh Law Offices Outside Statutory Auditor of Fund Creation Group Co., Ltd. Outside Member of the Board of Meiji Holdings Co., Ltd. Outside Director of SODA NIKKA Co., Ltd.	Ms. Mariko Matsumura is an attorney at Shinwa Sohgoh Law Offices and has considerable knowledge and abundant experience in the legal and compliance fields, including serving as President of Dai-Ichi Tokyo Bar Association. Utilizing this knowledge and experience, the Company expects her to execute her duties as an Outside Audit & Supervisory Board Member from the standpoint of a specialist. Therefore, the Company appointed her as an Outside Audit & Supervisory Board Member. Ms. Mariko Matsumura is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers her as an Independent Audit & Supervisory Board Member and has submitted the relevant notification to the Tokyo Stock Exchange.

Note: The Company is going to propose the agendas of Election of nine (9) Directors and Election of one (1) Audit & Supervisory Board Member as the matters requiring a resolution by the 155th Ordinary General Meeting of Shareholders scheduled for June 19, 2024. When the said agendas are approved, Outside Directors of the Company are following four (4) persons and Outside Audit & Supervisory Board Members of the Company are following three (3) persons.

<Outside Directors>

Name (Month and year of taking office)	Important concurrent positions held in other organizations	Reason for nomination as candidate for Outside Director
Takeshi Kunibe (June 2020)	Chairman of the Board of Sumitomo Mitsui Financial Group, Inc. Outside Member of the Board of TAISHO PHARMACEUTICAL HOLDINGS CO., LTD. Outside Director (Audit and Supervisory Committee Member) of Nankai Electric Railway Co., Ltd.	Mr. Takeshi Kunibe has considerable knowledge and rich experience in the business world, including the field of finance and group company management, etc., having served successively as Representative Director, President and Chief Executive Officer of SMBC, as well as Representative Director and President, Director President and Representative Executive Officer and Chairman of the Board of SMFG. Utilizing this knowledge and experience, his recommendations concerning the overall management of the Company are expected to contribute to sustaining and improving transparency and soundness of management as well as enhancing corporate governance. Therefore, the Company nominates him as a candidate for Outside Director. Mr. Takeshi Kunibe is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers him as an Independent Director and has submitted the relevant notification to the Tokyo Stock Exchange. Mr. Takeshi Kunibe serves as Chairman of the Board of Sumitomo Mitsui Financial Group, Inc. He also served as Representative Director, President and Chief Executive Officer of Sumitomo Mitsui Banking Corporation from April 2011 to April 2017, but has had no involvement in the execution of business at the said bank since his retirement in April 2017. Because the Company and its consolidated subsidiaries have several lenders and the said bank is only one lender among the several lenders of the Company and its consolidated subsidiaries, the said bank is not a business partner which has a significant impact on the Company's decision making. As of the end of the most recent fiscal year, the balance of loans from the said bank was ¥223.3 billion, which was 18.6% of the total amount of interest-bearing liabilities.
Arthur M. Mitchell (June 2020)	Registered foreign lawyer of White & Case LLP	Mr. Arthur M. Mitchell has worked for many years as a New York state attorney and foreign law attorney in Japan, and has considerable knowledge and rich experience in the field of international legal affairs. Utilizing this knowledge and experience, his recommendations concerning the overall management of the Company are expected to contribute to the mitigation and avoidance of risk in the Company's global business operations, and to the enhancement of the Company's medium- and long-term corporate value. Therefore, the Company nominates him as a candidate for Outside Director. Mr. Arthur M. Mitchell is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers him as an Independent Director and has submitted the relevant notification to the Tokyo Stock Exchange.

Name (Month and year of taking office)	Important concurrent positions held in other organizations	Reason for nomination as candidate for Outside Director
Naoko Saiki (June 2021)	Special Assistant to the Minister for Foreign Affairs Outside Director of Sojitz Corporation Outside Director of Development Bank of Japan Inc. Outside Director of Sankyu Inc.	Ms. Naoko Saiki has considerable knowledge and abundant experience in international affairs, international law, and the field of economics as she served in positions such as Director-General of Economic Affairs Bureau and Director-General of International Legal Affairs Bureau at MOFA. Utilizing this knowledge and experience, her recommendations concerning the overall management of the Company are expected to contribute to the enhancement of medium- to long-term corporate value of the Company. Therefore, the Company nominates her as a candidate for Outside Director. Ms. Naoko Saiki is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers her as an Independent Director and has submitted the relevant notification to the Tokyo Stock Exchange.
Michitaka Sawada (June 2022)	Executive Advisor of Kao Corporation Outside Director of Panasonic Holdings Corporation Outside Director of Nitto Denko Corporation	Mr. Michitaka Sawada has considerable knowledge and rich experience in the business world having engaged in global group corporate management and ESG management, as Representative Director, President and Chief Executive Officer of Kao Corporation and Director, Chair of Kao Corporation. Utilizing this knowledge and experience, his recommendations concerning the overall management of the Company are expected to contribute to the enhancement of medium- to long-term corporate value of the Company. Therefore, the Company nominates him as a candidate for Outside Director. Mr. Michitaka Sawada is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers him as an Independent Director and has submitted the relevant notification to the Tokyo Stock Exchange.

<Outside Audit & Supervisory Board Members>

Name (Month and year of taking office)	Important concurrent positions held in other organizations	Reasons for appointment as Outside Audit & Supervisory Board Members
Kotaro Ohno (June 2017)	Advisor of Atsumi & Sakai Outside Director of Mizuho Financial Group, Inc.	Having served as Prosecutor-General of Supreme Public Prosecutors Office, Mr. Kotaro Ohno has considerable knowledge and abundant experience in the legal profession. Utilizing this knowledge and experience, the Company expects him to execute his duties as an Outside Audit & Supervisory Board Member from the standpoint of a specialist. Therefore, the Company appointed him as an Outside Audit & Supervisory Board Member. Mr. Kotaro Ohno is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers him as an Independent Audit & Supervisory Board Member and has submitted the relevant notification to the Tokyo Stock Exchange.
Tatsuro Kosaka (June 2022)	Senior Advisor of Chugai Pharmaceutical Co., Ltd. Outside Director of Mitsubishi Electric Corporation Outside Director of Olympus Corporation	Mr. Tatsuro Kosaka has considerable knowledge and rich experience in the business world having engaged in global corporate management as Representative Director, President of Chugai Pharmaceutical Co., Ltd. and Representative Director, Chairman of Chugai Pharmaceutical Co., Ltd. Utilizing this knowledge and experience, the Company expects him to execute his duties as an Outside Audit & Supervisory Board Member by performing managerial oversight from the perspective of a corporate manager. Therefore, the Company appointed him as an Outside Audit & Supervisory Board Member. Mr. Tatsuro Kosaka is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers him as an Independent Audit & Supervisory Board Member and has submitted the relevant notification to the Tokyo Stock Exchange.
Mariko Matsumura (June 2023)	Partner of Shinwa Sohgoh Law Offices Outside Statutory Auditor of Fund Creation Group Co., Ltd. Outside Member of the Board of Meiji Holdings Co., Ltd. Outside Director of SODA NIKKA Co., Ltd.	Ms. Mariko Matsumura is an attorney at Shinwa Sohgoh Law Offices and has considerable knowledge and abundant experience in the legal and compliance fields, including serving as President of Dai-Ichi Tokyo Bar Association. Utilizing this knowledge and experience, the Company expects her to execute her duties as an Outside Audit & Supervisory Board Member from the standpoint of a specialist. Therefore, the Company appointed her as an Outside Audit & Supervisory Board Member. Ms. Mariko Matsumura is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers her as an Independent Audit & Supervisory Board Member and has submitted the relevant notification to the Tokyo Stock Exchange.

[Support for Outside Directors and Outside Audit & Supervisory Board Members]
As a general rule, the Company provides materials for Board meetings to Outside Directors and Outside Audit & Supervisory Board Members in advance of the meetings so that they have sufficient time to review the matters that are to be discussed. With respect to matters that may be of particular importance, the Board of Directors discusses them at the Board meeting prior to the Board meeting where such matters are scheduled for resolution. In this manner, the Company ensures that the Directors have sufficient time to review the matters before decisions are made and that they will have an opportunity to consider the points noted in earlier discussions before deciding upon such matters.
For newly appointed Outside Director(s) and Outside Audit & Supervisory Board Member(s), the concerned department(s) conducts explanatory meeting(s) concerning the information requiring decision-making by the Board of Directors, as needed. Such meetings are attended by the Secretariat of the Board of Directors and held prior to Board of Director meetings.
The Company builds the database which houses materials, minutes, other information of the Board of Directors and other major committee meetings in the past. This database can be accessed by all members of the Board of Directors and the Audit & Supervisory Board Members, including Outside Member(s). The Company also builds the database which houses materials and minutes of the Board of the Audit & Supervisory Board in the past. This database can be accessed by all members of the Board of the Audit & Supervisory Board Members, including Outside Member(s).

C. Coordination among supervisions or audits by Outside Directors or Outside Audit & Supervisory Board Members, internal audits, audits by Audit & Supervisory Board Members and accounting audits, and relations with the Internal Control Department.

Collaboration between Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members), the Independent Public Accounting Firm and the Internal Audit Department and Processes as well as relations with the Internal Control Department are described in (3) Conditions of Audits, A. Audit & Supervisory Board Members' Audit and B. Internal Audit.

(3) Conditions of Audits

A. Audit & Supervisory Board Members' Audit

There are five (5) members in the Audit & Supervisory Board, and the Company has consistently made sure that at least half of them are Outside Audit & Supervisory Board Members.

Standing Audit & Supervisory Board Member Yasuhiro Inagaki has long engaged in duties related to legal affairs, international external relations, corporate development, M&A, and strategic partnerships, and he has extensive experience and knowledge regarding those company activities.

Standing Audit & Supervisory Board Member Terumi Sasaki has long engaged in accounting-related duties at the Company, and has considerably profound knowledge concerning financial affairs and accounting.

The Company has established the Office of Corporate Auditors' Staff and assigned seven (7) employees who work as assistants to Audit & Supervisory Board Members either exclusively or concurrently in another position within the Company.

The activity status of Audit & Supervisory Board Members and the Audit & Supervisory Board is as follows.

・**Frequency of meetings of the Audit & Supervisory Board held and status of attendance**

In the fiscal year ended March 31, 2024, 15 meetings of the Audit & Supervisory Board were held, and the status of attendance of individual Audit & Supervisory Board Members is as follows:

Title & Position	Name	Number of attendance	Attendance rate
Standing Audit & Supervisory Board Member	Yasuhiro Inagaki	15	100%
Standing Audit & Supervisory Board Member	Terumi Sasaki	15	100%
Outside Audit & Supervisory Board Member	Eiko Shinotsuka	4	100%*1
Outside Audit & Supervisory Board Member	Kotaro Ohno	15	100%
Outside Audit & Supervisory Board Member	Tatsuro Kosaka	15	100%
Outside Audit & Supervisory Board Member	Mariko Matsumura	11	100%*2

Notes:

*1 calculated the rate based on the meeting held before his retirement, June 21, 2023

*2 calculated the rate based on the meeting held after his attendance, June 21, 2023

・**Specific details of discussion with the Audit & Supervisory Board**

The specific details of the discussions in the Audit & supervisory Board during the fiscal year under review are as follows.

a) Made resolutions after deliberation on the audit policy, audit method, audit plan, key matters of the audit, allocation of duties among Audit & Supervisory Board Members, and audit report.

b) Conferred with the independent auditor to identify Key Audit Matters (KAMs) in the audit, and confirmed that these were disclosed properly.

c) Discussed and confirmed the method of the independent auditor's audit, the appropriateness of the results and its independence.

d) Discussed the appointment or dismissal of the independent auditor and passed a resolution to reappoint.

e) Received reports on internal audit results of the Company and its subsidiaries from the Internal Audit Department, offered appropriate opinions and discussed.

f) Received a report from the Compliance Department on the status of its activities, offered appropriate opinions and discussed.

g) Investigated the status of implementation of the basic policy on internal controls and confirmed no issues.

h) Discussed and passed resolutions regarding the revision of the Company's Audit & Supervisory Board regulations and audit standards for Audit & Supervisory Board members in light of revisions of laws and regulations.

i) Discussed and implemented improvements for efficient and effective operation of the Audit & Supervisory Board and audit duties.

・Activity status of Audit & Supervisory Board Members
In accordance with the audit policies, assignment of duties and other matters determined by the Audit & Supervisory Board, Audit & Supervisory Board Members attended important meetings of the Board of Directors, the Strategy Review Committee, the Compliance Committee, the Risk Management Committee, etc., and inspected and confirmed business operations and state of properties through review of important authorized documents and associated information, and on-site inspection of sites of the Company and its subsidiaries.
Moreover, Audit & Supervisory Board Members endeavored to communicate and exchange information with representative directors, other Directors and Audit & supervisory board members and management of the Company and its subsidiaries, and received explanations and reports on execution of their duties and the status of businesses, as well as periodically received explanations and reports on the establishment, improvement and operation of the internal control system, and expressed opinions as needed. In addition, Audit & Supervisory Board Members worked to improve the environment for audit through liaison meetings and individual interviews, etc. with the Internal Audit Department and subsidiaries' Standing Audit & Supervisory Board Members, and maintain close contact to enhance the effectiveness.
Furthermore, Audit & Supervisory Board Members also monitored and verified whether the Independent Public Accounting Firm maintained its independent position and implemented appropriate audits, and received reports on the execution of duties from the firm, and requested an explanation as needed.

B. Internal Audit
The Internal Auditing Department, which is in charge of the corporate internal audit of the Company, is under the supervision of the President and has twenty-four (24) employees.
The Internal Audit Department audits each in-house department and subsidiaries, points out problems and recommends correction of the problems as well as confirms the improvement. In addition, the Internal Audit Department assesses internal control over financial reporting under the Financial Instruments and Exchange Act.
Coordination among audits by Audit & Supervisory Board Members, accounting audits and internal audits, and relations between these audits and the Internal Control Department are as follows:
・Collaboration between audits by Audit & Supervisory Board Members and accounting audit
To complete the audit process effectively and efficiently, Audit & Supervisory Board Members exchange opinions with contracted Independent Public Accounting Firm concerning audit policies, audit items to be focused upon and audit approaches. Audit & Supervisory Board Members also observe the Independent Public Accounting Firm, when the firm audits Komatsu's business bases and subsidiaries, and Audit & Supervisory Board Members and the Independent Public Accounting Firm hold meetings to exchange audit information as needed during a given fiscal year. These exchanges lead to better coordination between Audit & Supervisory Board Members and the Independent Public Accounting Firm and a more expeditious audit process. In addition, Audit & Supervisory Board Members receive reports of the Independent Public Accounting Firm's review at the end of the first, second and third quarters, and review and confirm important financial statement matters at the end of the second quarter and the fiscal year-end. Furthermore, Audit & Supervisory Board Members evaluate the methods and results of the Independent Public Accounting Firm's review and audit by listening to their summaries and receiving their review and audit reports at the meetings of the Audit & Supervisory Board.
The Audit & Supervisory Board exchanges information with the accounting firm as needed, and confirms the independence of the accounting firm concerning its service to the Company and its consolidated subsidiaries.
・Collaboration between audits by Audit & Supervisory Board Members and internal audits
Audit & Supervisory Board Members observe audits by the Internal Audit Department, form their own audit opinions, and give advice and recommendations to the Internal Audit Department. Audit & Supervisory Board Members also hold regular meetings with the Internal Audit Department to receive information and maintain close communication with the department through the department's reporting of audit results.
・Collaboration between internal audits and accounting audits
In the assessment of internal control over financial reporting, etc. implemented by the Internal Audit Department, the Independent Public Accounting Firm collaborates with the Internal Audit Department as needed by exchanging opinions and sharing information.
・Relations between audits by Audit & Supervisory Board Members, accounting audits and internal audits, and the Internal Control Department
In their respective audit procedures, Audit & Supervisory Board Members, the Independent Public Accounting

Firm and the Internal Audit Department share information with the accounting and finance departments and other relevant internal control departments as needed, and exchange opinions on risk assessment, effectiveness of internal control and other matters.
To ensure the effectiveness of internal audits, the Internal Audit Department makes regular direct reports to the Company's Board of Directors and Audit & Supervisory Board regarding the results of internal audits and the results of evaluations of internal controls over financial reporting in accordance with the Financial Instruments and Exchange Act.

C. Accounting Audit

1. Name of the Audit Corporation

KPMG AZSA LLC

2. The number of consecutive years they have conducted audits

54 years

Note: Above years are counted since Asahi & Co (predecessor of KPMG AZSA LLC) was incorporated audit corporation.

3. Certified public accountants who performed the work

Masakazu Hattori (engaged for two (2) consecutive years in auditing)
Tomoo Nishigori (engaged for five (5) consecutive years in auditing)
Daisuke Toyama (engaged for five (5) consecutive years in auditing)

4. Composition of assistants who supported the audit work

Twenty-seven (27) other certified public accountants
Sixty-one (61) associates

5. The policy of dismissal or non-reappointment of Independent Public Accounting Firm

The Audit & Supervisory Board confirms that, subject to the policy of dismissal or non-reappointment of Independent Public Accounting Firm, the Independent Public Accounting Firm is not found to fall under any of the items in Article 340, Paragraph 1 of the Companies Act of Japan, and there is no problem in properly performing their duties regarding the independence, reliability, etc.
We decided to continue selecting (re-appointing) KPMG AZSA LLC as the Independent Public Accounting Firm also considering the result of the evaluation of the firm by the Audit & Supervisory Board that was conducted as evaluation of the Independent Public Accounting Firm.

6. The evaluation of the Independent Public Accounting Firm by The Audit & Supervisory Board

The Audit & Supervisory Board determines the evaluation of the Independent Public Accounting Firm by appropriately receiving reports therefrom on quality control systems, audit plans, audit summaries, etc., and taking into consideration the results of various examinations for the Independent Public Accounting Firm by external organizations, and of the hearing of opinions from related internal divisions, in particular.
The Audit & Supervisory Board has determined that there are no problematic facts found regarding the Independent Public Accounting Firm's activities and its independence and reliability, etc. in the current fiscal year.

D. Details of audit fee, etc.

1. Details of fee to auditors

Details of fee to KPMG AZSA LLC, the Company's Independent Public Accounting Firm, were comprised of the following:

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2023	
	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)
The Company	424	9	415	18
Consolidated subsidiaries	282	—	302	—
Total	706	9	717	18

Note: Non-audit services provided to the Company for the fiscal year ended March 31, 2024 and 2023 were services regarding the preparation of comfort letters for bonds and Euro Medium Term Notes, etc.

2. Details of fee to individual member firms affiliated with the same network, to which auditors belong

Details of fee to individual member firms affiliated with KPMG International, to which KPMG AZSA LLC belongs, were comprised of the following:

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2023	
	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)
The Company	—	26	—	27
Consolidated subsidiaries	2,323	126	2,123	195
Total	2,323	152	2,123	222

Note: Non-audit services provided to the Company for the fiscal years ended March 31, 2024 and 2023 were advisory services regarding CSR activities, etc. Non-audit services provided to consolidated subsidiaries for the fiscal years ended March 31, 2024 and 2023 were advisory services regarding tax, etc.

3. Other material fees for audit services

Not applicable.

4. Policy on determining audit fee

Not applicable; however, the Company determines audit fees by taking into consideration the size, the characteristics, the number of days, etc., of audit.

5. Reason for the Audit & Supervisory Board gives consent to remuneration for the Accounting Auditors

The Audit & Supervisory Board, based upon the "Practical Guidelines for Cooperation with Financial Auditors," etc. released by the Japan Audit & Supervisory Board Members Association, and having obtained necessary materials and having received reports from related departments and the Accounting Auditor, conducts confirmation of the auditing plans of the Accounting Auditor, the status of execution of duties, the trends in actual remuneration amount, the grounds for calculation of remuneration estimates and other matters, and having investigated appropriateness of remuneration, etc. for the Accounting Auditor, gives consent in accordance with Article 399, Paragraph 1 of the Companies Act of Japan.

(4) Compensation

A. Aggregate amount of remuneration, etc., paid to each classification of Directors and Audit & Supervisory Board Members of the Company, aggregate amount of remuneration, etc., by type thereof, as well as the number of Directors and Audit & Supervisory Board Members of the Company

Classification	Number of Persons Paid	Fixed Remuneration	Performance-Based Remuneration, etc.		Total Amount of Remuneration, etc. Paid (Millions of yen)
		Monetary Remuneration		Non-monetary Remuneration, etc.	
		Basic Remuneration	Bonus in Cash	Stock-Based Remuneration	
Director	10	458	369	278	1,105
(Outside Director included above)	4	86	–	–	86
Audit & Supervisory Board Member	6	155	–	–	155
(Outside Audit & Supervisory Board Member included above)	4	65	–	–	65
Total	16	613	369	278	1,260
(Outside Director and Outside Audit & Supervisory Board Member included above)	8	151	–	–	151

Notes:

1) As of the end of the fiscal year ended March 31, 2024, there are nine (9) Directors (four (4) of whom are Outside Directors) and five (5) Audit & Supervisory Board Members (three (3) of whom are Outside Audit & Supervisory Board Members). However, the numbers and amounts in the table above include those for one (1) Director and one (1) Audit & Supervisory Board Member who have retired as of the close of the 154th Ordinary General Meeting of Shareholders in June 2023.
2) It was resolved at the 149th Ordinary General Meeting of Shareholders, held on June 19, 2018, that the maximum amount of remuneration to be paid to Directors per year, which is the total of basic remuneration and bonus in cash, shall not exceed JPY 1.5 billion (of which, payment to the Outside Directors shall not exceed JPY 100 million per year) and that the maximum amount of remuneration to be paid to Audit & Supervisory Board Members shall not exceed JPY 200 million. As of the end of this Ordinary General Meeting of Shareholders, there are eight (8) Directors (of which, three (3) are Outside Directors) and five (5) Audit & Supervisory Board Members (of which, three (3) are Outside Audit & Supervisory Board Members). Furthermore, in the same Ordinary General Meeting of Shareholders, the limit for remuneration, etc. related to the restricted stock granted to Internal Directors as stock-based remuneration was decided as an amount that shall not exceed JPY 360 million annually for Stock-Based Remuneration A linked to the Company’s consolidated performance for a single year and as an amount that shall not exceed JPY 180 million annually for Stock-Based Remuneration B linked to the performance of the Mid-Term Business Plan. Note that each of the aforementioned remuneration amounts resolved by the shareholders does not include the employee salary portion of remuneration to Directors concurrently serving as employees.
3) Stock-based remuneration represents the amounts of expense allocated as remuneration for Directors which are not monetary in accounting for the fiscal year ended March 31, 2024. Specifically, the total amount of remuneration expenses for stock-based remuneration in the fiscal year ended March 31, 2024 stated above comprises (1) the amount of expense recorded as the estimate of the payment in the form of restricted stock compensation of Stock-Based Remuneration A, for which payment level was determined by the operating results of the fiscal year ended March 31, 2024 (The number of shares to be granted has yet to be determined.), and (2) the amount of expense recorded as remuneration for the fiscal year ended March 31,

2024 paid by newly issuing shares as restricted stock compensation of Stock-Based Remuneration B with the pay-in date of September 1, 2023, following the resolution passed at the Board of Directors meeting held on July 14, 2023 (equivalent to 30,530 shares).

4) The portions of salaries as employees for Directors concurrently serving as employees are not paid.
5) Amounts of less than JPY one (1) million are rounded to the nearest million yen.
6) Details regarding remuneration, etc. for individual Directors of the Company have been reported to the Board of Directors upon deliberation with respect to the monthly remuneration levels by position and levels of bonus in cash (number of times of monthly remuneration), subsequent to the Compensation Advisory Committee having engaged in deliberations encompassing the perspective of consistency with the Determination Policy. The Company's Board of Directors (as well as both the Chairman of the Board and the President and Representative Director delegated such authority) has determined the amounts of remuneration for individual Directors based on reports and recommendations of the Compensation Advisory Committee, upon having confirmed appropriateness of the deliberation process of the Compensation Advisory Committee and the details of the reports and recommendations. As such, the Company's Board of Directors deems that details of remuneration, etc. for individual Directors pertaining to the fiscal year ended March 31, 2024, are in alignment with the Determination Policy.

B. Total amount of remuneration paid, etc., paid by the Company to persons whose total remuneration paid equaled or exceeded ¥100 million for the fiscal year ended March 31, 2024.

(Millions of yen)

Name and title				Amount of Remuneration Paid
	Fixed Remuneration	Non-Monetary Remuneration		
	Monetary Remuneration		Non-Monetary Remuneration, etc.	
	Basic Remuneration	Bonus in Cash	Stock-Based Remuneration	
Hiroyuki Ogawa Director of the Company	120	120	99	339
Tetsuji Ohashi Director of the Company	108	108	89	305
Masayuki Moriyama Director of the Company	50	50	16	116
Takeshi Horikoshi Director of the Company	50	50	41	142
Mitsuko Yokomoto Director of the Company	30	40	33	103

Notes:

1) Stock-based remuneration represents the amounts of expense allocated as remuneration for Directors which are not monetary in accounting for the fiscal year ended March 31, 2024. Specifically, the total amount of remuneration expenses for stock-based remuneration in the fiscal year ended March 31, 2024 stated above comprises (1) the amount of expense recorded as the estimate of the payment in the form of restricted stock compensation of Stock-Based Remuneration A, for which payment level was determined by the operating results of the fiscal year ended March 31, 2024, and (2) the amount of expense recorded as remuneration for the fiscal year ended March 31, 2024 paid by newly issuing shares as restricted stock compensation of Stock-Based Remuneration B with the pay-in date of September 1, 2023, following the resolution passed at the Board of Directors meeting held on July 14, 2023.
2) The portions of salaries as employees for Directors concurrently serving as employees are not paid.
3) Amounts of less than one (1) million yen are rounded to the nearest million yen.

C. Details and decision process of the policy on deciding the amounts of remuneration or calculation method thereof

At its meeting of the Board of Directors held on February 15, 2021, the Company passed a resolution on its policy regarding the determination of remuneration, etc. for individual Directors of the Company (the “Determination Policy”), upon having consulted with and accordingly reported to the Compensation Advisory Committee, which consists of seven (7) external members (three (3) Outside Directors, three (3) Outside Audit & Supervisory Board Members and one (1) outside expert) and one (1) internal member. The outline, etc. of the details of the Determination Policy are as follows:

In an effort to maintain a highly objective and transparent remuneration system, the Compensation Advisory Committee deliberates on the policy and levels of remuneration for Directors of the Company, then taking the Committee’s reports and recommendations into consideration, the Board of Directors shall decide on the total amount of remuneration within the range previously determined by resolution of the General Meeting of Shareholders.

The remuneration for Directors excluding the Outside Directors (hereinafter “Internal Director”) comprises basic remuneration (fixed remuneration) and performance-based remuneration linked to the Company’s consolidated performance for a single fiscal year (bonus in cash and the Stock-Based Remuneration A) as well as the performance-based remuneration (Stock-Based Remuneration B) that will reflect the degree of achievement of the targets raised in the mid-term management plan, so that it will further contribute to the enhancement of the medium- and long-term corporate value of the Company by linking the remuneration to performance.

The remuneration for Outside Directors only consists of basic remuneration (fixed remuneration) designed to support their role of making recommendations with respect to the overall management of the Company as a member of the Board of Directors.

Regarding basic remuneration and bonus in cash within the remuneration stated above, the Compensation Advisory Committee reports monthly remuneration levels and levels of bonus in cash (number of times of monthly remuneration) by position to the Board of Directors after deliberation, and the Company makes a decision on the monthly remuneration levels and levels of bonus in cash (number of times of monthly remuneration) by position based on the details of this report at a meeting of the Board of Directors. The calculation and determination of the amount of individual basic remuneration (monthly remuneration) and the amount of bonus in cash in accordance with such decision are delegated to Chairman of the Board Tetsuji Ohashi and President, Representative Director and CEO Hiroyuki Ogawa pursuant to the resolution passed at a meeting of the Board of Directors. This authority has been delegated given that the monthly remuneration levels and levels of bonus in cash (number of times of monthly remuneration) by position shall be deliberated and resolved by the Compensation Advisory Committee, and the Company has deemed it appropriate for decisions based on such outcomes with respect to individual amounts of basic remuneration and bonus in cash to become subject to discussion involving the Chairman of the Board as well as the President and Representative Director, drawing on their comprehensive perspective of the Company’s overall business operations, rather than by engaging in further deliberation and decision-making entailing consultation by the Board of Directors.

The remuneration for Audit & Supervisory Board Members only consists of basic remuneration (fixed remuneration) designed to support their independent position with authority to audit the execution of duties by Directors without being fettered by the movements of corporate performance of the Company. The specific total amount of remuneration shall be determined by discussions among the Audit & Supervisory Board Members within the range previously determined by resolution of the General Meeting of Shareholders, taking reports and recommendations of the Compensation Advisory Committee into consideration.

The retirement allowance system for Directors and Audit & Supervisory Board Members was terminated as of June 2007.

[System of Remuneration for Internal Directors]

<table>
<tr><td colspan="2">Monetary Remuneration</td><td colspan="2">Stock-based remuneration</td></tr>
<tr><td rowspan="2">Basic Remuneration
(Fixed Remuneration)</td><td colspan="3">Performance-Based Remuneration</td></tr>
<tr><td colspan="2">Performance-Based Remuneration for a Single Year
(Monthly Remuneration x 0 ~ 24 months)</td><td>Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan
(Monthly Remuneration x 0 ~ 3 months)</td></tr>
<tr><td>Monthly Remuneration
x 12 months</td><td>Bonus in Cash
(2/3, in principle)
[up to the equivalent of 12 months' remuneration]</td><td>Stock-Based Remuneration A (1/3, in principle)
Restricted Stock</td><td>Stock-Based Remuneration B
Restricted Stock</td></tr>
</table>

a) Basic Remuneration

With regard to levels of monthly remuneration as basic remuneration, a comparison to positions at other key, globally active manufacturers in Japan is made by the Compensation Advisory Committee and is reflected in its reports and recommendations. Subsequently, monthly remuneration levels by position will be decided by the Board of Directors based on these reports and recommendations.

b) Performance-based remuneration for a single year

The total amount paid for performance-based remuneration shall be calculated each year by evaluating the single-fiscal-year consolidated performance against the basic indicators, comprising consolidated ROE*1, consolidated ROA*2 and the consolidated operating income ratio, using the respective percentages indicated in the table below as benchmarks, and making adjustments for growth (growth rate of consolidated sales).

[Indicators with respect to single-fiscal-year consolidated performance-based remuneration]

	Indicator	Ratio
Basic Indicators	Consolidated ROE*1	50%
	Consolidated ROA*2	25%
	Consolidated operating income ratio	25%
Adjustment Indicators	Adjustment according to growth rate of consolidated sales	

*1 ROE=Net income attributable to Komatsu Ltd. for the year/[(Komatsu Ltd. shareholders' equity at the beginning of the fiscal year + Komatsu Ltd. shareholders' equity at the end of the fiscal year)/2]

*2 ROA=Income before income taxes and equity in earnings of affiliated companies/[(total assets at the beginning of the fiscal year + total assets at the end of the fiscal year)/2]

The Company selected such performance indicators upon having deemed them appropriate as quantitative values that reflect the entire Komatsu Group's efficiency and growth. In this regard, the Board of Directors made its decisions per deliberations of the Compensation Advisory Committee, taking into account factors that include past valuation indicators and potential continuity.

Such performance indicators may be changed in the future by a resolution of the Board of Directors.

For the fiscal year ended March 31, 2024, the Company's actual results regarding its performance indicators consist of consolidated ROE of 14.1%, consolidated ROA of 11.0%, consolidated operating income ratio of 15.7%, and growth rate of sales of 9.1%. The Company accordingly determined the payment level based on such results.

With regards to the single-fiscal-year consolidated performance-based remuneration levels, the upper limit shall be twice the basic remuneration (12 × monthly remuneration) of the Director and the lower limit shall be zero (0) (remuneration in this case will comprise only the basic remuneration).

The equivalent of two-thirds (2/3) of the total paid amount of performance-based remuneration linked to the Company's consolidated performance for a single year shall be paid in the form of bonus in cash and the amount remaining after deducting the bonus in cash shall be paid by granting restricted stock as stock-based remuneration based on a resolution passed at a meeting of the Board of Directors, in order to further promote the same perspective on corporate value with the shareholders (Stock-Based Remuneration A); provided, however, that for the bonus in cash, the upper limit shall be the equivalent of 12 months of the monthly remuneration and, for any amount exceeding the 12 month limit, the Company shall pay the Stock-Based Remuneration A in substitution for the bonus in cash. Note that as a general rule, concerning the Stock-Based Remuneration A, the restriction on transfer of the shares will be lifted after three years from delivery.

c) Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan
The Company will pay Internal Directors the equivalent of a three months of monthly remuneration based on the resolution of the Board of Directors every fiscal year as remuneration linked to the period of the Company's mid-term Management Plan by granting restricted stock as stock-based remuneration (Stock-Based Remuneration B). In deciding Stock-Based Remuneration B, after the expiry of the period of the mid-term management plan, the number of shares on which to lift transfer restrictions (within the range of 0-100%) will be decided mainly based on the achievement of the indicators presented in the table below, which are within the management targets of the mid-term Management Plan and, as a general rule, the restriction on transfer on the shares will be lifted after three years from delivery.
Given that such remuneration constitutes performance-based remuneration under the mid-term management plan, the Company has selected these performance indicators having deemed them to be appropriate after comprehensively taking these performance indicators into consideration in order to multilaterally reflect in Directors' remuneration the Company's performance while paying close attention to growth and profitability in light of the goal of this remuneration system, which is to further contribute to the increase of medium- to long-term corporate value, after connecting it to the management targets established in the mid-term management plan.
The performance indicators that are the basis of the calculation of this remuneration are subject to change per resolution of the Board of Directors.

[Management Indicators and Management Targets in Mid-Term Management Plan (FY2022-FY2024)]

Item	Index	Target
Growth	Sales growth rate	Growth rate above the industry's average*1
Profitability	Operating profit ratio	An Industry's top-level operating profit ratio*1
Efficiency	ROE	10% or higher
Financial position	Net debt-to-equity ratio*2	Industry's top-level financial position
Retail finance business	ROA	1.5% to 2.0%
	Net debt-to-equity ratio*2	5 times or less
ESG	Reduction of environmental impact	・CO_2 emissions: Decrease by 50% in 2030 from 2010 Become carbon neutral by 2050 (Challenging goal) ・Renewable energy use: Increase to 50% of total energy use in 2030
	Evaluation by external organizations	・Selected for DJSI*3 (World & Asia Pacific) ・Selected for CDP*4 A-list (Climate Changes and Water Risk)

*1 Relative comparison with domestic and foreign major competitors in the same industry.
*2 Net debt-to-equity ratio = (Interest-bearing debt - Cash and cash equivalents - Time deposits) / Komatsu Ltd. shareholders' equity
*3 Dow Jones Sustainability Indices: ESG investment indices of S&P Dow Jones Indices LLC of the United States
*4 International non-profit organization which advocates the reduction of greenhouse gas emissions and protection of water resources and forests by companies and governments.

(Reference: Details of Stock-Based Remuneration System by Restricted Stock)

(1) Overview

●Under the System, the Company shall grant Directors excluding the Outside Directors of the Company (hereinafter "Eligible Directors") monetary compensation receivables for the allocation of restricted stock for each fiscal year in principle, and, by having the Eligible Directors make contribution in kind to the Company using the monetary compensation receivables as contributed assets, shall issue or dispose of its shares of common stock to the Eligible Directors and allow them to hold such shares.

●The Company shall conclude a restricted stock grant agreement (hereinafter "Grant Agreement") with the Eligible Directors. With regard to the shares granted pursuant to the Grant Agreement (hereinafter "Granted Shares"), the Eligible Directors shall not be allowed to transfer, create a security interest on, or otherwise dispose (hereinafter "Transfer") of them at will (hereinafter "Restrictions") during a given period provided by the Grant Agreement (hereinafter "Restricted Period ").

The Company shall acquire from the Eligible Directors, free of charge, the Granted Shares with respect to which the Restrictions have not been lifted as a result of the occurrence of prescribed events, including the failure to accomplish performance targets determined by the Board of Directors based on reports of the Compensation Advisory Committee.

The Grant Agreement shall stipulate that during the Restricted Period and after the Restrictions have been lifted, if the Board of Directors resolves that it is appropriate to make the Eligible Directors return the shares granted to them in accordance with the System, the Eligible Directors shall return the corresponding portion of shares to the Company.

●Other details regarding the administration of the System shall be determined by the Board of Directors based on reports of the Compensation Advisory Committee.

	Stock-Based Remuneration A (Performance-Based Remuneration for a Single Year)	Stock-Based Remuneration B (Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan)
(2) Framework of the remuneration system	The Company shall determine the amount of remuneration based on the Company's single-year performance, etc. and pay a part of the amount of remuneration so determined in the form of restricted stock to the Eligible Directors each fiscal year. The Restrictions will, in principle, be lifted three (3) years after the grant of the Granted Shares.	With respect to the period of the Company' s mid-term management plan, the Company shall grant restricted stock to the Eligible Directors each fiscal year based on the base amount of remuneration for each position. After the expiry of the period of the mid-term management plan, the Company shall determine the number of shares with respect to which the Restrictions will be lifted according to the achievement status of the targets raised in the mid-term management plan, etc. In principle, the Company shall lift the Restrictions three (3) years after the grant of the Granted Shares.

	Stock-Based Remuneration A (Performance-Based Remuneration for a Single Year)	Stock-Based Remuneration B (Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan)
(3) Amount of monetary compensation receivables to be provided and the maximum number of shares to be granted	Amount of monetary compensation receivables: No more than JPY 360 million per year; provided, however, that the employee salaries for the Directors concurrently serving as employees are not included in this amount. Total number of Granted Shares: No more than 239,000 shares during one fiscal year.	Amount of monetary compensation receivables: No more than JPY 180 million per year; provided, however, that the employee salaries for the Directors concurrently serving as employees are not included in this amount. Total number of Granted Shares: No more than 120,000 shares during one fiscal year.
	However, if a stock split, consolidation of shares or any other situation with respect to the Company's common stock occurs that necessitates the adjustment of the total number of shares of restricted stock to be allocated, the total number of Granted Shares shall be reasonably adjusted.	
(4) Amount to be paid per share	The amount to be paid per share shall be determined by the Board of Directors to an extent that would not be considered especially advantageous to the Eligible Directors who are granted the shares of common stock of the Company under the System, that is, the closing price of the share of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of Directors (or the closing price on the trading day immediately prior thereto if there is no trading on such business day), etc.	
(5) Restriction Period	The Restriction Period shall be three (3) years and the Eligible Directors shall not Transfer the Granted Shares during such period.	
(6) Lifting of Restrictions	The Company shall, in principle, lift the Restrictions on the Granted Shares at the expiry of the Restriction Period.	In principle, the Company shall, at the expiry of the Restriction Period, lift the Restrictions on all or part of the Granted Shares according to the degree of achievement of the targets raised in the mid-term management plan based on the indicators set by the Board of Directors, including the major performance indicators set in the mid-term management plan. Upon determination of the number of shares with respect to which the Restrictions will be lifted according to the achievement status of the targets raised in the mid-term management plan, etc., the Company shall as a matter of course acquire, free of charge, the Granted Shares with respect to which the Company decides not to lift the Restrictions pursuant to the above provision.

	Stock-Based Remuneration A (Performance-Based Remuneration for a Single Year)	Stock-Based Remuneration B (Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan)
(7) Treatment upon retirement	In the event that, prior to the expiry of the Restriction Period, the Eligible Director is deemed to have retired as a Director of the Company due to his or her death, the Company shall lift the Restrictions on all of the Granted Shares after making reasonable adjustments, as necessary, to the timing of the lifting of the Restrictions. If, prior to the expiry of the Restriction Period, the Eligible Director retires as a Director of the Company without any reason recognized as legitimate by the Board of Directors of the Company, such as the expiration of the term of office as a Director (hereinafter "Legitimate Reason for Retirement"), the Company shall as a matter of course acquire, free of charge, all or part of the Granted Shares.	In the event that, prior to the expiry of the Restriction Period, the Eligible Director is deemed to have retired as a Director of the Company due to his or her death, the Company shall make reasonable adjustments, as necessary, to (i) the number of Granted Shares with respect to which the Restrictions are to be lifted and the timing of the lifting of the Restrictions during the period from the time of the grant of the Granted Shares to immediately prior to the determination of the number of shares with respect to which the Restrictions will be lifted according to the achievement status of the targets raised in the mid-term management plan, etc., or (ii) the timing of the lifting of the Restrictions during the period from the determination of the number of shares with respect to which the Restrictions will be lifted according to the achievement status of the targets raised in the mid-term management plan, etc. to the expiry of the Restriction Period. If, prior to the expiry of the Restriction Period, the Eligible Director retires as a Director of the Company without any Legitimate Reason for Retirement, the Company shall as a matter of course acquire, free of charge, all or part of the Granted Shares.
(8) Other matters to be determined by the Board of Directors	Other matters relating to the System shall be determined by the Board of Directors and shall be considered to be a part of the Grant Agreement.	

d) Malus and Clawback System

The Company resolved on Malus (reduction / confiscation) and Clawback (return) system at the meeting of the Board of Directors held on April 28, 2022. In the event of a significant revision of financial statements or an event that has a significant impact on the reputation of the Company due to the execution of business by Directors, the performance-based remuneration paid to the Internal Directors could be required to be reduced, confiscated, or refunded. In principle, the content of the refund request, etc. will be decided by the Board of Directors after deliberation by the Compensation Advisory Committee according to each event.

<Reference> Policy, etc. regarding the determination of remuneration, etc. for individual Directors

At its meeting of the Board of Directors held on April 26, 2024, the Company passed a resolution to renew its policy regarding the determination of remuneration, etc. for individual Directors of the Company (the "Determination Policy") upon having consulted with and accordingly reported to the Compensation Advisory Committee, which consists of five (5) external members (four (4) Outside Directors and one (1) Outside Audit & Supervisory Board Member) and one (1) internal member, on the condition that Item of "Revision of Performance-Linked Stock-Based Remuneration System for Directors" is approved at the Ordinary General Meeting of Shareholders to be held on June 19, 2024.. The outline, etc. of the details of the revised Determination Policy are as follows:

In an effort to maintain a highly objective and transparent remuneration system, the Compensation Advisory Committee deliberates on the policy and levels of remuneration for Directors of the Company. Then, taking the Committee's reports and recommendations into consideration, the Board of Directors shall decide on the total amount of remuneration within the range previously determined by resolution of the General Meeting of Shareholders.

The remuneration for Directors excluding the Outside Directors (hereinafter "Internal Director") comprises basic remuneration (fixed remuneration) and performance-based remuneration linked to the Company's consolidated performance for a single fiscal year (bonus in cash and the Stock-Based Remuneration A) as well as the performance-based remuneration (Stock-Based Remuneration B) that will reflect the degree of achievement of the targets raised in the mid-term management plan, so that it will further contribute to the enhancement of the medium- and long-term corporate value of the Company by linking the remuneration to performance.

The remuneration for Outside Directors only consists of basic remuneration (fixed remuneration) designed to support their role of making recommendations with respect to the overall management of the Company as a member of the Board of Directors.

Regarding basic remuneration and cash bonuses within the remuneration stated above, the Compensation Advisory Committee reports monthly remuneration levels and levels of cash bonuses (number of times of monthly remuneration) by position to the Board of Directors after deliberation, and the Company makes a decision on the monthly remuneration levels and levels of cash bonuses (number of times of monthly remuneration) by position based on the details of this report at a meeting of the Board of Directors. The calculation and determination of the amount of individual basic remuneration (monthly remuneration) and the amount of cash bonus in accordance with such decision are delegated to Chairman of the Board Tetsuji Ohashi and President, Representative Director and CEO Hiroyuki Ogawa pursuant to the resolution passed at a meeting of the Board of Directors. This authority has been delegated given that the monthly remuneration levels and levels of cash bonus (number of times of monthly remuneration) by position shall be deliberated and resolved by the Compensation Advisory Committee, and the Company has deemed it appropriate for decisions based on such outcomes with respect to individual amounts of basic remuneration and cash bonus to become subject to discussion involving the Chairman of the Board as well as the President and Representative Director, drawing on their comprehensive perspective of the Company's overall business operations, rather than by engaging in further deliberation and decision-making entailing consultation by the Board of Directors.

The remuneration for Audit & Supervisory Board Members only consists of basic remuneration (fixed remuneration) designed to support their independent position with authority to audit the execution of duties by Directors without being fettered by the movements of corporate performance of the Company. The specific total amount of remuneration shall be determined by discussions among the Audit & Supervisory Board Members within the range previously determined by resolution of the General Meeting of Shareholders, taking reports and recommendations of the Compensation Advisory Committee into consideration.

The retirement allowance system for Directors and Audit & Supervisory Board Members was terminated as of June 2007.

[System of Remuneration for Internal Directors]

<table>
<tr><td colspan="2">Monetary Remuneration</td><td colspan="2">Stock-based remuneration</td></tr>
<tr><td rowspan="2">Basic Remuneration
(Fixed Remuneration)</td><td colspan="3">Performance-Based Remuneration</td></tr>
<tr><td colspan="2">Performance-Based Remuneration for a Single Year
(Monthly Remuneration (for stock-based remuneration, Base Amount by Position) x 0 ~ 27)</td><td>Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan
(Base Amount by Position x 0 ~ 3)</td></tr>
<tr><td>Monthly Remuneration
x 12 months</td><td>Bonus in Cash
(0 ~ 12 months)</td><td>Stock-Based Remuneration A
(0 ~ 15 months)
Board Incentive Plan Trust</td><td>Stock-Based Remuneration B
Board Incentive Plan Trust</td></tr>
</table>

a) Basic Remuneration

With regard to levels of monthly remuneration as basic remuneration, a comparison to positions at other key, globally active manufacturers in Japan is made by the Compensation Advisory Committee and is reflected in its reports and recommendations. Subsequently, monthly remuneration levels by position will be decided by the Board of Directors based on these reports and recommendations.

b) Performance-Based Remuneration for a Single Year

The total amount paid for performance-based remuneration shall be calculated each year by evaluating the single-fiscal-year consolidated performance against the basic indicators, comprising consolidated ROE[*1], consolidated ROA[*2] and the consolidated operating income ratio, using the respective percentages indicated in the table below as benchmarks and making adjustments for growth (growth rate of consolidated sales).

[Indicators with respect to single-fiscal-year consolidated performance-based remuneration]

	Indicator	Ratio
Basic Indicators	Consolidated ROE[*1]	50%
	Consolidated ROA[*2]	25%
	Consolidated operating income ratio	25%
Adjustment Indicators	Adjustment according to growth rate of consolidated sales	

*1 ROE=Net income attributable to Komatsu Ltd. for the year/[(Komatsu Ltd. shareholders' equity at the beginning of the fiscal year + Komatsu Ltd. shareholders' equity at the end of the fiscal year)/2]

*2 ROA=Income before income taxes and equity in earnings of affiliated companies/[(total assets at the beginning of the fiscal year + total assets at the end of the fiscal year)/2]

The Company selected such performance indicators upon having deemed them appropriate as quantitative values that reflect the entire Komatsu Group's efficiency and growth. In this regard, the Board of Directors made its decisions per deliberations of the Compensation Advisory Committee, taking into account factors that include past valuation indicators and potential continuity.

Such performance indicators may be changed in the future by a resolution of the Board of Directors.

With regards to the single-fiscal-year consolidated performance-based remuneration levels, the upper limit shall be 27 times the monthly remuneration (for stock-based remuneration, base amount by position) of the Director and the lower limit shall be zero (0) (remuneration in this case will comprise only the basic remuneration).

A certain portion of the total paid amount of performance-based remuneration linked to the Company's consolidated performance for a single year shall be paid in the form of a cash bonus and the amount remaining after deducting the cash bonus shall be paid as stock-based remuneration based on a resolution passed at a meeting of the Board of Directors, in order to further promote the same perspective on corporate value with the shareholders (Stock-Based Remuneration A); provided, however, that for the cash bonus, the upper limit shall be the equivalent of 12 months of the monthly remuneration and, for any amount exceeding the 12 month limit, the Company shall pay the Stock-Based Remuneration A in substitution for the cash bonus. Stock-Based Remuneration A shall be a trust-type stock-based remuneration (Board Incentive Plan Trust),with the number of share delivery points (hereinafter, “points”) being determined and points being granted to eligible internal Directors of the Company (hereinafter, “Eligible Directors”) each fiscal year. When an Eligible Director retires, a number of the shares of the Company and an amount of money equivalent to the converted value of such shares of the Company (hereinafter, the “Company’s Shares, etc.”) equivalent to the number of points granted up to the time of retirement is delivered or paid (hereinafter, “delivered, etc.”) to them.

c) Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan
The Company will pay Eligible Directors the equivalent of three times the base amount by position every fiscal year as remuneration linked to the period of the Company’s mid-term management plan as stock-based remuneration (Stock-Based Remuneration B). Stock-Based Remuneration B shall be a trust-type stock-based remuneration (BIP Trust), with single-year points allotted to Eligible Directors every fiscal year in accordance with their position. After the conclusion of the mid-term management plan period, the single-year points allocated to Eligible Directors are totaled, and this total value is multiplied by the performance-linked coefficient corresponding to the achievement status of the mid-term management plan targets, etc. to calculate the number of performance-linked points and to decide the number of points to be granted. When an Eligible Director retires, a number of the Company’s Shares, etc. equivalent to the number of points granted up to the time of retirement is delivered, etc. to them. If an Eligible Director retires during the period of the mid-term management plan, the single-year points granted during the period of the mid-term management plan are totaled, and this total value is multiplied by the performance-linked coefficient corresponding to the achievement status of the mid-term management plan targets, etc. at the time point of retirement to calculate the number of performance-linked points and to decide the number of points to be granted.
Given that such remuneration constitutes performance-based remuneration under the mid-term management plan, the Company has selected these performance indicators having deemed them to be appropriate after comprehensively taking these performance indicators into consideration in order to multilaterally reflect in Directors’ remuneration the Company’s performance while paying close attention to growth and profitability in light of the goal of this remuneration system, which is to further contribute to the increase of medium- to long-term corporate value, after connecting it to the management targets established in the mid-term management plan.
The performance indicators that are the basis of the calculation of this remuneration are subject to change per resolution of the Board of Directors.

(Reference: Details of Stock-Based Remuneration System by Board Incentive Plan Trust)

(1) Overview of the Plan

Stock-Based Remuneration System by Board Incentive Plan Trust (hereinafter, “the Plan”) is a stock-based remuneration system for Directors excluding the Outside Directors under which the Company contributes money to a trust equivalent to the amount of remuneration for Directors, and shares of the Company’s Shares, etc. delivered, etc. as remuneration for Directors depending on the individual’s position and the degree of achievement of performance targets, etc..

(i) Persons eligible for delivery, etc. of the Company’s Shares, etc. in the scope of the Plan		・Directors of the Company (excluding Outside Directors)
(ii) Impact of the shares of the Company in the scope of the Plan on the total number of shares issued and outstanding	Upper limit of money to be contributed by the Company (as per (2) below)	・The amount obtained by multiplying JPY 820 million by the number of fiscal years in the subject period ・In the initial subject period (one fiscal year ending on March 31, 2025), the upper limit is JPY 820 million, corresponding to one fiscal year. For the subsequent subject periods, if the number of fiscal years covered by the mid-term management plan is three, the upper limit will be JPY 2,460 million, corresponding to three fiscal years.
	Upper limit of the number of the Company’s Shares, etc. to be delivered, etc. to Directors, and the method of acquiring shares of the Company (as per (2) and (3) below)	・The number of shares obtained by multiplying 364,000 by the number of fiscal years in the subject period ・In the initial subject period, the upper limit of shares corresponding to one fiscal year is 364,000 shares. For the subsequent subject periods, if the number of fiscal years covered by the mid-term management plan is three, the upper limit will be 1,092,000 shares, corresponding to three fiscal years. ・The ratio of the above number of shares per fiscal year (364,000) to the total number of shares of the Company issued and outstanding (as of March 31, 2024, after deducting treasury shares) is approximately 0.038%. ・Because the shares of the Company will be acquired from the stock market, no dilution will occur.
(iii) Details of performance achievement conditions (as per (3) below)		・Varies within a given range in accordance with performance, etc. of the Company for a single year, the achievement status of the target values raised in the mid-term management plan, etc. ・In the initial subject period, the indicators used to evaluate performance, etc. in a single year include consolidated ROE, consolidated ROA, the consolidated operating income ratio, and the growth rate of consolidated sales. ・In the initial subject period, the indicators used to evaluate the achievement status of the target values raised in the mid-term management plan, etc. are the sales growth rate, operating income ratio, ROE, net debt-to-equity ratio, and ROA and net debt-to-equity ratio in the retail finance business, as well as ESG indicators (indicators related to the reduction of environmental impacts and to evaluation by external organizations). ・Depending on the achievement ratio of performance targets, the figure could vary from 0% to 100% during the initial subject period.
(iv) Timing of delivery, etc. of the Company’s Shares, etc. to Directors (as per (4) below)		・Upon retirement

(2) Upper Limit, etc. of Money to Be Contributed by the Company
In principle, the period covered by the Plan shall be the fiscal years covered by a mid-term management plan of the Company (hereinafter the "Subject Period"). The initial Subject Period shall consist of only the one fiscal year ending on March 31, 2025.
After setting the upper limit of the trust money to be contributed by the Company for remuneration of Directors over each Subject Period to an amount obtained by multiplying JPY 820 million by the number of fiscal years in the Subject Period in question, the Company contributes the trust money as remuneration for Directors, and establishes a trust, the period of which corresponds to the Subject Period (hereinafter, "the Trust"), and whose beneficiaries are the Directors who meet the beneficiary requirements. In accordance with the instructions of the trust administrator, the Trust will use the trust money as funds to acquire shares of the Company from the stock market. During the Subject Period, the Company will grant Directors a number of points as set out in (3) below, and the Trust will deliver, etc. the Company's Shares, etc. in a number equivalent to the number of points granted, at certain timing determined in advance.
Upon expiry of the trust period, the Company may continue the Trust by making amendments to the trust agreement and making additional contributions to the Trust. In such case, in principle, a new Subject Period will be established for the corresponding fiscal years in the Company's mid-term management plan at that time, and the trust period of the Trust will be extended for the period corresponding to the new Subject Period. The Company will make additional contributions to the Trust within the upper limit of trust money to be contributed to the Trust for which approval by resolution of this General Meeting of Shareholders has been obtained and will continue granting points and delivering, etc. the Company's Shares, etc. to Directors during the new Subject Period. In such cases where such additional contributions are to be made when there are any of shares of the Company (excluding the shares of the Company equivalent to points granted to Directors that are yet to be delivered, etc.) and money remaining in the trust assets (excluding funds corresponding to distributions kept in the trust equivalent to points granted to Directors listed in (7) , hereinafter referred to as "Residual Shares, etc." together with the shares of the Company) at the last day of the trust period prior to the extension, the sum of the value of the Residual Shares, etc. and additional trust money to be contributed shall be within the amount obtained by multiplying JPY 820 million by the number of fiscal years within the Subject Period.
Such an extension of the trust period will not be limited to one time only, and the trust period for the Trust may subsequently be re-extended in the same manner.

(3) Calculation Method and Upper Limit of the Number of the Company's Shares, etc. Delivered, etc. to Directors
The number of the Company's Shares, etc. delivered, etc. to Directors is established according to the number of "share delivery points." One of shares of the Company is exchanged for each share delivery point, and fractional points of less than one point are rounded down. However, in the case that there is a stock split or stock merger for shares of the Company during the trust period, the number of the Company's Shares, etc. for each share delivery point and the upper limit of the number of shares delivered, etc. will be adjusted according to the stock split ratio, stock merger ratio, etc. Share delivery points are calculated as follows.

(A) Stock-Based Remuneration A: Performance-Based Remuneration for a Single Year
Based on the Company's performance, etc. for a single year*, the number of points is decided and granted each fiscal year to Directors.

* The number of points fluctuates within a given range according to the degree of achievement of performance targets, etc. In the initial Subject Period, the indicators used to evaluate the degree of achievement of performance targets include consolidated ROE, consolidated ROA, the consolidated operating income ratio, and the growth rate of consolidated sales. Furthermore, the range of fluctuation according to the achievement ratio of the performance targets is within 0-100% during the initial Subject Period. These indicators and range of fluctuations may be changed based on a resolution by the Board of Directors.

(B) Stock-Based Remuneration B: Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan

For the corresponding period in the Company's mid-term management plan, Directors are allocated single-year points each fiscal year based on their position. After the conclusion of the Subject Period, the single-year points allocated to the Directors are totaled, and this total value is multiplied by the performance-linked coefficient corresponding to the achievement status* of the mid-term management plan targets, etc. to calculate the number of performance-linked points and to decide the number of points to be granted. If Directors who meet the beneficiary requirements retire from their position during the period of the mid-term management plan, where the Company's Shares, etc. have been delivered, etc. to these Directors, the total value of single-year points granted during the Subject Period is multiplied by the performance-linked coefficient corresponding to the achievement status of the mid-term management plan targets, etc. at the time point that the Directors met the beneficiary requirements to calculate the number of performance-linked points and to decide the number of points to be granted.

* The number of points fluctuates within a given range according to the degree of achievement of performance targets, etc. The indicators related to the degree of achievement of performance targets include key indicators for the achievement of performance targets in the mid-term management plan and other indicators established by the Board of Directors, and in the initial Subject Period, the indicators used are the sales growth rate, operating income ratio, ROE, net debt-to-equity ratio, and ROA and net debt-to-equity ratio in the retail finance business, as well as ESG indicators (indicators related to reduction of environmental impact and to evaluation by external organizations). Furthermore, the range of fluctuation according to the achievement ratio of the performance targets is within 0-100% during the initial Subject Period. If a new mid-term management plan is formulated in the future, these indicators and range of fluctuations may be changed based on a resolution by the Board of Directors.

The upper limit of the number of the Company's Shares, etc. to be delivered, etc. to Directors for the Subject Period under the Trust (the number of points to be granted to Directors), shall be the number of shares obtained by multiplying 364,000 by the number of fiscal years in the Subject Period. The upper limit of the number of the Company's Shares, etc. delivered, etc. to Directors is set after taking into account the upper limit of the above-mentioned money to be contributed by the Company and trends in the share price of the Company.

(4) Method and Timing of Delivering, etc. the Company's Shares, etc. to Directors

Where the Directors who meet the beneficiary requirements retire, according to the predetermined beneficiary determination procedures, a number of the Company's Shares, etc. corresponding to the number of share delivery points granted to such Directors up until their retirement will be delivered, etc. from the Trust.

At such time, shares of the Company equivalent to a certain proportion of their share delivery points will be delivered, etc. to the Directors with the remaining points converted into cash in the Trust, and the Directors will receive the monetary equivalent.

If Directors who meet the beneficiary requirements die in their term of office during the Subject Period, in principle shares of the Company corresponding to the number of share delivery points at the time of their death will all be converted to cash within the Trust, and the heir of the Directors in question will receive the monetary equivalent.

(5) Malus and Clawback System

Where a material revision to the Company's financial statements or an incident that has a material impact on the Company's reputation takes place due to the execution of duties by Directors, beneficiary rights associated with shares of the Company that were planned to be delivered, etc. to the Directors in question may be confiscated (malus), or the Company may request that money corresponding to the Company's Shares, etc. that has already been delivered, etc. be returned (clawback).

(6) Exercising Voting Rights Related to the Company's Shares Under the Trust

To ensure the neutrality of corporate management, voting rights shall not be exercised for shares of the Company held in the Trust (shares of the Company prior to being delivered, etc. to Directors) during the trust period.

(7) Treatment of Dividends of the Company's Shares Under the Trust
Dividends paid for shares of the Company held in the Trust will be received by the Trust and allocated to the trust fees and trust expenses of the Trust. Moreover, funds corresponding to the amount of dividends per share for each point corresponding to the total number of share delivery points for Directors on each dividend record date during the Subject Period will be held in the Trust and paid to Directors together with the Company's Shares, etc. delivered, etc. in accordance with (4) above.

(8) Other Details of the Plan
Other details related to the Plan will be determined by the Board of Directors each time the Trust is established, the trust agreement is changed, or additional contributions to the Trust are made.

d) Malus and Clawback System
The Company resolved on Malus (reduction / confiscation) and Clawback (return) system at the meeting of the Board of Directors held on April 28, 2022. In the event of a significant revision of financial statements or an event that has a significant impact on the reputation of the Company due to the execution of business by Directors, the performance-based remuneration paid to the Internal Directors could be required to be reduced, confiscated, or refunded. In principle, the content of the refund request, etc. will be decided by the Board of Directors after deliberation by the Compensation Advisory Committee according to each event.

(5) Shareholdings

A. Classification of investment securities

The Company classifies investment securities by holding purpose, for pure investment or other than pure investment. Pure investment means that the Company owns shares only for purpose of returns from stock price fluctuations and/or dividends.

B. Investment securities held for purpose other than pure investment

1. Policy of holding listed stocks

In light of avoiding risks resulting from stock price fluctuations and improving asset efficiency, the Company owns no listed shares except for the cases in which business relationships with invested companies and/or business cooperation with the Company are needed.

2. Number of stock names and amount on the balance sheet

	Number of stock names	Amount on the balance sheet (Millions of yen)
Unlisted stocks	45	3,168
Other than unlisted stocks	–	–

Information on stocks whose number of shares increased in the fiscal year ended March 31, 2024

	Number of stock names	Acquisition cost for the increase of number of shares (Millions of yen)	Reason for acquisition
Unlisted stocks	1	29	Stock conversion of Convertible Note
Other than unlisted stocks	–	–	–

Information on stocks whose number of shares decreased in the fiscal year ended March 31, 2024

	Number of stock names	Sales amount for the decrease of number of shares (Millions of yen)
Unlisted stocks	–	–
Other than unlisted stocks	–	–

3. Stock name, number of shares, amount on the balance sheet etc. of specified investment securities and deemed shareholdings

Not applicable.

C. Investment securities held for pure investment

Not applicable.

D. Investment securities for which the holding purpose has changed from pure investment to other than pure investment in the fiscal year ended March 31, 2024

Not applicable.

E. Investment securities for which the holding purpose has changed from other than pure investment to pure investment in the fiscal year ended March 31, 2024

Not applicable.

Item 5. Financial Information

1. Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

(1) The consolidated financial statements of the Company are prepared in accordance with the accounting principles generally accepted in the United States of America, pursuant to Paragraph 3, Supplementary Provisions of the "Cabinet Office Ordinance for Partial Revision of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements", the Ordinance of the Cabinet Office No. 11 of 2002.
(2) The non-consolidated financial statements of the Company are prepared in accordance with the Ordinance of the Ministry of Finance No. 59 of 1963 "Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc." (hereinafter "Ordinance on Financial Statements, etc.").
Also, the Company is qualified as a company submitting financial statements prepared in accordance with special provision and prepares financial statements in accordance with the provision of Article 127 of the Ordinance on Financial Statements, etc.

2. Audit certification

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan, the consolidated financial statements for the fiscal year from April 1, 2023 to March 31, 2024 and the non-consolidated financial statements for the 155th fiscal year (from April 1, 2023 to March 31, 2024) were audited by KPMG AZSA LLC.

3. Particular efforts to secure the appropriateness of the consolidated financial statements, etc.

The Company carries out special measures for ensuring the appropriateness of consolidated financial statements, etc. Specifics of such efforts are as follows.
(1) For the purpose of both ensuring that the Company has an appropriate grasp of the contents of Accounting Standards and related regulations, and properly preparing consolidated financial statements, etc., the Company became a member of the Financial Accounting Standards Foundation and is kept informed of changes in Accounting Standards and other topics by participating in seminars and other events hosted by the foundation.
(2) The Company works to keep every employee informed about Accounting Standards by developing internal accounting regulations, manuals and other means.
(3) The Company confirms the appropriateness of consolidated financial statements, etc. by organizing internal structures such as the Information Disclosure Committee.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

Consolidated Balance Sheets

Komatsu Ltd. and Consolidated Subsidiaries as of March 31, 2024 and 2023

	2024		2023	
Assets	**Millions of yen**	**Ratio (%)**	**Millions of yen**	**Ratio (%)**
Current assets				
Cash and cash equivalents (Note 21)	¥ 403,178		¥ 289,975	
Trade notes and accounts receivable, net (Notes 1, 4, 7, 15 and 17)	1,263,542		1,111,913	
Inventories (Note 5)	1,438,695		1,227,208	
Other current assets (Notes 7, 20, 21, 22 and 25)	208,773		207,479	
Total current assets	3,314,188	58.8	2,836,575	58.2
Long-term trade receivables, net (Notes 1, 4, 15, 17 and 21)	688,260	12.2	569,691	11.7
Investments				
Investments in and advances to affiliated companies (Note 7)	67,325		52,325	
Investment securities (Note 6)	10,267		10,556	
Other	3,975		3,418	
Total investments	81,567	1.5	66,299	1.4
Property, plant and equipment				
– less accumulated depreciation (Notes 8, 17 and 23)	908,055	16.1	836,442	17.1
Operating lease right-of-use assets (Note 17)	69,236	1.2	61,052	1.3
Goodwill (Notes 3 and 9)	248,393	4.4	207,060	4.2
Other intangible assets				
– less accumulated amortization (Notes 3 and 9)	180,403	3.2	167,292	3.4
Deferred income taxes and other assets (Notes 12, 16, 20, 21 and 22)	146,554	2.6	131,436	2.7
Total assets	¥ 5,636,656	100.0	¥ 4,875,847	100.0

	2024		2023	
Liabilities and Equity	**Millions of yen**	**Ratio (%)**	**Millions of yen**	**Ratio (%)**
Current liabilities				
Short-term debt (Notes 10 and 21)	¥ 440,619		¥ 310,738	
Current maturities of long-term debt (Notes 10 and 21)	140,359		176,835	
Trade notes, bills and accounts payable (Notes 1, 7, and 11)	320,312		362,360	
Income taxes payable (Note 16)	69,638		64,495	
Current operating lease liabilities (Note 17)	19,603		17,878	
Other current liabilities (Notes 12, 15, 19, 20, 21, 22 and 25)	535,668		439,355	
Total current liabilities	1,526,199	27.1	1,371,661	28.1
Long-term liabilities				
Long-term debt (Notes 10 and 21)	618,392		566,189	
Liability for pension and retirement benefits (Note 12)	87,933		90,348	
Long-term operating lease liabilities (Note 17)	51,441		44,913	
Deferred income taxes and other liabilities (Notes 15, 16, 19, 20, 21 and 22)	154,239		124,781	
Total long-term liabilities	912,005	16.2	826,231	17.0
Total liabilities	2,438,204	43.3	2,197,892	45.1
Commitments and contingent liabilities (Note 19)				
Equity				
Komatsu Ltd. shareholders' equity (Note 13)				
Common stock:				
Authorized 3,955,000,000 shares				
Issued 973,810,620 shares				
Outstanding 945,981,168 shares in 2024 and 945,594,299 shares in 2023	70,336		69,660	
Capital surplus	136,500		135,886	
Retained earnings:				
Appropriated for legal reserve	48,979		48,508	
Unappropriated	2,367,020		2,114,789	
Accumulated other comprehensive income (loss) (Notes 12, 14 and 20)	459,865		219,951	
Treasury stock at cost,				
27,829,452 shares in 2024 and 27,856,631 shares in 2023 (Note 13)	(49,131)		(49,153)	
Total Komatsu Ltd. shareholders' equity	3,033,569	53.8	2,539,641	52.1
Noncontrolling interests	164,883	2.9	138,314	2.8
Total equity	3,198,452	56.7	2,677,955	54.9
Total liabilities and equity	¥ 5,636,656	100.0	¥ 4,875,847	100.0

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Komatsu Ltd. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2024 and 2023

Consolidated Statements of Income

	2024		2023	
	Millions of yen	Ratio(%)	Millions of yen	Ratio(%)
Net sales (Notes 7, 14, 15, 17, 20 and 24)	¥ 3,865,122	100.0	¥ 3,543,475	100.0
Cost of sales (Notes 8, 9, 12, 14, 17, 20, 23 and 26)	2,654,914	68.7	2,504,449	70.7
Selling, general and administrative expenses (Notes 3, 8, 9, 12, 13, 17, 23 and 26)	604,534	15.6	545,512	15.4
Impairment loss on long-lived assets (Notes 24 and 26)	6,108	0.2	5,521	0.2
Other operating income, net (Notes 14, 23 and 26)	7,628	0.2	2,692	0.1
Operating income	607,194	15.7	490,685	13.8
Other income (expenses), net (Note 26)				
Interest and dividend income (Note 7)	21,146	0.5	12,451	0.4
Interest expense	(54,506)	(1.4)	(32,371)	(0.9)
Other, net (Notes 6, 12, 14 and 20)	1,829	0.0	5,669	0.2
Total	(31,531)	(0.8)	(14,251)	(0.4)
Income before income taxes and equity in earnings of affiliated companies	575,663	14.9	476,434	13.4
Income taxes (Notes 14 and 16)				
Current	170,844		139,828	
Deferred	(3,264)		(4,281)	
Total	167,580	4.3	135,547	3.8
Income before equity in earnings of affiliated companies	408,083	10.6	340,887	9.6
Equity in earnings of affiliated companies	8,273	0.2	5,290	0.1
Net income	416,356	10.8	346,177	9.8
Less: Net income attributable to noncontrolling interests	22,930	0.6	19,779	0.6
Net income attributable to Komatsu Ltd.	¥ 393,426	10.2	¥ 326,398	9.2

	Yen	
Per share data (Note 18)**:**		
Net income attributable to Komatsu Ltd.:		
Basic	¥ 415.96	¥ 345.22
Diluted	¥ 415.93	¥ 345.18

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

	Millions of yen	
	2024	2023
Net income	¥ 416,356	¥ 346,177
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments (Notes 14 and 16)	251,225	96,129
Pension liability adjustments (Notes 12, 14 and 16)	3,979	1,407
Net unrealized holding gains (losses) on derivative instruments (Notes 14, 16 and 20)	(852)	1,996
Total	254,352	99,532
Comprehensive income	670,708	445,709
Less: Comprehensive income attributable to noncontrolling interests	37,368	23,250
Comprehensive income attributable to Komatsu Ltd.	¥ 633,340	¥ 422,459

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Equity

Komatsu Ltd. and Consolidated Subsidiaries

For the fiscal year ended March 31, 2024

	Millions of yen								
			Retained earnings						
	Common stock	Capital surplus	Appropriated for legal reserve	Un-appropriated	Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd. shareholders' equity	Non-controlling interests	Total equity
Balance at March 31, 2023	**¥ 69,660**	**¥ 135,886**	**¥ 48,508**	**¥ 2,114,789**	**¥ 219,951**	**¥ (49,153)**	**¥ 2,539,641**	**¥ 138,314**	**¥ 2,677,955**
Cumulative effects of Accounting Standards Update—adoption of ASU 2016-13, net of tax (Notes 1 and 4)				(1,634)			(1,634)	(126)	(1,760)
Cash dividends				(139,090)			(139,090)	(10,653)	(149,743)
Transfer to retained earnings appropriated for legal reserve			471	(471)			—		—
Other changes		14					14	(20)	(6)
Net income				393,426			393,426	22,930	416,356
Other comprehensive income (loss), for the period, net of tax (Note 14)					239,914		239,914	14,438	254,352
Exercise of stock acquisition rights (Note 13)		(85)					(85)		(85)
Purchase of treasury stock						(50)	(50)		(50)
Sales of treasury stock		13				72	85		85
Restricted stock compensation (Note 13)	676	672					1,348		1,348
Balance at March 31, 2024	**¥ 70,336**	**¥ 136,500**	**¥ 48,979**	**¥ 2,367,020**	**¥ 459,865**	**¥ (49,131)**	**¥ 3,033,569**	**¥ 164,883**	**¥ 3,198,452**

The accompanying Notes are an integral part of these Consolidated Financial Statements.

For the fiscal year ended March 31, 2023

	Millions of yen								
			Retained earnings						
	Common stock	Capital surplus	Appropriated for legal reserve	Un-appropriated	Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd. shareholders' equity	Non-controlling interests	Total equity
Balance at March 31, 2022	**¥ 69,393**	**¥ 139,572**	**¥ 47,903**	**¥ 1,902,501**	**¥ 122,414**	**¥ (49,272)**	**¥ 2,232,511**	**¥ 123,766**	**¥ 2,356,277**
Cash dividends				(113,505)			(113,505)	(7,736)	(121,241)
Transfer to retained earnings appropriated for legal reserve			605	(605)			—		—
Other changes		(3,898)			1,476	(77)	(2,499)	(1,069)	(3,568)
Net income				326,398			326,398	19,779	346,177
Other comprehensive income (loss), for the period, net of tax (Note 14)					96,061		96,061	3,471	99,532
Exercise of stock acquisition rights (Note 13)		(122)					(122)		(122)
Purchase of treasury stock						(38)	(38)		(38)
Sales of treasury stock		69				234	303	103	406
Restricted stock compensation (Note 13)	267	265					532		532
Balance at March 31, 2023	**¥ 69,660**	**¥ 135,886**	**¥ 48,508**	**¥ 2,114,789**	**¥ 219,951**	**¥ (49,153)**	**¥ 2,539,641**	**¥ 138,314**	**¥ 2,677,955**

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Komatsu Ltd. and Consolidated Subsidiaries

For the fiscal years ended March 31, 2024 and 2023

	Millions of yen	
	2024	2023
Operating activities		
Net income	¥ 416,356	¥ 346,177
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	156,835	149,688
Deferred income taxes	(3,264)	(4,281)
Impairment loss and net loss (gain) on valuation of investment securities	1,241	(212)
Net gain on sale of fixed assets	(4,406)	(1,782)
Loss on disposal of fixed assets	4,832	3,651
Impairment loss on long-lived assets	6,108	5,521
Pension and retirement benefits, net	3,167	(827)
Changes in assets and liabilities:		
Increase in trade receivables	(94,059)	(125,709)
Increase in inventories	(66,792)	(214,520)
Increase (decrease) in trade payables	(59,156)	14,592
Increase (decrease) in income taxes payable	3,521	(4,011)
Other, net	70,395	38,187
Net cash provided by operating activities	434,778	206,474
Investing activities		
Capital expenditures	(202,947)	(183,533)
Proceeds from sale of fixed assets	24,104	19,170
Purchases of investment securities	(415)	(1,941)
Proceeds from sale of subsidiaries and businesses, net of cash disposed	14,029	15,184
Acquisition of subsidiaries and equity investees, net of cash acquired	(39,206)	(18,000)
Other, net	16	(398)
Net cash used in investing activities	(204,419)	(169,518)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	402,193	603,003
Payment on debt (Original maturities greater than three months)	(438,276)	(637,924)
Short-term debt, net (Original maturities three months or less)	63,911	92,516
Dividends paid	(139,090)	(113,505)
Proceeds from issuance of subsidiary's shares	—	2,012
Acquisition of noncontrolling interests	(6)	(4,728)
Other, net	(10,769)	(7,987)
Net cash used in financing activities	(122,037)	(66,613)
Effect of exchange rate change on cash and cash equivalents	4,881	4,272
Net increase (decrease) in cash and cash equivalents	113,203	(25,385)
Cash and cash equivalents, beginning of year	289,975	315,360
Cash and cash equivalents, end of year	¥ 403,178	¥ 289,975

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Description of Business, Basis of Consolidated Financial Statement Presentation and Summary of Significant Accounting Policies

Description of Business

In this report, Komatsu Ltd. is hereinafter referred to as the "Company" and together with its consolidated subsidiaries as "Komatsu".

Komatsu primarily manufactures and markets various types of construction, mining and utility equipment throughout the world, provides retail financing to customers and sales distributors and is also engaged in the manufacture and sale of industrial machinery and others.

The consolidated net sales of Komatsu for the fiscal year ended March 31, 2024 consisted of the following: construction, mining and utility equipment business – 92.9%, retail finance business – 2.1%, industrial machinery and others business – 5.0%

Sales are made principally under the Komatsu brand name, and are almost entirely executed through sales subsidiaries and sales distributors. These subsidiaries and distributors are responsible for marketing and distribution and primarily sell to retail dealers in their geographical area. Of consolidated net sales for the fiscal year ended March 31, 2024, 88.7% were generated outside Japan, with 45.0% in the Americas, 10.5% in Europe and CIS, 2.4% in China, 22.0% in Asia (excluding Japan and China) and Oceania, and 8.8% in the Middle East and Africa.

The manufacturing operations of Komatsu are conducted primarily at plants in Japan, the United States, Brazil, the United Kingdom, Germany, Italy, Sweden, China, Indonesia, Thailand and India.

Basis of Consolidated Financial Statement Presentation

The accompanying consolidated financial statements are prepared and presented in accordance with generally accepted accounting principles in the United States of America (hereinafter "U.S. GAAP").

The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and principally operates.

Some adjustments without being booked on each subsidiary's and affiliate's financial statements are added to the accompanying consolidated financial statements. These adjustments are mainly due to the gaps of accounting principles between Japan and the United States of America. See Note 28 "Terminology, Forms and Preparation Methods of Consolidated Financial Statements".

Preparation of Consolidated Financial Statements and Registration with the U.S. Securities and Exchange Commission

The Company has been preparing its consolidated financial statements in accordance with U.S. GAAP since 1963, because the Company issued foreign currency convertible bonds at European market in 1964. The Company registered its convertible bonds issued in the United States in 1967 and its common shares issued for U.S. shareholders as well as Japanese shareholders in 1970 with the U.S. Securities and Exchange Commission (hereinafter "SEC"). Since then, the Company, as a non-U.S. issuer, had been having the reporting obligations, such as filing annual report with its consolidated financial statements in accordance with U.S. GAAP, under the Securities Exchange Act of 1934. The Company's registration with SEC was terminated on June 30, 2014.

Summary of Significant Accounting Policies

(1) Consolidation and Investments in Affiliated Companies

The consolidated financial statements include the accounts of the Company and all of its majority-owned Japanese and foreign subsidiaries.
Variable interest entities are consolidated for which the Company is the primary beneficiary in accordance with Financial Accounting Standards Board (hereinafter “FASB”) Accounting Standards Codification™ (hereinafter “ASC”) 810, “Consolidation”. The consolidated balance sheets as of March 31, 2024 and 2023 include assets for the Variable interest entities of ¥4,803 million and ¥4,988 million, respectively. Consolidated variable interest entities mainly engage in equipment leasing in Europe. The majority of these assets are cash and cash equivalents, trade notes and accounts receivable, and long-term trade receivables.
Investments in affiliated companies whereby Komatsu has the ability to exercise significant influence over the operational and financial policies of a company, but does not have a controlling financial interest, are accounted for by the equity method.

(2) Foreign Currency Translation and Transactions

Assets and liabilities of foreign operations are translated at the exchange rates in effect at each fiscal year-end, and income and expenses of foreign operations are translated at the average rates of exchange prevailing during each fiscal year in consolidating the financial statements of overseas subsidiaries. The resulting translation adjustments are included as a separate component of accumulated other comprehensive income (loss) in the accompanying consolidated financial statements. All foreign currency transaction gains and losses are included in other income (expenses), net in the period incurred.

(3) Allowance for Credit losses

Komatsu recognizes the allowance for credit losses on all of receivables, in accordance with FASB ASC 326, “Financial Instruments—Credit Losses”, utilizing the expected credit loss rates that are calculated based on the average historical loss rates adjusted to reflect forecasted changes in relevant economic indicators such as housing starts to prepare for credit losses of receivables, etc. For those receivables with a collectability risk due to deterioration of customer's financial condition or prolonged payment delays, Komatsu individually increases the allowance for credit losses based on the available information at hand such as credit ratings of the customer, status of outstanding receivables, and current market price of the equipment used as collateral. The amount of estimated credit losses is further adjusted to reflect changes in customer circumstances.
The details are as described in Note 4 “Receivables and Allowance for Credit Losses”.

(4) Inventories

Inventories are stated at the lower of cost or market. The cost of finished products and work in process is mainly valued by the specific identification method. The cost of finished parts is mainly stated using the first-in first-out method. The cost of raw materials and supplies is stated at periodic average cost.

(5) Investment Securities

Komatsu’s investments in marketable equity securities are stated at fair value. Changes in fair values are included in net income in the accompanying consolidated statements of income.
Komatsu measures equity securities without readily determinable fair values at the carrying amount after the write-down due to impairment, except for investments which are measured at net asset value per share. If Komatsu identifies observable price changes in orderly transactions for identical or similar investments issued by the same issuer, Komatsu measures the equity security at fair value as of the date that the observable transaction occurred.

(6) Property, Plant and Equipment, and Related Depreciation
Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated by the straight-line method based on the estimated useful lives of the assets.
The estimated useful lives used in computing depreciation of property, plant and equipment are as follows:

Asset	Life
Buildings	2 to 50 years
Machinery and equipment	2 to 20 years

Ordinary maintenance and repairs are charged to expense as incurred. Major replacements and improvements are capitalized. When properties are retired or otherwise disposed of, the costs of those properties and the related accumulated depreciation are removed from the consolidated balance sheets and the differences between the costs of those properties and the related accumulated depreciation are recognized in other operating income (expenses), net in the consolidated statements of income.

(7) Leases
Komatsu has leasing arrangements as a lessee. Komatsu determines if an arrangement is a lease at the inception of each contract in accordance with FASB ASC 842, “Leases”. Some of the contracts include lease and non-lease components, which are not separated and accounted all components as those of a single lease. Additionally, Komatsu has adopted the rule in which an entity does not recognize operating lease right-of-use assets regarding operating leases agreement with an initial estimated lease term of twelve months or less.
Komatsu has leasing arrangements as a lessor. Komatsu determines if an arrangement is a lease at the inception of each contract in accordance with FASB ASC 842, “Leases”.
The details are as described in Note 17 “Leases”.

(8) Goodwill and Other Intangible Assets
Komatsu uses the acquisition method of accounting for business combinations. Goodwill is tested for impairment at least once annually and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value below its carrying amount. Any recognized intangible assets determined to have an indefinite useful life are not to be amortized, but instead tested for impairment at least once annually and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value below its carrying amount until its useful life is determined to no longer be indefinite. Intangible assets with finite useful lives are amortized over their respective estimated useful lives and reviewed for impairment whenever there is an indicator of possible impairment. An impairment loss would be recognized when the carrying amount of an asset or an asset group exceeds the estimated undiscounted cash flows expected to be generated by the asset or an asset group. The amount of the impairment loss to be recorded is determined by the difference between the fair value of the asset or an asset group estimated using a discounted cash flow valuation model and carrying value.

(9) Revenue Recognition
Komatsu recognizes revenue based on the following five steps in accordance with FASB ASC 606, “Revenue from Contracts with Customers”.

Step 1: Identify the contracts with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The details are as described in Note 15 “Revenue”.

Taxes collected from customers and paid to governmental-authorities including consumption taxes are excluded from revenue.

(10) Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be realized or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

If a tax position meets the more-likely-than-not recognition threshold based on the technical merits of the position, Komatsu recognizes the benefit of such position in the financial statements. The benefit of the tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement with appropriate taxing authority.

(11) Product Warranties

After the product were sold or delivered, Komatsu repairs and replaces parts free of charge for a certain period in accordance with the contract. Thus, in order to provide for disbursement of the after-sales service costs, provision for product warranties is recognized based on the relevant historical result and is classified as other current liabilities and other liabilities.

(12) Pension and Retirement Benefits

Komatsu recognizes the overfunded or underfunded status of the defined benefit plans as an asset or liability in the consolidated balance sheet, with a corresponding adjustment to accumulated other comprehensive income (loss), net of tax.

Amortization of actuarial net gain or loss is included as a component of Komatsu's net periodic pension cost for defined benefit plans for a year if, as of the beginning of the year, that unrecognized net gain or loss exceeds 10 percent of the greater of (1) the projected benefit obligation or (2) the fair value of that plan's assets.

In such case, the amount of amortization recognized is the resulting excess divided by average remaining service period of active employees expected to receive benefits under the plan. The prior service cost due to defined benefit plan amendments is amortized on a straight-line basis over the average remaining service period of employees at the time of occurrence of such cost. The expected return on plan assets is determined based on the historical long-term rate of return on plan assets. The discount rate is determined based on the rates of return of high-quality fixed income investments currently available and expected to be available during the period to maturity of the pension benefits.

(13) Share-Based Compensation

The Company recognizes share-based compensation expense using the fair value method. The compensation expense for the restricted stock compensation is expensed over the service period and recorded at the expected compensation amount.

(14) Per Share Data

Basic net income attributable to Komatsu Ltd. per share has been computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding during each fiscal year, after deducting treasury stock. Diluted net income attributable to Komatsu Ltd. per share reflects the potential dilution computed on the basis that all stock options were exercised (less the number of treasury stock assumed to be purchased from proceeds using the average market price of the Company's common shares) to the extent that each is not antidilutive.

(15) Cash and Cash Equivalents
Cash and cash equivalents include highly liquid investments with an original maturity of three months or less at the date of purchase.
Komatsu’s overseas subsidiaries participate in a global cash pooling system based on agreement with a single financial institution, which is used to fund short-term liquidity needs. This agreement contains specific provisions for the right to offset positive and negative cash balances on a global basis. The facility allows for cash withdrawals from this financial institution up to our aggregate cash deposits within the same financial institution. Komatsu’s consolidated balance sheets as of March 31, 2024 and 2023 reflect cash net of withdrawals of ¥289,937 million and ¥265,627 million, respectively.

(16) Derivative Financial Instruments
Komatsu uses various derivative financial instruments to manage its interest rate and foreign exchange exposure. All derivatives, including derivatives embedded in other financial instruments, are measured at fair value and recognized as either assets or liabilities on the consolidated balance sheet. Changes in the fair values of derivative instruments not designated or not qualifying as hedges are recognized in earnings in the current period. Changes in the fair values of derivative instruments which designated as fair value hedges are recognized in earnings, along with changes in the fair value of the hedged item. Changes in the fair values of derivative instruments which designated as cash flow hedges are reported in accumulated other comprehensive income (loss), and recognized in earnings when the hedged item is recognized in earnings.

(17) Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of
Long-lived assets and certain identifiable intangibles to be held and used by Komatsu are reviewed for impairment based on a cash flow analysis of the asset or an asset group whenever events or changes in circumstances indicate that the carrying amount of an asset or an asset group may not be recoverable. The assets to be held for use are considered to be impaired when estimated undiscounted cash flows expected to result from the use of the assets and their eventual disposition is less than their carrying amounts. The impairment losses are measured as the amount by which the carrying amount of the asset or an asset group exceeds the fair value. Long-lived assets and identifiable intangibles to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

(18) Use of Estimates
Komatsu has made a number of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses presented in consolidated financial statements prepared in accordance with U.S. GAAP. Actual results could differ from the estimates and assumptions. Komatsu has identified several areas where it believes estimates and assumptions are particularly critical to the consolidated financial statements. These are the determination of the useful lives of property, plant and equipment, calculation of the amount of expected credit losses and provision for product warranties, tests of impairment of long-lived assets and goodwill, calculation of liabilities and expenses for pension and retirement benefits, measurement of fair value of financial instruments, judgment regarding the likelihood of recovery of deferred tax assets, uncertainties with regard to income taxes and other contingencies. The current economic environment has increased the degree of uncertainty inherent in those estimates.
Regarding the impact of the disruption and so forth in the supply chain, financial sector, and world economy caused by the Ukraine situation on Komatsu’s financial position and results of operations, there is uncertainty regarding when such conditions will improve, among other factors. Nevertheless, Komatsu has assumed that a certain level of impact from the Ukraine situation will continue in the future, based on the information which is available at present and our predictions. Komatsu is making its best estimates taking in the assumption to assess the amount of the expected credit losses, the likelihood of recovery of deferred tax assets and the impairment losses on long-lived assets and goodwill given these items are relatively material among the accounting estimates. However, if actual future trends deviate from the assumption, Komatsu’s financial position and results of operations may be adversely affected.

(19) Recently Adopted Accounting Standards
In June 2016, FASB issued Accounting Standards Update (hereinafter "ASU") 2016-13 "Financial Instruments — Credit Losses: Measurement of Credit Losses on Financial Instruments". This update requires an entity to recognize credit losses for many financial assets based on current expected credit loss model instead of incurred loss model. The current expected credit loss model requires an entity to immediately recognize estimated credit losses expected to occur over the remaining life of the financial assets which are within the scope of this update. Komatsu has adopted this update from the fiscal year beginning on April 1, 2023, including interim periods within those reporting periods. This update has been adopted under the modified retrospective approach through a cumulative effect adjustment to retained earnings at the beginning of the initial application period. Consequently, Komatsu reduced JPY 1,634 million as an adjustment of cumulative effect from retained earnings as of April 1, 2023.
The details are as described in Note 4 "Receivables and Allowance for Credit Losses".

In September 2022, FASB issued ASU 2022-04 "Disclosure of Supplier Finance Program Obligations". This update requires an entity that uses a supplier finance program in connection with the purchase of goods and services to disclose the key terms of the program, information about obligations outstanding at the end of the reporting period and a rollforward of those obligations during the reporting period. Komatsu has adopted the amendments in this update to disclose the key terms of the program and information about obligations outstanding from the fiscal year beginning on April 1, 2023, including interim periods within those reporting periods. The amendment to disclose a rollforward of obligations is effective for annual reporting periods beginning after December 15, 2023. The adoption of this update had no impact on Komatsu's financial position and results of operations.
The details are as described in Note 11 "Trade Payables".

(20) Recently Issued Accounting Standards Not Yet Adopted
In November 2023, FASB issued ASU 2023-07 "Improvements to Reportable Segment Disclosures". This update requires an entity to disclose significant segment expenses by reportable segment if they are regularly provided to the chief operating decision maker (CODM) and to provide a qualitative disclosure describing the composition of the other segment items, and so forth. Also, all existing annual disclosures about segment profit or loss must be provided on an interim basis in addition to disclosures of significant segment expenses and other segment items as noted above. The amendments in this update are effective for annual reporting periods beginning after December 15, 2023 and for interim reporting periods beginning after December 15, 2024. The amendments in this update apply retrospectively to all prior periods presented in the financial statements. Komatsu is currently considering the impact of this update on its disclosure information. The adoption of this update is not expected to have an impact on Komatsu's financial position and results of operations.

In December 2023, FASB issued ASU 2023-09 "Improvements to Income Tax Disclosures". This update requires an entity to disclose specific variance items in the tax rate reconciliation table from the Japanese statutory tax rates to the effective tax rates, the amount of corporate income taxes paid (domestic and foreign), income from continuing operations before income taxes (domestic and foreign), and income tax expense from continuing operations (domestic and foreign). The amendments in this update apply are effective for annual reporting periods beginning after December 15, 2024. Komatsu is currently considering the impact of this update on its disclosure information. The adoption of this update is not expected to have an impact on Komatsu's financial position and results of operations.

2. Supplemental Cash Flow Information
Additional cash flow information for the fiscal years ended March 31, 2024 and 2023 is as follows:

	Millions of yen	
	2024	2023
Additional cash flow information:		
Interest paid	¥ 53,578	¥ 29,611
Income taxes paid, net	177,885	152,048

3. Business Combinations

American Battery Solutions, Inc.

On December 1, 2023, the Company acquired American Battery Solutions, Inc. (hereinafter "ABS"), a battery manufacturer, through Komatsu America Corp., a wholly owned subsidiary of the Company in the U.S., by purchasing all of the outstanding shares of ABS.
ABS is a battery manufacturer that develops and manufactures a wide variety of battery packs, including lithium-ion batteries for commercial and industrial vehicles, and provides battery systems optimized to each customer's needs. ABS has talented employees with advanced product development knowledge and expertise in addition to their technology to develop and manufacture battery packs with superior performance.
The acquisition of ABS will enable Komatsu to develop and manufacture its own battery optimized to its products which are used under various environments and conditions, through the integration of ABS' battery technology with Komatsu's knowledge and network. After the acquisition, ABS will continue its current business for commercial vehicles as a stand-alone business entity and will aim to become one of the world's leading providers of battery systems in both commercial vehicle and construction & mining equipment markets by acquiring new business opportunities through Komatsu.
Komatsu will accelerate the development of battery-powered electric vehicles with the aim of achieving carbon neutrality by utilizing the newly acquired ABS' battery-related technology.

Komatsu measures the fair value of the acquired assets and assumed liabilities in accordance with ASC 805, "Business Combinations". The following table is the preliminary summary of the acquired assets and assumed liabilities after the allocation of acquisition cost on the acquisition date (December 1, 2023).

The final fair value measurements for certain acquired intangible assets have not been completed as of the issuance date of the filing date of the consolidated financial statements. Therefore, the purchase price allocation has not been finalized and the amount of the intangible assets is subject to change. The provisional amounts of the acquired assets and assumed liabilities below have been updated from the provisional amounts at the time of the third quarter.

	Millions of yen
Consideration	
Cash and cash equivalents	¥ 37,370
Fair value of total consideration transferred	37,370
Recognized amounts of identifiable acquired assets and assumed liabilities	
Current assets	6,096
Property, plant and equipment	5,539
Intangible assets	12,629
Other non-current assets	1,828
Total acquired assets	26,092
Current liabilities	(2,788)
Long-term liabilities	(1,643)
Total assumed liabilities	(4,431)
Net acquired assets	21,661
Goodwill	15,709
	¥ 37,370

Intangible assets of ¥12,629 million are all intangible assets subject to amortization and primarily consist of the following.

	Millions of yen	
	Gross carrying amount	Amortization period
Trademarks	¥ 2,958	10 years
Customer relationships	2,662	10 years
Technology assets	6,950	15 years

The goodwill of ¥15,709 million was assigned to the Construction, Mining and Utility Equipment operating segment. The goodwill is not deductible for tax purposes.
Acquisition-related costs for the fiscal year ended March 31, 2024 were ¥1,264 million and included in selling,

general and administrative expenses in the consolidated statements of income for the fiscal year ended March 31, 2024.
ABS' results of operations included in the consolidated statements of income for the fiscal year ended March 31, 2024 since the date of acquisition were immaterial.
Assuming this acquisition had been made on April 1, 2022, the impact on Net Sales and Net income attributable to Komatsu Ltd. for the fiscal year ended March 31, 2024 and 2023 would also have been immaterial.

Mine Site Technologies Pty Ltd

On July 1, 2022, the Company acquired Mine Site Technologies Pty Ltd (hereafter "MST Global"), a provider of operational optimization platforms for underground mining that leverage communication devices and position tracking systems. The acquisition was done through Komatsu Australia Holdings Pty Ltd, a wholly owned subsidiary of the Company in Australia, by purchasing all of its outstanding shares of Mining Technologies Holding Pty Ltd, a parent company of MST Global.

MST Global develops, manufactures, and sells solutions that enable communication between operators and mining equipment, as well as position tracking for operators and equipment, leveraging communication devices for underground mining based on optical fiber broadband communication systems. MST Global's solutions contribute to the digitization and automation of underground mining operations and have achieved sufficient results in mine sites around the world including global mining customers. MST Global also develops and sells a platform to visualize and monitor the underground mining environment and enable control from a remote operations center above ground.

By adding MST Global's experience and expertise in the introduction of communication devices and optimization platforms, Komatsu aims to enhance the speed at which it offers advanced technology solutions, including the automation and teleoperation of mining equipment underground. Komatsu is working to expand offerings for underground hard rock mining, developing safe, highly productive, smart and clean workplaces of the future, together with customers by digitalization of workplaces around the world with "products" (automation and autonomous operation of equipment) and "solutions" (optimization of workplace's entire operation processes).

The fair value measurement of the acquired assets and assumed liabilities under ASC 805, "Business Combinations" was completed on October 31, 2022.

Following is a summary of the acquired assets and assumed liabilities after the allocation of acquisition cost on the acquisition date.

		Millions of yen
Consideration		
Cash and cash equivalents	¥	15,668
Fair value of total consideration transferred		15,668
Recognized amounts of identifiable acquired assets and assumed liabilities		
Current assets		2,259
Property, plant and equipment		71
Intangible assets		2,896
Total acquired assets		5,226
Current liabilities		(821)
Long-term liabilities		(932)
Total assumed liabilities		(1,753)
Net acquired assets		3,473
Goodwill		12,195
	¥	15,668

Intangible assets of ¥2,896 million are all intangible assets subject to amortization and primarily consist of the following.

	Millions of yen		
	Gross carrying amount		Amortization period
Customer relationships	¥	2,127	12 years
Technology assets		384	5 years

The goodwill of ¥12,195 million was assigned to the Construction, Mining and Utility Equipment operating segment. The goodwill is not deductible for tax purpose.

Acquisition-related costs for the fiscal year ended March 31, 2023 were ¥651 million (accumulated acquisition-related costs: ¥656 million) and included in selling, general and administrative expenses in the consolidated statements of income for the fiscal year ended March 31, 2023.

MST Global's results of operations included in the consolidated statements of income for the fiscal year ended March 31, 2023 since the date of acquisition were immaterial.

Assuming this acquisition had been made on April 1, 2021, the impact on Net Sales and Net income attributable to Komatsu Ltd. for the fiscal year ended March 31, 2023 and 2022 would be immaterial.

4. Receivables and Allowance for Credit Losses

(1) Portfolio segments

Since Komatsu manages its receivables and allowance for credit losses by operating segments, the portfolio segments are classified in the same way as the operating segments: 1) Construction, Mining and Utility Equipment, 2) Retail Finance, and 3) Industrial Machinery and Others.

In the Construction, Mining and Utility Equipment segment and the Industrial Machinery and Others segment, Komatsu mainly holds accounts receivable and notes receivable recorded as consideration for sales of products, parts, services, and others to customers. Komatsu believes that the possibility of losses due to uncollectible is low as these receivables are generally collected within three months.

In the Retail Finance segment, Komatsu provides installment sales and sales-type leases as a lessor for leveling cash payments of its customers when customers purchase primarily Komatsu's construction and mining equipment. Receivables of retail finance business (hereinafter "retail finance receivables") are secured by collateral, in the form of financed equipment. If Komatsu's collection efforts fail to recover the defaulted situation, Komatsu generally can repossess the financed equipment, after satisfying local legal requirements, and sell it to a third party through Komatsu's dealer network. The collection spans an extended period of time and there is a degree of uncertainty that accompanies the calculation of the estimated credit losses and the calculation of an expected amount recoverable from the collateral. Komatsu recognizes the allowance for credit losses on retail finance receivables utilizing the expected credit loss rates that are calculated based on the average historical loss rates adjusted to reflect forecasted changes in relevant economic indicators such as housing starts. For periods beyond which Komatsu is able to make or obtain reasonable and supportable forecasts of future economic indicators of the entire life of the retail finance receivables, expected credit losses are estimated for the remaining life mainly using an appropriate approach that immediately revert to historical credit loss experiences. For those retail finance receivables with a collectability risk due to deterioration of customer's financial condition or prolonged payment delays, Komatsu individually increases the allowance for credit losses based on the available information at hand such as credit ratings of the customer, status of outstanding receivables, and current market price of the equipment used as collateral. There were no significant changes in methodologies used to estimate the allowance for credit losses during the fiscal year ended March 31, 2024.

Changes in the allowance for credit losses by segments for the fiscal year ended March 31, 2024 are as follows:

	Millions of yen					
	2024					
	Construction, Mining and Utility Equipment		Retail Finance		Industrial Machinery and Others	
Allowance for Credit Losses:						
Balance at beginning of year	¥	7,325	¥	15,160	¥	170
Adjustments to adopt new accounting standards		562		1,676		—
Provision		2,629		3,851		(12)
Write-offs		(873)		(3,140)		(112)
Other		3,651		3,043		149
Balance at end of year	¥	13,294	¥	20,590	¥	195
Receivables (before deducting allowance for credit losses):						
Balance at end of year	¥	721,810	¥	1,205,443	¥	58,628

Since the risk of uncollectible is low for receivables in the Construction, Mining and Utility Equipment segment and the Industrial Machinery and Others segment due to collection in a short term, the disclosure of these segments is omitted for subsequent items.

(2) Credit quality of receivables

Komatsu considers that retail finance receivables are past due, if unpaid for more than 30 days after its due date. Komatsu classifies retail finance receivables by geographic region since credit risk assessment and measurement methods are similar in each region.

The retail finance receivables by the aging category and by origination fiscal year at March 31, 2024 are as follows:

	Millions of yen						
	2024						
Region	Origination fiscal year ending March 31						
Past due date	2024	2023	2022	2021	2020	Prior	Total
Japan							
Within due and 30 days or less past due	¥ 16,349	¥ 10,166	¥ 6,890	¥ 5,234	¥ 2,179	¥ 161	¥ 40,979
31-90 days past due	—	1	—	1	—	—	2
Over 90 days past due	—	1	—	2	—	—	3
Total	16,349	10,168	6,890	5,237	2,179	161	40,984
North America							
Within due and 30 days or less past due	459,304	212,778	106,952	45,829	11,277	625	836,765
31-90 days past due	119	206	232	145	305	23	1,030
Over 90 days past due	34	185	336	318	493	296	1,662
Total	459,457	213,169	107,520	46,292	12,075	944	839,457
Latin America							
Within due and 30 days or less past due	30,755	15,847	10,453	2,870	558	1,587	62,070
31-90 days past due	110	439	229	61	39	302	1,180
Over 90 days past due	42	111	199	24	756	4,494	5,626
Total	30,907	16,397	10,881	2,955	1,353	6,383	68,876
Europe							
Within due and 30 days or less past due	70,322	38,278	20,383	6,783	2,913	861	139,540
31-90 days past due	264	49	109	1	4	2	429
Over 90 days past due	476	124	75	5	3	3	686
Total	71,062	38,451	20,567	6,789	2,920	866	140,655
Oceania							
Within due and 30 days or less past due	33,597	30,289	11,673	4,576	2,293	537	82,965
31-90 days past due	—	—	—	—	—	—	—
Over 90 days past due	—	—	—	—	—	—	—
Total	33,597	30,289	11,673	4,576	2,293	537	82,965
Others							
Within due and 30 days or less past due	13,016	7,914	8,555	2,006	29	—	31,520
31-90 days past due	13	43	122	65	16	—	259
Over 90 days past due	—	30	74	98	285	240	727
Total	13,029	7,987	8,751	2,169	330	240	32,506
Totals by Aging Category							
Within due and 30 days or less past due	623,343	315,272	164,906	67,298	19,249	3,771	1,193,839
31-90 days past due	506	738	692	273	364	327	2,900
Over 90 days past due	552	451	684	447	1,537	5,033	8,704
Total	¥ 624,401	¥ 316,461	¥ 166,282	¥ 68,018	¥ 21,150	¥ 9,131	¥1,205,443

Gross write-offs by origination fiscal year during the fiscal year ended March 31, 2024 are as follows:

Fiscal year ending March 31	Millions of yen 2024
2024	¥ 337
2023	1,107
2022	871
2021	354
2020	319
Prior	152
Total	¥ 3,140

(3) Non-accrual receivables

Recognition of income is suspended and the retail finance receivable is placed on non-accrual status when Komatsu determines that collection of future income is not probable. Retail finance receivables on non-accrual status are generally more than 90 days past due. Payments received while the retail finance receivable is on non-accrual status are applied to interest and principal in accordance with the contractual terms. Recognition of income is resumed when collection is considered probable as evidenced by continual payments from the debtor. Interest earned but uncollected prior to the retail finance receivable being placed on non-accrual status is written off through provision for credit losses when it is considered uncollectible.

Interest income recognized for retail finance receivables on non-accrual status were not material during the fiscal year ended March 31, 2024.

Retail finance receivables which are on non-accrual status and retail finance receivables over 90 days past due and still accruing income at March 31, 2024 are as follows:

	Millions of yen		
	2024		
	Non-accrual with an allowance	Non-accrual without an allowance	Over 90 days past due still accruing
Japan	¥ —	¥ —	¥ 3
North America	3,448	—	1,275
Latin America	5,450	—	176
Europe	—	—	686
Oceania	—	—	—
Others	596	—	131
Total	¥ 9,494	¥ —	¥ 2,271

(4) Modifications

Komatsu may modify loan terms such as reduction of interest payments, extension of the maturity period, or revision of the repayment schedule in response to the debtor's financial difficulties.

Loan modifications granted to debtors experiencing financial difficulty were not material during the fiscal year ended March 31, 2024. The effect of most modifications made to debtors experiencing financial difficulty is already included in the allowance for credit losses based on the methodologies used to estimate the allowance; therefore, a change to the allowance for credit losses is generally not recorded upon modification.

The amount of defaulted retail finance receivables was not material during the fiscal year ended March 31, 2024.

Receivables at March 31, 2023 are summarized as follows:

		Millions of yen
		2023
Trade notes and accounts receivable	¥	1,125,934
Less: allowance-current		(14,021)
Trade notes and accounts receivable, net	¥	1,111,913
Long-term trade receivables		578,325
Less: allowance-noncurrent		(8,634)
Long-term trade receivables, net	¥	569,691

Installment and lease receivables (less unearned interest) are included in trade notes and accounts receivable and long-term trade receivables.

The roll-forward schedule of the allowance for credit losses of retail finance receivables for the fiscal year ended March 31, 2023 are as follows:

		Millions of yen
		2023
Balance at beginning of year	¥	16,148
Provision		(1,168)
Charge-offs		(1,165)
Other		1,345
Balance at end of year	¥	15,160

Komatsu considers that retail finance receivables are past due, if unpaid for greater than 30 days. The balance of retail finance receivables at March 31, 2023 was ¥1,015,047 million. Cumulative past due retail financing receivables (31-90 days, greater than 90 days) at March 31, 2023 are summarized as follows:

		Millions of yen
		2023
31-90 days past due	¥	1,673
Greater than 90 days past due		5,787
Total past due	¥	7,460

Nonaccrual financing receivables at March 31, 2023 were not material.
Komatsu did not have any cash flows from securitization activities for the fiscal years ended March 31, 2023.
Komatsu did not have any securitized trade notes and accounts receivable at March 31, 2023.

Changes in the allowance for doubtful receivables for the fiscal year ended March 31, 2023 are as follows:

		Millions of yen
		2023
Allowance for doubtful receivables		
Balance at beginning of year	¥	22,076
Additions		
Charged to costs and expenses		3,605
Charged to other accounts		10
Deductions		(3,036)
Balance at end of year	¥	22,655

Deductions were principally collectible or uncollectible accounts and notes charged to the allowance.

5. Inventories

At March 31, 2024 and 2023, inventories comprise the following:

	Millions of yen	
	2024	2023
Finished products, including finished parts held for sale	¥ 1,020,239	¥ 829,085
Work in process	279,618	261,960
Materials and supplies	138,838	136,163
Total	¥ 1,438,695	¥ 1,227,208

6. Investment Securities

The realized gains and losses and gross unrealized holding gains and losses for such equity securities which are recorded in other income (expenses), net in the accompanying consolidated statements of income, respectively, for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of yen	
	2024	2023
Net gains and losses recognized during the year on equity securities	¥ (1,241)	¥ 212
Less: net gains and losses recognized during the year on equity securities sold during the year	4	2
Unrealized gains and losses recognized during the year on equity securities still held as of March 31, 2024 and 2023	¥ (1,245)	¥ 210

Komatsu measures equity securities without readily determinable fair values at the carrying amount after the write-down due to impairment, except for investments which are measured at net asset value per share. If Komatsu identifies observable price changes in orderly transactions for identical or similar investments issued by the same issuer, Komatsu measures the equity security at fair value as of the date that the observable transaction occurred. As of March 31, 2024 and 2023, the carrying amounts of these investments were ¥10,267 million and ¥10,556 million, respectively. Any impairment or any adjustment relating to observable price changes recorded until March 31, 2024 and 2023 were not material.

7. Investments in and Advances to Affiliated Companies

At March 31, 2024 and 2023, investments in and advances to affiliated companies comprised the following:

	Millions of yen			
	2024		2023	
Investments in capital stock	¥	63,548	¥	47,453
Advances		3,777		4,872
Total	¥	67,325	¥	52,325

The investments in and advances to affiliated companies relate mainly to 20% to 50% of voting rights owned companies whereby Komatsu has the ability to exercise significant influence over the operational and financial policies.

At March 31, 2024 and 2023, trade notes and accounts receivable and short-term loans receivable from and trade notes, bills and accounts payable to affiliated companies comprised the following:

	Millions of yen			
	2024		2023	
Trade notes and accounts receivable, net	¥	49,031	¥	35,173
Short-term loans receivable		4,495		2,441
Trade notes, bills and accounts payable		6,911		9,166

Net sales to and dividends received from affiliated companies for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of yen			
	2024		2023	
Net sales	¥	132,872	¥	91,598
Dividends		2,766		2,599

Intercompany profits (losses) have been eliminated in the consolidated financial statements.

As of March 31, 2024 and 2023, consolidated unappropriated retained earnings included Komatsu's share of undistributed earnings of affiliated companies accounted for by the equity method in the amount of ¥42,275 million and ¥27,324 million, respectively.

The difference between the carrying value of the investments in affiliated companies and Komatsu's equity in the underlying net assets of such affiliated companies is insignificant as of March 31, 2024 and 2023.

Summarized financial information for affiliated companies as of March 31, 2024 and 2023, and for the fiscal years ended March 31, 2024 and 2023 is as follows:

	Millions of yen			
	2024		2023	
Current assets	¥	247,431	¥	196,230
Net property, plant and equipment – less accumulated depreciation		69,315		59,387
Investments and other assets		60,328		47,618
Total assets	¥	377,074	¥	303,235
Current liabilities	¥	146,938	¥	116,094
Long-term liabilities		62,230		58,375
Equity		167,906		128,766
Total liabilities and equity	¥	377,074	¥	303,235

	Millions of yen			
	2024		2023	
Net sales	¥	347,144	¥	278,650
Net income		24,573		14,021

8. Property, Plant and Equipment

The major classes of property, plant and equipment at March 31, 2024 and 2023 are as follows:

	Millions of yen	
	2024	2023
Land	¥ 124,909	¥ 118,862
Buildings	665,437	601,297
Machinery and equipment	830,647	753,840
Equipment leased to others	338,294	322,831
Construction in progress	39,537	58,593
Total	1,998,824	1,855,423
Less: accumulated depreciation	(1,090,769)	(1,018,981)
Net property, plant and equipment	¥ 908,055	¥ 836,442

Depreciation for the fiscal years ended March 31, 2024 and 2023 were ¥124,194 million and ¥117,840 million, respectively.

9. Goodwill and Other Intangible Assets

Other intangible assets other than goodwill at March 31, 2024 and 2023 are as follows:

	Millions of yen					
	2024			2023		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:						
Software	¥ 103,501	¥ (55,462)	¥ 48,039	¥ 86,296	¥ (41,912)	¥ 44,384
Leasehold	8,211	(2,431)	5,780	8,576	(2,685)	5,891
Trademarks	76,479	(34,977)	41,502	65,149	(26,288)	38,861
Customer relationships	79,838	(36,527)	43,311	88,497	(45,024)	43,473
Technology assets	47,452	(18,129)	29,323	43,858	(19,745)	24,113
Other	10,372	(6,415)	3,957	10,857	(8,037)	2,820
Total	325,853	(153,941)	171,912	303,233	(143,691)	159,542
Other intangible assets not subject to amortization			8,491			7,750
Total other intangible assets			¥ 180,403			¥ 167,292

The aggregate amortization expense of other intangible assets subject to amortization for the fiscal years ended March 31, 2024 and 2023 were ¥29,587 million and ¥28,638 million, respectively.
At March 31, 2024, the future estimated amortization expenses for each of five years relating to intangible assets currently recorded in the consolidated balance sheet are as follows:

Year ending March 31	Millions of yen
2025	¥ 29,052
2026	27,301
2027	23,803
2028	20,437
2029	17,687

The changes in carrying amounts of goodwill by operating segment for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of yen			
	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Total
Balance at March 31, 2022				
Goodwill	¥ 197,834	¥ 903	¥ 15,017	¥ 213,754
Accumulated impairment losses	(12,203)	—	(13,936)	(26,139)
	185,631	903	1,081	187,615
Goodwill acquired during the year	13,621	—	—	13,621
Foreign exchange impact	8,017	(23)	—	7,994
Goodwill sold during the year	(2,170)	—	—	(2,170)
Balance at March 31, 2023				
Goodwill	217,302	880	15,017	233,199
Accumulated impairment losses	(12,203)	—	(13,936)	(26,139)
	205,099	880	1,081	207,060
Goodwill acquired during the year	17,469	—	—	17,469
Foreign exchange impact	23,773	91	—	23,864
Balance at March 31, 2024				
Goodwill	258,544	971	15,017	274,532
Accumulated impairment losses	(12,203)	—	(13,936)	(26,139)
	¥ 246,341	¥ 971	¥ 1,081	¥ 248,393

10. Short-Term and Long-Term Debt

(1) Short-term debt at March 31, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Banks, insurance companies and other financial institutions	¥ 256,760	¥ 163,914
Commercial paper	183,859	146,824
Short-term debt	¥ 440,619	¥ 310,738

The weighted-average annual interest rates applicable to short-term debt outstanding at March 31, 2024 and 2023 were 5.5% and 4.6%, respectively.
The Company and certain consolidated subsidiaries have entered into contracts for committed credit lines totaling ¥357,587 million and have unused committed lines of credit amounting to ¥322,951 million with certain financial institutions at March 31, 2024 which are available for full and immediate borrowings. The Company and Komatsu Finance America Inc. have ¥220,000 million and U.S.$1,100 million commercial paper program, respectively. The unused amounts of ¥180,000 million and U.S.$150 million at March 31, 2024 are available upon the satisfaction of certain customary procedural requirements.

(2) Long-term debt at March 31, 2024 and 2023 consisted of the following:

	Millions of yen	
	2024	2023
Long-term debt without collateral:		
Banks, insurance companies and other financial institutions maturing serially through 2024–2031, weighted-average rate 4.2%	¥ 420,328	¥ 394,814
Euro Medium Term Notes maturing serially through 2024–2026, weighted-average rate 3.0%	175,147	155,549
0.001% Unsecured Bonds due 2023	—	40,000
0.85% Unsecured Bonds due 2023	—	40,032
0.11% Unsecured Bonds due 2024	20,000	20,000
0.13% Unsecured Bonds due 2025	10,000	10,000
0.24% Unsecured Bonds due 2026	20,000	—
5.50% Unsecured Bonds due 2027	90,635	79,866
0.34% Unsecured Bonds due 2028	20,000	—
Other	2,641	2,763
Total	758,751	743,024
Less: current maturities	(140,359)	(176,835)
Long-term debt	¥ 618,392	¥ 566,189

(3) The Company, Komatsu Finance America Inc. and Komatsu Europe Coordination Center N.V. registered as an issuer under the Euro Medium Term Note (hereinafter "EMTN") program on the London Stock Exchange. The registered amount of the EMTN program at March 31, 2024 and 2023 both were U.S.$2,200 million.
Under the EMTN program, each of the issuers may from time to time issue notes denominated in any currency as may be agreed between the relevant issuers and dealers. The issuers under the EMTN program issued ¥33,074 million during the fiscal year ended March 31, 2024 and ¥32,482 million during the fiscal year ended March 31, 2023.
In November 2022, the Company's bond program was renewed so that it could issue up to ¥100,000 million of variable-term bonds within a two-year period. As of March 31, 2024, ¥60,000 million remained unused under this program. In September 2020, Komatsu Finance America Inc. issued U.S.$300 million of variable-term bonds within a three-year period and issued U.S.$600 million of variable-term bonds within a five-year period in October 2022. On the other hand, ¥30,000 million in the aggregate principal amount of bonds outstanding as of March 31, 2024 was issued under the past bond program prior to its 2023 renewal.

(4) As is customary in Japan, substantially all long-term and short-term bank loans are made under general agreements.

(5) Maturities of long-term debt at March 31, 2024 and 2023 respectively are as follows. There are no market value adjustments excluded from the amount of 2024 and 2023.

	Millions of yen	
	2024	2023
Due within one year	¥ 140,359	¥ 176,835
Due after one year through two years	309,039	151,796
Due after two years through three years	116,949	203,272
Due after three years through four years	144,325	70,786
Due after four years through five years	31,892	121,753
Due after five years	16,187	18,582
Total	¥ 758,751	¥ 743,024

11. Trade Payables

The Company and certain consolidated subsidiaries have entered into agreements with third-party financial institutions for supplier finance program. Komatsu makes payments to third-party financial institutions after 60 to 120 days based on the transaction agreements entered into with each supplier. The financial institutions offer earlier payment of the invoices at the sole discretion of the supplier for a discounted amount based on the tripartite agreements between Komatsu, the suppliers, and the financial institutions. Komatsu does not provide pledged assets or any other forms of guarantees from third parties for this program. The amounts of liabilities under the supplier finance program at March 31, 2024 and at March 31, 2023 are ¥36,514 million and ¥48,519 million, respectively, and are included in trade notes, bills and accounts payable in the accompanying consolidated balance sheets.

12. Liability for Pension and Other Retirement Benefits

The Company's employees, with certain minor exceptions, are covered by a defined benefit pension plan consisting of a lump-sum severance payment and a defined benefit cash balance pension plan. Under the plan, the amount of retirement benefit payments is calculated based on the accumulated number of points added every year according to each employee's remuneration level and performance evaluation and market related interest rate. The plan provides that approximately 60% of the retirement benefits are payable as a pension payment and that the remaining benefits are payable as a lump-sum severance payment. The plan also provides for retirement benefit payments, payable upon earlier termination of employment.

Certain subsidiaries have various funded pension plans and/or unfunded severance payment plans for their employees, which are based on years of service and certain other factors. Komatsu's funding policy is to contribute the amounts to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

The reconciliation of beginning and ending balances of the benefit obligations and the fair value of the plan assets of the defined benefit plans are as follows:

	Millions of yen			
	2024		2023	
	Domestic	Overseas	Domestic	Overseas
Change in benefit obligations:				
Benefit obligations, beginning of year	¥ 139,666	¥ 205,480	¥ 138,780	¥ 238,524
Service cost	7,836	993	7,689	1,180
Interest cost	547	10,921	490	8,000
Actuarial loss (gain)	(1,317)	(2,180)	(4,089)	(40,694)
Plan participants' contributions	—	191	—	176
Effect of changes in consolidated subsidiaries	—	—	210	—
Plan amendment	—	—	292	—
Settlements	(372)	(57)	—	—
Benefits paid	(5,880)	(16,693)	(3,706)	(16,094)
Foreign currency exchange rate change	—	28,577	—	14,388
Benefit obligations, end of year	¥ 140,480	¥ 227,232	¥ 139,666	¥ 205,480
Change in plan assets:				
Fair value of plan assets, beginning of year	¥ 83,296	¥ 194,653	¥ 81,752	¥ 227,335
Actual return on plan assets	6,854	6,343	(500)	(31,898)
Employers' contributions	3,374	2,000	3,365	1,865
Plan participants' contributions	—	191	—	176
Effect of changes in consolidated subsidiaries	—	—	196	—
Settlements	(188)	(57)	—	—
Benefits paid	(2,764)	(16,169)	(1,517)	(15,530)
Foreign currency exchange rate change	—	27,305	—	12,705
Fair value of plan assets, end of year	¥ 90,572	¥ 214,266	¥ 83,296	¥ 194,653
Funded status, end of year	¥ (49,908)	¥ (12,966)	¥ (56,370)	¥ (10,827)

Amounts recognized in the consolidated balance sheets at March 31, 2024 and 2023 are as follows:

	Millions of yen			
	2024		2023	
	Domestic	Overseas	Domestic	Overseas
Deferred income taxes and other assets	¥ —	¥ 19,813	¥ —	¥ 18,326
Other current liabilities	(84)	(837)	(84)	(737)
Liability for pension and retirement benefits	(49,824)	(31,942)	(56,286)	(28,416)
	¥ (49,908)	¥ (12,966)	¥ (56,370)	¥ (10,827)

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2024 and 2023 are as follows:

	Millions of yen			
	2024		2023	
	Domestic	Overseas	Domestic	Overseas
Actuarial loss	¥ 1,477	¥ 20,314	¥ 8,363	¥ 17,633
Prior service cost	11,902	1,117	12,740	1,372
	¥ 13,379	¥ 21,431	¥ 21,103	¥ 19,005

The accumulated benefit obligations for all defined benefit plans at March 31, 2024 and 2023 are as follows:

	Millions of yen			
	2024		2023	
	Domestic	Overseas	Domestic	Overseas
Accumulated benefit obligations	¥ 122,314	¥ 225,132	¥ 119,194	¥ 203,514

Information for pension plans with accumulated benefit obligations in excess of plan assets and pension plans with projected benefit obligations in excess of plan assets is as follows:

	Millions of yen			
	2024		2023	
	Domestic	Overseas	Domestic	Overseas
Plans with accumulated benefit obligations in excess of plan assets:				
Accumulated benefit obligations	¥ 122,314	¥ 129,228	¥ 119,194	¥ 119,693
Fair value of plan assets	90,572	98,168	83,296	92,200
Plans with projected benefit obligations in excess of plan assets:				
Projected benefit obligations	¥ 140,480	¥ 130,947	¥ 139,666	¥ 121,353
Fair value of plan assets	90,572	98,168	83,296	92,200

Net periodic cost of Komatsu's defined benefit plans for the fiscal years ended March 31, 2024 and 2023 consisted of the following components:

	Millions of yen			
	2024		2023	
	Domestic	Overseas	Domestic	Overseas
Service cost	¥ 7,836	¥ 993	¥ 7,689	¥ 1,180
Interest cost on projected benefit obligations	547	10,921	490	8,000
Expected return on plan assets	(1,315)	(11,454)	(1,208)	(10,215)
Amortization of actuarial loss or gain	5	250	2	361
Amortization of prior service cost	838	255	1,144	240
Gains recognized due to partial settlements	(59)	(14)	—	—
Net periodic cost	¥ 7,852	¥ 951	¥ 8,117	¥ (434)

Net periodic cost components other than the service cost are recorded in other income (expenses), net in the accompanying consolidated statements of income.

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the fiscal years ended March 31, 2024 and 2023 are summarized as follows:

	Millions of yen			
	2024		2023	
	Domestic	Overseas	Domestic	Overseas
Current year actuarial loss (gain)	¥ (6,856)	¥ 2,931	¥ (2,381)	¥ 1,419
Amortization of actuarial loss or gain	(30)	(250)	(2)	(361)
Current year prior service cost	—	—	292	—
Amortization of prior service cost	(838)	(255)	(1,144)	(240)
	¥ (7,724)	¥ 2,426	¥ (3,235)	¥ 818

Weighted-average assumptions used to determine benefit obligations of Komatsu's defined benefit plans at March 31, 2024 and 2023 are as follows:

	2024		2023	
	Domestic	Overseas	Domestic	Overseas
Discount rate	1.0%	5.3%	0.7%	5.2%
Assumed rate of increase in future compensation levels (Point-based benefit system)	4.0%	—	4.1%	—
Assumed rate of increase in future compensation levels	—	3.8%	—	3.8%
Interest crediting rate for cash balance plans	1.0%	—	1.0%	—

Weighted-average assumptions used to determine net periodic cost of Komatsu's defined benefit plans for the fiscal years ended March 31, 2024 and 2023 are as follows:

	2024		2023	
	Domestic	Overseas	Domestic	Overseas
Discount rate	0.7%	5.2%	0.4%	3.5%
Assumed rate of increase in future compensation levels (Point-based benefit system)	4.1%	—	4.1%	—
Assumed rate of increase in future compensation levels	—	3.8%	2.6%	4.2%
Expected long-term rate of return on plan assets	1.5%	5.6%	1.5%	4.6%
Interest crediting rate for cash balance plans	1.0%	—	1.0%	—

The Company and certain Japanese subsidiaries have defined benefit cash balance pension plans. These companies adopt the assumed rate of increase in future compensation levels under the point-based benefit system.
Komatsu determines the expected long-term rate of return on plan assets based on the consideration of the current expectations for future returns and actual historical returns of each plan asset category.

Plan assets

In order to secure long-term comprehensive earnings, Komatsu's investment policy is designed to ensure adequate plan assets to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, Komatsu formulates a basic portfolio comprised of the judged optimum combination of equity and debt securities. Plan assets are principally invested in equity securities, debt securities and life insurance company general accounts in accordance with the guidelines of the basic portfolio in order to produce a total return that will match the expected return on a mid-term to long-term basis. Komatsu evaluates the gap between expected return and actual return of invested plan assets on an annual basis to determine if such differences necessitate a revision in the formulation of the basic portfolio. Komatsu revises the basic portfolio when and to the extent considered necessary to achieve the expected long-term rate of return on plan assets.

The "Pension and Retirement Benefit Committee" is organized in the Company in order to periodically monitor the performance of such plan assets.

The Company and its Japanese subsidiaries' targeted basic portfolio for plan assets consists of three major components: approximately 20% invested in equity securities, approximately 30% invested in debt securities, and approximately 50% invested in other assets, primarily consisting of investments in life insurance company general accounts. Foreign subsidiaries' targeted basic portfolio for plan assets, which varies by country, primarily consists of as follows: approximately 35% invested in equity securities and approximately 65% invested in debt securities.

The equity securities are selected primarily from stocks that are listed on the securities exchanges. Prior to investing, Komatsu has investigated the business condition of the investee companies, and appropriately diversified investments by type of industry and other relevant factors. The debt securities are selected primarily from government bonds and municipal bonds, and corporate bonds. Prior to investing, Komatsu has investigated the quality of the issue, including credit rating, interest rate and repayment dates, and has appropriately diversified the investments. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest rate and return of capital. With respect to investments in foreign investment assets, Komatsu has investigated the stability of the underlying governments and economies, the market characteristics such as settlement systems and the taxation systems. For each such investment, Komatsu has selected the appropriate investment country and currency. There is no significant concentration of risk within the portfolio of investments.

The three levels of input used to measure fair value are more fully described in Note 22.

The fair values of benefit plan assets at March 31, 2024 and 2023 by asset class are as follows:

	Millions of yen									
	Domestic					Overseas				
At March 31, 2024	Level 1	Level 2	Level 3	Investments measured at net asset value	Total	Level 1	Level 2	Level 3	Investments measured at net asset value	Total
Plan assets										
Cash	¥ 1,047	¥ —	¥ —	¥ —	¥ 1,047	¥ 10,318	¥ —	¥ —	¥ —	¥ 10,318
Equity securities										
Japanese equities	11,230	—	—	—	11,230	—	1,031	—	—	1,031
Foreign equities	12,790	—	—	—	12,790	3,636	38,599	—	58	42,293
Debt securities										
Government bonds and municipal bonds	17,259	—	—	—	17,259	893	46,631	—	—	47,524
Corporate bonds	—	3,779	—	—	3,779	386	95,338	1,742	—	97,466
Other assets										
Life insurance company general accounts	—	39,119	—	—	39,119	—	—	—	—	—
Other	325	784	1,054	3,185	5,348	470	(746)	15,910	—	15,634
Total	¥ 42,651	¥ 43,682	¥ 1,054	¥ 3,185	¥ 90,572	¥ 15,703	¥ 180,853	¥ 17,652	¥ 58	¥ 214,266

	Millions of yen									
	Domestic					Overseas				
At March 31, 2023	Level 1	Level 2	Level 3	Investments measured at net asset value	Total	Level 1	Level 2	Level 3	Investments measured at net asset value	Total
Plan assets										
Cash	¥ 987	¥ —	¥ —	¥ —	¥ 987	¥ 11,612	¥ —	¥ —	¥ —	¥ 11,612
Equity securities										
Japanese equities	8,867	—	—	—	8,867	—	—	—	—	—
Foreign equities	9,684	—	—	—	9,684	3,669	33,556	—	42	37,267
Debt securities										
Government bonds and municipal bonds	16,627	—	—	—	16,627	495	38,561	—	—	39,056
Corporate bonds	—	3,345	—	—	3,345	206	89,903	1,740	—	91,849
Other assets										
Life insurance company general accounts	—	38,487	—	—	38,487	—	—	—	—	—
Other	351	753	1,049	3,146	5,299	422	256	14,191	—	14,869
Total	¥ 36,516	¥ 42,585	¥ 1,049	¥ 3,146	¥ 83,296	¥ 16,404	¥ 162,276	¥ 15,931	¥ 42	¥ 194,653

(1) The plan's equity securities include common stock of the Company in the amount of ¥55 million and ¥40 million at March 31, 2024 and 2023 respectively.
(2) The plan's government bonds and municipal bonds include approximately 10% Japanese bonds and 90% foreign bonds.

Each level into which assets are categorized is based on inputs used to measure the fair value of the assets and does not indicate the risks of the assets.

Level 1 assets are comprised principally of equity and debt securities, which are valued using quoted prices in active markets. Level 2 assets are comprised of equity securities, debt securities and investments in life insurance company general accounts. Equity and debt securities are valued using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly. Investments in life insurance company general accounts are valued at conversion value.
The fair value of Level 3 assets mainly consist of the U.K. buy-in contracts held by foreign subsidiaries. The amount of these buy-in contracts are ¥15,910 million and ¥14,191 million at March 31, 2024 and 2023 respectively. These buy-in contracts are categorized as Level 3 due to the lack of active markets for these types of investments and the use of unobservable measurement inputs. Amounts of actual returns on, purchases and sales of, these buy-in contracts for the fiscal years ended March 31, 2024 and 2023 are not material.
Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the three-level fair value hierarchy but have been recorded separately.

Cash flows
(1) Contributions
Komatsu expects to contribute ¥3,301 million and ¥1,415 million to their domestic benefit plans and their overseas benefit plans, respectively in the fiscal year ending March 31, 2025.

(2) Estimated future benefit payments
The benefits expected to be paid in each of the next five years, and in the aggregate for the five years thereafter which reflect estimated future employee service are as follows:

	Millions of yen	
Fiscal year ending March 31	Domestic	Overseas
2025	¥ 6,219	¥ 17,217
2026	5,772	17,120
2027	7,266	17,133
2028	7,647	17,092
2029	7,272	17,025
Through 2030-2034	40,541	82,706

Other postretirement benefit plans

Some U.S. subsidiaries provide certain postretirement health care and life insurance benefits for substantially all of their employees. The plans are contributory, with contributions indexed to salary levels. Employee contributions are adjusted to provide for any costs of the plans in excess of those paid for by the subsidiaries. The policy is to fund the cost of these benefits as claims and premiums are paid. In the fiscal year ended March 31, 2008 certain U.S. subsidiaries established a Voluntary Employees' Beneficiary Association ("VEBA") trust to hold assets and pay substantially all of these subsidiaries' self-funded post employment benefit plan obligations. The VEBA trust arrangement provides for segregation and legal restriction of the plan assets to satisfy plan obligations, and tax deductibility for contributions to the trust, subject to certain tax code limitations.

The reconciliation of beginning and ending balances of the accumulated postretirement benefit obligations and the fair value of the plan assets of the U.S. subsidiaries' plans are as follows:

	Millions of yen	
	2024	2023
Change in accumulated postretirement benefit obligations:		
Accumulated postretirement benefit obligations, beginning of year	¥ 11,682	¥ 12,115
Service cost	406	468
Interest cost	632	444
Actuarial loss (gain)	(393)	(1,716)
Benefits paid	(1,222)	(735)
Foreign currency exchange rate change	1,563	1,106
Accumulated postretirement benefit obligation, end of year	¥ 12,668	¥ 11,682
Change in plan assets:		
Fair value of plan assets, beginning of year	¥ 10,881	¥ 10,956
Actual return on plan assets	1,033	(727)
Employers' contributions	239	211
Benefits paid	(1,022)	(567)
Foreign currency exchange rate change	1,470	1,008
Fair value of plan assets, end of year	¥ 12,601	¥ 10,881
Funded status, end of year	¥ (67)	¥ (801)

Amounts recognized in the consolidated balance sheets at March 31, 2024 and 2023 are as follows:

	Millions of yen	
	2024	2023
Deferred income taxes and other assets	¥ 5,956	¥ 4,612
Other current liabilities	(194)	(192)
Liability for pension and retirement benefits	(5,829)	(5,221)
	¥ (67)	¥ (801)

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2024 and 2023 are as follows:

	Millions of yen	
	2024	2023
Actuarial loss (gain)	¥ (1,939)	¥ (1,349)
Prior service cost	(1,101)	(1,440)
	¥ (3,040)	¥ (2,789)

Accumulated postretirement benefit obligations exceed plan assets for most of the U.S. subsidiaries' plans.

Net periodic cost of the U.S. subsidiaries' plans for the fiscal years ended March 31, 2024 and 2023 included the following components:

	Millions of yen	
	2024	2023
Service cost	¥ 406	¥ 468
Interest cost on projected benefit obligations	632	444
Expected return on plan assets	(668)	(604)
Amortization of actuarial loss or gain	(168)	(83)
Amortization of prior service cost	(339)	(317)
Net periodic cost	¥ (137)	¥ (92)

Net periodic cost components other than the service cost are recorded in other income (expenses), net in the accompanying consolidated statements of income.

Other changes in plan assets and accumulated postretirement benefit obligations recognized in other comprehensive income (loss) for the fiscal years ended March 31, 2024 and 2023 are summarized as follows:

	Millions of yen	
	2024	2023
Current year actuarial loss (gain)	¥ (758)	¥ (385)
Amortization of actuarial loss or gain	168	83
Current year prior service cost	—	—
Amortization of prior service cost	339	317
	¥ (251)	¥ 15

Weighted-average assumptions used to determine accumulated postretirement benefit obligations of the U.S. subsidiaries' plans at March 31, 2024 and 2023 are as follows:

	2024	2023
Discount rate	5.4%	5.3%
Assumed rate of increase in future compensation levels	4.0%	4.0%
Current healthcare cost trend rate	6.6%	6.8%
Ultimate healthcare cost trend rate	5.0%	5.0%
Number of years to reach ultimate healthcare cost trend rate	7	8

Weighted-average assumptions used to determine net periodic cost of the U.S. subsidiaries' plans for the fiscal years ended March 31, 2024 and 2023 are as follows:

	2024	2023
Discount rate	5.3%	3.8%
Assumed rate of increase in future compensation levels	4.0%	4.0%
Expected long-term rate of return on plan assets	5.9%	5.2%
Current healthcare cost trend rate	6.8%	6.1%
Ultimate healthcare cost trend rate	5.0%	4.9%
Number of years to reach ultimate healthcare cost trend rate	8	6

Plan assets

The U.S. subsidiaries' investment policies are to provide returns that will maximize principal growth while accepting only moderate risk.

The U.S. subsidiaries' asset portfolio will be invested in a manner that emphasizes safety of capital while achieving total returns consistent with prudent levels of risk. The basic portfolio for the plan assets are comprised approximately of 35% equity securities and 65% debt securities.

The equity securities are selected primarily from stocks that are listed on the securities exchanges. Prior to investing, the U.S. subsidiaries have investigated the business condition of the invested companies, and appropriately diversified investments by type of industry and other relevant factors. The debt securities are selected primarily from government bonds and municipal bonds, and corporate bonds. Prior to investing, the U.S. subsidiaries have investigated the quality of the issue, including credit rating, interest rate and repayment dates, and have appropriately diversified the investments. There is no significant concentration of risk within the portfolio of investments.

The three levels of input used to measure fair value are more fully described in Note 22.

The fair values of postretirement benefit plan assets at March 31, 2024 and 2023 by asset class are as follows:

	Millions of yen				
At March 31, 2024	Level 1	Level 2	Level 3	Investments measured at net asset value	Total
Plan assets					
Cash	¥ 366	¥ —	¥ —	¥ —	¥ 366
Equity securities					
Foreign equities	4,521	—	—	—	4,521
Debt securities					
Government bonds and municipal bonds	1,269	4,421	—	—	5,690
Corporate bonds	492	1,251	—	—	1,743
Other assets					
Other	281	—	—	—	281
Total	¥ 6,929	¥ 5,672	¥ —	¥ —	¥ 12,601

	Millions of yen				
At March 31, 2023	Level 1	Level 2	Level 3	Investments measured at net asset value	Total
Plan assets					
Cash	¥ 511	¥ —	¥ —	¥ —	¥ 511
Equity securities					
Foreign equities	3,749	—	—	—	3,749
Debt securities					
Government bonds and municipal bonds	103	4,877	—	—	4,980
Corporate bonds	377	1,034	—	—	1,411
Other assets					
Other	230	—	—	—	230
Total	¥ 4,970	¥ 5,911	¥ —	¥ —	¥ 10,881

Note: The plan's government bonds consist of U.S. government bonds.

Each level into which assets are categorized is based on inputs used to measure the fair value of the assets and does not indicate the risks of the assets.

Level 1 assets are comprised principally of equity securities, which are valued using quoted prices in active markets. Level 2 assets are comprised of debt securities, which are valued using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Cash flows

(1) Contributions

The U.S. subsidiaries do not expect to contribute to their postretirement benefit plans in the fiscal year ending March 31, 2025.

(2) Estimated future benefit payments

The benefits expected to be paid in each of the next five years, and in the aggregate for the five years thereafter which reflect estimated future employee service are as follows:

Fiscal year ending March 31	Millions of yen
2025	¥ 972
2026	964
2027	969
2028	979
2029	1,003
Through 2030-2034	5,185

Directors of Japanese subsidiaries are primarily covered by unfunded retirement allowance plans. At March 31, 2024 and 2023, the amounts required if all directors covered by the plans had terminated their service have been fully accrued. Such amounts are not material to Komatsu’s financial position and results of operations for any of the periods presented.

The Company and certain subsidiaries maintain various defined contribution plans covering certain employees. The amount of cost recognized for the fiscal years ended March 31, 2024 and 2023 are ¥15,166 million and ¥13,442 million, respectively.

13. Komatsu Ltd. Shareholders' Equity

(1) At March 31, 2024 and 2023, affiliated companies owned 675,000 and 775,200 shares which represent 0.07% and 0.08% of the Company's common shares outstanding, respectively.

(2) Although The Companies Act of Japan (hereinafter "the Act") imposes certain limitations on the amount of retained earnings available for dividends, total shareholders' equity of ¥738,374 million, included in the Company's general books of account as of March 31, 2024 is available for dividends under the Act.

The payment of a cash dividend totaling ¥89,908 million to shareholders of record on March 31, 2024 will be discussed at the Ordinary General Meeting of Shareholders to be held on June 19, 2024. The dividend has not been reflected in the consolidated financial statements as of March 31, 2024. Dividends are reported in the consolidated statements of equity when they are approved.

(3) The Company had a stock option plan as stock-based remuneration.

The stock option plans resolved by the meeting of the Board of Directors held in and after July 2010.

The right to purchase the Company's shares has been granted at an exercise price of ¥1 per share to directors and certain employees, and certain representative directors of major subsidiaries.

The Company transfers treasury stock without issuance of new stock when the Stock Acquisition Rights are exercised.

The following table summarizes information about stock option activities for the fiscal years ended March 31, 2024 and 2023:

	2024		2023	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding at beginning of year	96,700	¥ 1	149,700	¥ 1
Granted	—	—	—	—
Exercised	(40,600)	1	(53,000)	1
Forfeited	—	—	—	—
Outstanding at end of year	56,100	1	96,700	1
Exercisable at end of year	56,100	1	96,700	1

The intrinsic values of options exercised were ¥157 million and ¥161 million for the fiscal years ended March 31, 2024 and 2023.

The information for options outstanding and options exercisable at March 31, 2024 is as follows:

Outstanding				Options Exercisable			
Number of shares	Weighted average exercise price (Yen)	Intrinsic value (Millions of yen)	Weighted average remaining contractual life (Years)	Number of shares	Weighted average exercise price (Yen)	Intrinsic value (Millions of yen)	Weighted average remaining contractual life (Years)
56,100	¥ 1	¥ 248	1.0	56,100	¥ 1	¥ 248	1.0

(4) From the fiscal year ended March 31, 2019, the Company has introduced a new compensation plan, i.e., the restricted stock compensation system for the purpose of providing directors (other than outside directors) and employees of the Company and directors and employees of major subsidiaries (hereinafter the "Eligible Directors, etc.") with medium- to long-term incentives and advance in sharing value between the directors and shareholders of the Company. The system is comprised of the following two compensation systems:

Stock-Based Remuneration A (Performance-Based Remuneration for a Single Year)
As an alternative to stock acquisition rights which have been granted as stock-based remuneration, the Company shall determine the amount of remuneration based on the Company's single-year performance, etc. and pay a part of the amount of remuneration so determined in the form of restricted stock to the Eligible Directors, etc. each fiscal year. The restrictions will, in principle, be lifted 3 years after the grant of the granted shares. If, prior to the expiry of the restriction period, the Eligible Director, etc. retires without any reason recognized as legitimate by the Board of Directors of the Company, the Company shall acquire, free of charge, all or part of the granted shares.

Stock-Based Remuneration B (Performance-Based Remuneration Linked to Performance of Mid-Range Management Plan)
With respect to the period of the Company's mid-range management plan, the Company shall grant restricted stock to the Eligible Directors, etc. each fiscal year based on the base amount of remuneration for each position. After the expiry of the period of the mid-range management plan, the Company shall determine the number of shares with respect to which the restrictions will be lifted according to the achievement status of the targets raised in the mid-range management plan, etc. In principle, the Company shall lift the restrictions 3 years after the grant of the granted shares. The Company shall acquire, free of charge, the granted shares with respect to which the Company decides not to lift the restrictions pursuant to the above provision. If, prior to the expiry of the restriction period, the Eligible Director, etc. retires without any reason recognized as legitimate by the Board of Directors of the Company, the Company shall acquire, free of charge, all or part of the granted shares.
The granted shares have the same rights as common shares to net income attributable to Komatsu Ltd. regardless of whether the restrictions are still existing.
Based on the resolutions of the Ordinary General Meeting of Shareholders on June 19, 2018 and the Board of Directors on July 14, 2023, the Company issued 359,690 shares of common shares of the Company as the restricted stock compensation to the Eligible Directors, etc.
Based on the resolutions of the Ordinary General Meeting of Shareholders on June 19, 2018 and the Board of Directors on July 15, 2022, the Company issued 305,130 shares of common shares of the Company as the restricted stock compensation to the Eligible Directors, etc.
The Company recognizes compensation expense using the fair value method. The fair values of the restricted stock are measured at grant-date fair value of common shares of the Company. Compensation expense for the fiscal years ended March 31, 2024 and 2023 were recorded in selling, general and administrative expenses, and were not material to Komatsu's financial position and results of operations.

The following table summarizes information about the restrict stock activities for the fiscal years ended March 31, 2024 and 2023:

	2024		2023	
	Number of shares	Weighted average exercise price Yen	Number of shares	Weighted average exercise price Yen
Outstanding at beginning of year	784,940	¥ 2,648	880,200	¥ 2,500
Granted	359,690	3,760	305,130	2,890
Lifted	(260,750)	2,275	(286,680)	2,508
Forfeited	—	—	(113,710)	2,509
Outstanding at end of year	883,880	3,210	784,940	2,648

14. Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of yen			
	2024			
	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized holding gains (losses) on derivative instruments	Total
Balance, beginning of the year	¥ 242,738	¥ (22,731)	¥ (56)	¥ 219,951
Other comprehensive income (loss) before reclassifications	251,660	3,395	(13,285)	241,770
Amounts reclassified from accumulated other comprehensive income (loss)	(435)	584	12,433	12,582
Net other comprehensive income (loss)	251,225	3,979	(852)	254,352
Less: other comprehensive income (loss) attributable to noncontrolling interests	14,586	10	(158)	14,438
Other comprehensive income (loss) attributable to Komatsu Ltd.	236,639	3,969	(694)	239,914
Balance, end of the year	¥ 479,377	¥ (18,762)	¥ (750)	¥ 459,865

All amounts are net of tax.

	Millions of yen			
	2023			
	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized holding gains (losses) on derivative instruments	Total
Balance, beginning of the year	¥ 148,629	¥ (24,171)	¥ (2,044)	¥ 122,414
Other comprehensive income (loss) before reclassifications	96,912	481	(10,179)	87,214
Amounts reclassified from accumulated other comprehensive income (loss)	(783)	926	12,175	12,318
Net other comprehensive income (loss)	96,129	1,407	1,996	99,532
Less: other comprehensive income (loss) attributable to noncontrolling interests	3,496	(33)	8	3,471
Other comprehensive income (loss) attributable to Komatsu Ltd.	92,633	1,440	1,988	96,061
Equity transactions with noncontrolling interests	1,476	—	—	1,476
Balance, end of the year	¥ 242,738	¥ (22,731)	¥ (56)	¥ 219,951

All amounts are net of tax.

Reclassification out of accumulated other comprehensive income (loss) for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of yen	
	2024	Affected line items in consolidated statements of income
Foreign currency translation adjustments		
Sale	¥ 348	Other operating income (expenses), net
Liquidation	87	Other income (expenses), net: Other, net
	435	Total before tax
	—	Income taxes
	435	Net of tax
Pension liability adjustments		
Amortization of actuarial loss or gain	(112)	Other income (expenses), net: Other, net
Amortization of prior service cost	(754)	Other income (expenses), net: Other, net
	(866)	Total before tax
	282	Income taxes
	(584)	Net of tax
Net unrealized holding gains (losses) on derivative instruments		
Foreign exchange forward contracts	(8,049)	Net sales
	(492)	Cost of sales
	(9,531)	Other income (expenses), net: Other, net
Interest rate swaps and cross-currency swap agreements	9	Cost of sales
	(18,063)	Total before tax
	5,630	Income taxes
	(12,433)	Net of tax
Total reclassification for the year	¥ (12,582)	Net of tax

		Millions of yen	
		2023	Affected line items in consolidated statements of income
Foreign currency translation adjustments			
Sale	¥	1,948	Other operating income (expenses), net
Liquidation		(1,165)	Other income (expenses), net: Other, net
		783	Total before tax
		―	Income taxes
		783	Net of tax
Pension liability adjustments			
Amortization of actuarial loss or gain		(280)	Other income (expenses), net: Other, net
Amortization of prior service cost		(1,067)	Other income (expenses), net: Other, net
		(1,347)	Total before tax
		421	Income taxes
		(926)	Net of tax
Net unrealized holding gains (losses) on derivative instruments			
Foreign exchange forward contracts		(12,091)	Net sales
		(955)	Cost of sales
		(4,468)	Other income (expenses), net: Other, net
Interest rate swaps and cross-currency swap agreements		2	Cost of sales
		(17,512)	Total before tax
		5,337	Income taxes
		(12,175)	Net of tax
Total reclassification for the year	¥	(12,318)	Net of tax

Tax effects allocated to each component of other comprehensive income (loss) for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		
	2024		
	Before tax amount	Tax (expense) or benefit	Net of tax amount
Foreign currency translation adjustments			
Foreign currency translation adjustments arising during the year	¥ 252,113	¥ (453)	¥ 251,660
Less: reclassification adjustment for gains included in net income	(435)	—	(435)
Net foreign currency translation adjustments	251,678	(453)	251,225
Pension liability adjustments			
Pension liability adjustments arising during the year	4,683	(1,288)	3,395
Less: reclassification adjustment for losses included in net income	866	(282)	584
Net pension liability adjustments	5,549	(1,570)	3,979
Net unrealized holding gains (losses) on derivative instruments			
Unrealized holding losses arising during the year	(19,260)	5,975	(13,285)
Less: reclassification adjustment for losses included in net income	18,063	(5,630)	12,433
Net unrealized holding losses	(1,197)	345	(852)
Other comprehensive income (loss)	¥ 256,030	¥ (1,678)	¥ 254,352

	Millions of yen		
	2023		
	Before tax amount	Tax (expense) or benefit	Net of tax amount
Foreign currency translation adjustments			
Foreign currency translation adjustments arising during the year	¥ 97,304	¥ (392)	¥ 96,912
Less: reclassification adjustment for gains included in net income	(783)	—	(783)
Net foreign currency translation adjustments	96,521	(392)	96,129
Pension liability adjustments			
Pension liability adjustments arising during the year	1,055	(574)	481
Less: reclassification adjustment for losses included in net income	1,347	(421)	926
Net pension liability adjustments	2,402	(995)	1,407
Net unrealized holding gains (losses) on derivative instruments			
Unrealized holding losses arising during the year	(14,500)	4,321	(10,179)
Less: reclassification adjustment for losses included in net income	17,512	(5,337)	12,175
Net unrealized holding gains	3,012	(1,016)	1,996
Other comprehensive income (loss)	¥ 101,935	¥ (2,403)	¥ 99,532

15. Revenue

Komatsu engages in the business activities of sales of products, services and retail financing for customers in Japan and overseas, under three operating segments: the “Construction, Mining and Utility Equipment” operating segment, the “Retail Finance” operating segment and the “Industrial Machinery and Others” operating segment. In these business activities, Komatsu provides goods or services identified in contracts with customers. Komatsu recognizes revenue when or as control over these goods or services is transferred to the customer at the amount of the transaction price that reflects the consideration to which it expects to be entitled. When two or more goods or services are provided to the same customer, Komatsu identifies performance obligations in a single contract or combined contracts and allocates the transaction price to each identified performance obligations based on relative stand-alone selling prices.
For sale of equipment, parts, attachment and others, revenue is recognized when the customers accept the goods or services. Conditions for acceptance, such as shipping, receipt by customers, completion of installation or completion of performance test, depend on contracts or arrangements with customers and the like. The consideration for those transactions is generally collected within three months after the performance obligation is satisfied.
For services such as periodic check, maintenance, and repair and other services, revenue is recognized when provision of the service is completed, or over the period for which the service is provided. Conditions for completion of service provision, including receipt of completion report, depend on contracts or arrangements with customers and the like. The consideration for those transactions is generally collected within three months after the performance obligation is satisfied.

Komatsu’s certain consolidated subsidiaries have signed long-term maintenance contracts with their customers, in which case the customers receive services and simultaneously consume them as the performance obligations are satisfied. Thus, revenue from such services is recognized over the period of the contract with the customer in accordance with the progress percentage on the basis of costs incurred, which appropriately represents the transfer of control to the customer.

Shipping and handling activities occurring after control over an equipment has transferred to a customer are not identified as services.

Certain transaction prices include variable consideration such as future discounts and sales returns. Variable consideration is an estimate of the expected value or the most likely amount, to the extent that it is probable that a significant reversal in cumulative revenue recognized up to that point will not occur when the uncertainty associated with the variable consideration is subsequently resolved. When the period between when control over goods or services is transferred to the customer and when the customer pays for the goods or services is expected to be one year or less at the inception of the contract, Komatsu does not make any adjustment for the effect of time value of consideration.
Komatsu is obligated to accept parts returned from customers for a certain period after the sale. In consideration of the relevant historical return result and other factors, Komatsu’s right to recover parts from customers is recognized in other current assets as a return asset, and also a refund liability is recognized in other current liabilities for its obligation to refund the customers upon return of parts.

With regard to transactions with combination of products, periodic check, maintenance and others, performance obligations are identified in a single contract or combined contracts. Transaction price is allocated to each identified performance obligation according to the proportion of stand-alone selling price that is determined based on observable price such as contract amount, and estimated cost including historical experience.

After the product are sold or delivered, Komatsu repairs the sold product and replaces parts free of charge for a certain period in accordance with the contract. Thus, in order to provide for disbursement of the after-sales service costs, provision for product warranties is recognized based on the relevant historical result. In addition to this standard warranty, Komatsu offers a package of extended warranty for power line (engine & power systems and hydraulic system) upon the purchase of a product and free maintenance service as a service program to maintain the performance of construction equipment over a longer period of time. Komatsu determines this program to be a service-type warranty, and identifies a separate performance obligation for recognizing revenue from this program. As the costs incurred to obtain a contract with a customer are to be amortized within one year, they are expensed as incurred by applying a practical expedient on the costs for obtaining a contract with a customer.

(1) Disaggregation of revenue
Revenue from contracts with customers and other sources during the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of yen	
	2024	2023
Revenue recognized from contracts with customers	¥ 3,594,243	¥ 3,325,494
Revenue recognized from other sources	270,879	217,981
Total	¥ 3,865,122	¥ 3,543,475

The disaggregation of revenue by operating segment and geographic region are described in Note 24.
Revenue recognized from other sources primarily comprises revenue recognized from lease contracts and financial income such as interest income.

(2) Contract balances
Contract balances arising from contracts with customers at March 31, 2024 and 2023 are as follows:

	Millions of yen	
	2024	2023
Receivables *1	¥ 1,682,474	¥ 1,444,683
Contract assets *2	3,930	2,516
Contract liabilities *3	221,657	164,220

*1 Receivables are included in trade notes and accounts receivable, net and long-term trade receivables, net in the accompanying consolidated balance sheets. These amounts are before deducting allowances for credit losses or allowances for doubtful receivables.
*2 Contract assets are included in trade notes and accounts receivable, net in the accompanying consolidated balance sheets. These amounts are before deducting allowances for credit losses or allowances for doubtful receivables.
*3 Contract liabilities are included in other current liabilities and deferred income taxes and other liabilities in the accompanying consolidated balance sheets.

Komatsu’s contract assets mainly relate to its right to consideration for product sales contracts in the industrial machinery business, for which the performance obligation has been satisfied but the invoicing conditions have not been satisfied as of a reporting date. Contract assets are reclassified to receivables when the right to consideration becomes unconditional.

Komatsu’s contract liabilities are those arising from all or part of the consideration received from the customers before the corresponding performance obligation is satisfied. The main components of the contract liabilities are unearned revenue and advances received. Komatsu recognizes unearned revenue by identifying separate performance obligations such as extended warranties. Advances received from the customers are recognized in long-term maintenance contracts for which revenue is recognized over the contract period, and also in product sales contracts for large press machines and the like for which revenue is recognized upon acceptance of the customers.

Revenue recognized for the fiscal year ended March 31, 2024 that was included in the contract liability balance as of March 31, 2023 was ¥88,903 million. Revenue recognized for the fiscal year ended March 31, 2023 that was included in the contract liability balance as of March 31, 2022 was ¥69,827 million.

The amounts of revenue recognized during the fiscal years ended March 31, 2024 and 2023 from the performance obligations satisfied or partially satisfied in the past and the amount of impairment losses recognized for receivables and contract assets were immaterial. Additionally, there were no significant changes in contract assets and contract liabilities for contracts with customers during the fiscal years ended March 31, 2024 and 2023.

(3) Transaction price allocated to the remaining performance obligations
As of March 31, 2024, the aggregate amount of the transaction price allocated to the remaining performance obligations that have original expected durations greater than one year is ¥373,070 million, of which ¥198,514 million is expected to be recognized as revenue in the fiscal year ending March 31, 2025.

16. Income Taxes

The sources of income before income taxes and equity in earnings of affiliated companies and the sources of income taxes for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of yen			
	2024		2023	
Income before income taxes and equity in earnings of affiliated companies:				
Japan	¥	130,390	¥	127,681
Foreign		445,273		348,753
	¥	575,663	¥	476,434
Income taxes:				
Current –				
Japan	¥	46,915	¥	52,964
Foreign		123,929		86,864
	¥	170,844	¥	139,828
Deferred –				
Japan	¥	3,585	¥	(2,421)
Foreign		(6,849)		(1,860)
	¥	(3,264)	¥	(4,281)
Total	¥	167,580	¥	135,547

Total income taxes recognized for the fiscal years ended March 31, 2024 and 2023 are applicable to the following:

	Millions of yen			
	2024		2023	
Net income	¥	167,580	¥	135,547
Other comprehensive income (loss):				
Foreign currency translation adjustments		453		392
Pension liability adjustments		1,570		995
Net unrealized holding gains (losses) on derivative instruments		(345)		1,016
Total income taxes	¥	169,258	¥	137,950

Temporary differences and tax loss carryforwards which gave rise to deferred tax assets and liabilities at March 31, 2024 and 2023 are as follows:

	Millions of yen	
	2024	2023
Deferred tax assets:		
Allowances for credit losses	¥ 5,294	¥ —
Allowances provided, not yet recognized for tax	—	4,110
Accrued expenses	78,055	58,511
Investment securities	1,825	1,466
Pension and retirement benefits	13,088	16,054
Property, plant and equipment	1,437	886
Operating lease liabilities	19,714	17,373
Inventories	23,488	17,640
Net operating loss carryforwards	40,672	38,410
Research and development expenses	2,044	1,135
Tax credit carryforwards	8,063	4,200
Other	5,147	6,341
Total gross deferred tax assets	198,827	166,126
Less: valuation allowance	(44,019)	(37,929)
Total deferred tax assets	¥ 154,808	¥ 128,197
Deferred tax liabilities:		
Property, plant and equipment	¥ 32,207	¥ 24,852
Operating lease right-of-use assets	19,277	16,941
Intangible assets	14,946	21,564
Undistributed earnings of foreign subsidiaries and affiliated companies accounted for by the equity method	30,298	10,071
Other	437	432
Total deferred tax liabilities	¥ 97,165	¥ 73,860
Total deferred tax assets	¥ 57,643	¥ 54,337

Net deferred tax assets and liabilities as of March 31, 2024 and 2023 are reflected on the consolidated balance sheets under the following captions:

	Millions of yen	
	2024	2023
Deferred income taxes and other assets	¥ 81,146	¥ 78,388
Deferred income taxes and other liabilities	(23,503)	(24,051)
	¥ 57,643	¥ 54,337

Valuation allowance for deferred tax assets for the fiscal years ended March 31, 2024 and 2023 are comprised of the following:

	Millions of yen	
	2024	2023
Balance at beginning of year	¥ 37,929	¥ 42,053
Additions	5,906	7,138
Deductions	4,300	15,018
Other, net	4,484	3,756
Balance at end of year	¥ 44,019	¥ 37,929

Deductions are principally changes in the expected realization of deferred tax assets and realization or expiration of net operating loss carryforwards. The amount of other mainly includes translation adjustment.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and net operating losses available to be utilized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets, net of the existing valuation allowances at March 31, 2024 and 2023, are deductible, management believes it is more likely than not that the companies will realize the benefits of these deductible differences and net operating loss carryforwards. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.
As of March 31, 2024, Komatsu had tax credit carryforwards of ¥8,063 million, which will expire within the year ending March 31, 2034.

The Company and its Japanese subsidiaries are subject to a National Corporate tax rate of approximately 23%, an inhabitant tax of approximately 5% and a deductible Enterprise tax of approximately 5%, which in the aggregate resulted in a Japanese statutory tax rate of approximately 31.3% for the fiscal years ended March 31, 2024 and 2023. The inhabitant tax rate and Enterprise tax rate vary by local jurisdiction.
The differences between the Japanese statutory tax rates and the effective tax rates for the fiscal years ended March 31, 2024 and 2023 are summarized as follows:

	2024	2023
Japanese statutory tax rate	31.3%	31.3%
Increase (decrease) in tax rates resulting from:		
Change in valuation allowance	0.5	0.4
Nontaxable income and nondeductible expenses for tax purposes, net	0.9	0.4
Income of foreign subsidiaries taxed at lower than Japanese normal rate	(4.1)	(4.2)
Tax credit for research and development expenses	(1.3)	(1.1)
Withholding taxes on dividends from foreign subsidiaries	0.3	1.8
Changes in deferred tax liabilities on undistributed earnings of foreign subsidiaries and affiliated companies accounted for by the equity method	3.3	0.3
Other, net	(1.8)	(0.4)
Effective tax rate	29.1%	28.5%

Foreign subsidiaries are subject to income taxes of the countries in which they operate. At March 31, 2024 and 2023, undistributed earnings of foreign subsidiaries amount to ¥1,628,411 million and ¥1,401,576 million, respectively. The Company has a policy to distribute a certain portion of undistributed earnings of foreign subsidiaries. As of March 31, 2024 and 2023, Komatsu recognized deferred tax liabilities of ¥15,879 million and ¥2,669 million, respectively, associated with those earnings. As of March 31, 2024 and 2023, the amount of unrecognized deferred tax liabilities for the portion of undistributed earnings of foreign subsidiaries that the Company intends to reinvest indefinitely were ¥63,864 million and ¥53,168 million, respectively, which were calculated to the extent reasonably practicable.

At March 31, 2024, certain subsidiaries had net operating loss carryforwards aggregating ¥57,857 million, which may be used as a deduction in determining taxable income in future periods. The period available to offset future taxable income varies in each tax jurisdiction as follows:

At March 31, 2024		Millions of yen
Within 5 years	¥	5,887
6 to 20 years		631
Indefinite periods		51,339
Total	¥	57,857

For other net operating loss carryforwards than the aforementioned amount, at March 31, 2024, some U.S. subsidiaries had net operating loss carryforwards associated with state tax aggregating ¥318,004 million, which may be used as a deduction in determining taxable income in future periods. The deferred tax assets associated with those net operating loss carryforwards were ¥19,616 million.

The reconciliation of beginning and ending balances of unrecognized tax benefits are as follows:

	Millions of yen			
	2024		2023	
Balance at beginning of year	¥	24,565	¥	21,632
Additions for tax positions related to current period		5,927		6,846
Additions for tax positions related to prior period		1,328		997
Reductions for tax positions related to prior period		(85)		(1,449)
Reductions for settlements		—		(599)
Other		(2,110)		(2,862)
Balance at end of year	¥	29,625	¥	24,565
Total net amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate		29,097		24,043

Although Komatsu believes its estimates of unrecognized tax benefits are reasonable, uncertainties regarding the final determination of income tax audit settlements and any related litigation could affect the total amount of unrecognized tax benefits in the future periods. For the fiscal years ended March 31, 2024 and 2023, interest and penalties related to unrecognized tax benefits were not material. Based on the information available as of March 31, 2024, Komatsu does not expect significant changes to the unrecognized tax benefits within the next twelve months.

Komatsu files income tax returns in Japan and various foreign tax jurisdictions. Komatsu is no longer subject to income tax examinations by the tax authority before and in the fiscal year ended March 31, 2017 in Japan and, is no longer subject to income tax examinations by the tax authority before and in the fiscal year ended March 31, 2013 in the United States. In other foreign tax jurisdictions, the other subsidiaries are no longer subject to income tax examinations by tax authorities before and in the fiscal year ended March 31, 2011 with few exceptions.

17. Leases

(1) Lessee

Komatsu leases lands, buildings, vehicles, employee housings, etc. through finance and operating leases. Some of these leases may include options to extend or terminate the lease with preliminary notice. Komatsu determines lease terms with the options on the lease commencement date if it is reasonably certain that Komatsu will exercise those options. As a rate implicit in the most of Komatsu's leases cannot be determined, Komatsu recognizes right-of-use assets and lease liabilities calculated present value of lease payments by using incremental borrowing rate based on the information available. Komatsu's finance leases are not material.

Supplementary information to operating leases on the balance sheets as of March 31, 2024 and 2023 are as follows:

	2024	2023
Weighted average remaining lease term	9.2years	9.7years
Weighted average discount rates	3.3%	2.8%

Amounts of maturities of operating lease liabilities in each of the next five years and in the aggregate for the five years thereafter as of March 31, 2024 are as follows:

	Millions of yen	
	2024	
2025	¥	20,837
2026		13,768
2027		8,959
2028		5,993
2029		4,044
Thereafter		30,673
Total minimum lease payments	¥	84,274
Less: Imputed interest		(13,230)
Total lease liabilities	¥	71,044

Lease costs for the fiscal years ended March 31, 2024 and 2023 are comprised of the following:

	Millions of yen			
	2024		2023	
Operating lease cost	¥	23,768	¥	21,916
Short term lease cost		6,614		5,679

Variable lease payments that are not included in lease liabilities are not material.

Supplementary cash flow information to leases for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of yen			
	2024		2023	
Cash paid for amount included in the measurement of lease liabilities				
Operating leases				
Cash flows by operating activities	¥	24,220	¥	21,859
Noncash activity – Rights of use assets obtained in exchange for lease liabilities				
Operating leases	¥	25,691	¥	20,436

Leases that have not yet commenced but that create significant rights and obligations as of March 31, 2024 and 2023 are not material.

(2) Lessor

Komatsu provides sales-type and operating leases as a lessor for leveling cash payments of its customers when customers purchase primarily Komatsu's construction and mining equipment. Revenue from the sale of these products under sales-type leases is recognized at the inception of the lease. Interest income on sales-type leases is recognized over the life of each lease using the interest method. Revenue from operating leases is recognized on a straight-line basis over the lease term. Some of these leases may include options to extend or terminate the lease. Some of these leases also may include options for the lessee to purchase the underlying assets at stated fixed price or fair market value.

The residual value of Komatsu's leased equipment is determined based on its estimated end-of-term market values. Komatsu estimates the residual value of leased equipment at the inception of the lease based on historical used equipment market sales prices, latest trends of the market, etc. Komatsu monitors estimated residual values of the leased equipment during the term of leases through understanding trends of the market. The present values of guaranteed residual values provided by customers as of March 31, 2024 and 2023 are ¥16,553 million and ¥11,659 million.

Net investments in the sales-type leases as of March 31, 2024 and 2023 are comprised of the following:

	Millions of yen			
	2024		2023	
Lease receivables	¥	285,178	¥	244,557
Unguaranteed residual assets		13,140		12,019
Net investment in the sales-type leases *	¥	298,318	¥	256,576
Less: current portion		(117,826)		(111,958)
	¥	180,492	¥	144,618

* The net investments in the sales-type leases are included in trade notes and accounts receivable, net and long-term trade receivables, net on the consolidated balance sheets.

Undiscounted lease payments to be received under sales-type and operating leases in each of the next five years and in the aggregate for the five years thereafter as of March 31, 2024 are as follows:

	Millions of yen			
	2024			
	Sales-type leases		Operating leases	
2025	¥	117,460	¥	57,222
2026		85,172		21,043
2027		56,147		12,636
2028		35,168		7,937
2029		13,651		3,604
Thereafter		3,580		227
Total undiscounted lease payments to be received	¥	311,178	¥	102,669
Less: Imputed interest		(26,000)		—
Total lease receivables	¥	285,178	¥	—

Revenues from sales-type and operating leases as a lessor, included in net sales on the consolidated statement of income, for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of yen			
	2024		2023	
Sales-type lease revenue				
Revenue recognized at the commencement date *	¥	129,288	¥	101,710
Interest income		11,247		9,758
Total sales-type lease revenue		140,535		111,468
Operating lease revenue		93,769		79,960
Total	¥	234,304	¥	191,428

* The revenues recognized at the commencement dates are included in net sales of the Construction, Mining and Utility Equipment operating segment.

18. Net Income Attributable to Komatsu Ltd. per Share

The Company has the restricted stock compensation system (hereinafter, the "System") for directors (other than outside directors) and employees of the Company and directors and employees of major subsidiaries. Among the new shares issued under the System, those transfer restrictions which have not been cancelled are distinguished as participating securities from common shares. Each common share and restricted stock has the same rights to net income attributable to Komatsu Ltd.

A reconciliation of the numerators and denominators of the basic net income attributable to Komatsu Ltd. per share computations is as follows:

	Millions of yen	
	2024	2023
Net income attributable to Komatsu Ltd.	¥ 393,426	¥ 326,398
Net income attributable to participating securities (restricted stocks)	351	285
Net income attributable to common shareholders	¥ 393,075	¥ 326,113

	Number of shares	
	2024	2023
Weighted average number of common shares outstanding, less treasury stock	945,819,656	945,471,092
Weighted average number of participating securities (restricted stocks)	843,232	825,968
Weighted average number of common shares	944,976,424	944,645,124

	Yen	
	2024	2023
Basic net income attributable to Komatsu Ltd. per share	¥ 415.96	¥ 345.22

A reconciliation of the numerators and denominators of the diluted net income attributable to Komatsu Ltd. per share computations is as follows:

	Millions of yen	
	2024	2023
Net income attributable to Komatsu Ltd.	¥ 393,426	¥ 326,398
Net income attributable to participating securities (restricted stocks)	351	285
Net income attributable to common shareholders	¥ 393,075	¥ 326,113

	Number of shares	
	2024	2023
Weighted average number of common shares outstanding, less treasury stock	945,819,656	945,471,092
Dilutive effect of:		
Stock options	74,260	124,267
Weighted average number of participating securities (restricted stocks)	843,232	825,968
Weighted average number of diluted common shares	945,050,684	944,769,391

	Yen	
	2024	2023
Diluted net income attributable to Komatsu Ltd. per share	¥ 415.93	¥ 345.18

19. Commitments and Contingent Liabilities

(1) Komatsu provides guarantees to third parties of loans of the employees, affiliated companies, and other companies. The guarantees of loans relating to the employees are mainly made for their housing loans. The guarantees of loans relating to the affiliated companies and other companies are made to enhance the credit of those companies. For each guarantee provided, Komatsu would have to perform under a guarantee if the borrower defaults on a payment within the contract terms. The contract terms are from 10 years to 30 years in the case of employees with housing loans, and from 1 year to 5 years in the case of loans relating to the affiliated companies and other companies. The maximum amount of undiscounted payments Komatsu would have had to make in the event of default at March 31, 2024 and 2023 were ¥17,246 million and ¥14,966 million, respectively. The fair value of the liabilities recognized for Komatsu's obligations as guarantors under those guarantees at March 31, 2024 were insignificant. Certain of those guarantees were secured by collateral and insurance issued to Komatsu.
Komatsu provides guarantees that subsidiaries of the Company perform the obligations of the terms and conditions of contracts by standby letters of credit issued by banks. Komatsu would have to pay the liabilities incurred to banks if the subsidiaries do not perform the obligations of the terms and conditions of contracts. The maximum amount of undiscounted payments Komatsu would have had to make in the event of defaults of the contracts at March 31, 2024 and 2023 were ¥16,183 million and ¥14,683 million, respectively.
Management of the Company believes that losses from those contingent liabilities, if any, would not have a material effect on the consolidated financial statements.

(2) Commitments for capital investment outstanding at March 31, 2024 and 2023 aggregated approximately ¥46,525 million and approximately ¥25,100 million, respectively.

(3) Komatsu is involved in certain legal actions and claims arising mainly in the ordinary course of its business. It is the opinion of management and legal counsel that such litigation and claims will be resolved without material effect on Komatsu's financial position.

(4) Komatsu has business activities with customers, dealers and associates around the world and its trade receivables from such parties and the guarantees for them are well diversified to minimize concentrations of credit risks. Management does not anticipate incurring losses on its trade receivables in excess of established allowances.

(5) Komatsu also issues contractual product warranties under which it generally guarantees the performance of products delivered and services rendered for a certain period or term. Changes in accrued product warranty cost for the fiscal years ended March 31, 2024 and 2023 are summarized as follows:

	Millions of yen	
	2024	2023
Balance at beginning of year	¥ 48,130	¥ 41,235
Addition	52,873	42,565
Utilization	(47,983)	(37,588)
Other	4,349	1,918
Balance at end of year	¥ 57,369	¥ 48,130

20. Derivative Financial Instruments

Risk Management Policy

Komatsu is exposed to market risk primarily from changes in foreign currency exchange and interest rates with respect to debt obligations, international operations and foreign currency denominated credits and debts. In order to manage these risks that arise in the normal course of business, Komatsu enters into various derivative transactions for hedging pursuant to its policies and procedures (Notes 21 and 22). Komatsu does not enter into derivative financial transactions for trading or speculative purposes.

Komatsu has entered into interest rate swap and cap agreements, partly concurrent with currency swap agreements for the purpose of managing the risk resulting from changes in cash flow or fair value that arise in their interest rate and foreign currency exposure with respect to certain short-term and long-term debts.

Komatsu operates internationally, which exposes Komatsu to the foreign exchange risk against existing assets and liabilities and transactions denominated in foreign currencies (principally the U.S. dollar and the Euro). In order to reduce these risks, Komatsu executes foreign exchange forward contracts and option contracts based on its projected cash flow in foreign currencies.

Komatsu is exposed to credit-related losses in the event of nonperformance by counterparties to derivative financial instruments, but Komatsu does not expect any counterparties to fail to meet their obligations because of the high credit rating of the counterparties. Komatsu has not held any derivative instruments which consisted of credit-risk-related contingent features.

Cash Flow Hedges

Komatsu uses derivative financial instruments designated as cash flow hedges to manage Komatsu’s foreign exchange risks associated with forecasted transactions and Komatsu’s interest risks associated with debt obligations. For transactions denominated in foreign currencies, Komatsu typically hedges forecasted and firm commitment exposures to the variability in cash flow basically up to one year. For the variable rate debt obligations, Komatsu enters into interest rate swap contracts to manage the changes in cash flows. Komatsu records the changes in fair value of derivative instruments designated as cash flow hedges in accumulated other comprehensive income (loss). These amounts are reclassified into same location as earnings derived from hedged item when the hedged items impact earnings. Approximately ¥958 million of existing income included in accumulated other comprehensive income (loss) at March 31, 2024 will be reclassified into earnings within twelve months from that date. Cash flow hedges discontinued during the fiscal year ended March 31, 2024 as a result of anticipated transactions that are no longer probable of occurring were not material to Komatsu’s financial position and results of operations.

Undesignated Derivative Instruments

Komatsu has entered into interest rate swap and cross-currency swap contracts not designated as hedging instruments under ASC 815, “Derivatives and Hedging” as a means of managing Komatsu’s interest rate exposures for short-term and long-term debts. Foreign exchange forward contracts not designated as hedging instruments under ASC 815 are also used to hedge certain foreign currency exposures. The changes in fair value of such instruments are recognized currently in earnings.

Notional Principal Amounts of Derivative Financial Instruments

Notional principal amounts of derivative financial instruments outstanding at March 31, 2024 and 2023 are as follows:

	Millions of yen	
	2024	2023
Foreign exchange forward contracts:		
Sale of foreign currencies	¥ 339,481	¥ 351,525
Purchase of foreign currencies	246,773	211,015
Interest rate swaps and cross-currency swap agreements	249,526	174,303

Fair value of derivative instruments at March 31, 2024 and 2023 on the consolidated balance sheets are as follows (Refer to notes 21 and 22):

	Millions of yen			
	2024			
	Derivative Assets		Derivative Liabilities	
Derivative instruments designated as hedging instruments	Location on the consolidated Balance Sheets	Estimated fair value	Location on the consolidated Balance Sheets	Estimated fair value
Foreign exchange forward contracts	Other current assets	¥ 221	Other current liabilities	¥ 2,109
	Deferred income taxes and other assets	—	Deferred income taxes and other liabilities	309
Interest rate swaps and cross-currency swap agreements	Other current assets	23	Other current liabilities	597
	Deferred income taxes and other assets	662	Deferred income taxes and other liabilities	898
Total		¥ 906		¥ 3,913

	Derivative Assets		Derivative Liabilities	
Undesignated derivative instruments	Location on the consolidated Balance Sheets	Estimated fair value	Location on the consolidated Balance Sheets	Estimated fair value
Foreign exchange forward contracts	Other current assets	¥ 2,253	Other current liabilities	¥ 3,122
	Deferred income taxes and other assets	50	Deferred income taxes and other liabilities	64
Interest rate swaps and cross-currency swap agreements	Other current assets	3,755	Other current liabilities	245
	Deferred income taxes and other assets	—	Deferred income taxes and other liabilities	1,040
Total		¥ 6,058		¥ 4,471
Total Derivative Instruments		¥ 6,964		¥ 8,384

	Millions of yen			
	2023			
	Derivative Assets		Derivative Liabilities	
Derivative instruments designated as hedging instruments	Location on the consolidated Balance Sheets	Estimated fair value	Location on the consolidated Balance Sheets	Estimated fair value
Foreign exchange forward contracts	Other current assets	¥ 915	Other current liabilities	¥ 1,530
	Deferred income taxes and other assets	11	Deferred income taxes and other liabilities	28
Interest rate swaps and cross-currency swap agreements	Other current assets	74	Other current liabilities	1,154
	Deferred income taxes and other assets	959	Deferred income taxes and other liabilities	507
Total		¥ 1,959		¥ 3,219

	Derivative Assets		Derivative Liabilities	
Undesignated derivative instruments	Location on the consolidated Balance Sheets	Estimated fair value	Location on the consolidated Balance Sheets	Estimated fair value
Foreign exchange forward contracts	Other current assets	¥ 3,875	Other current liabilities	¥ 6,461
	Deferred income taxes and other assets	91	Deferred income taxes and other liabilities	100
Interest rate swaps and cross-currency swap agreements	Other current assets	4,415	Other current liabilities	317
	Deferred income taxes and other assets	—	Deferred income taxes and other liabilities	—
Total		¥ 8,381		¥ 6,878
Total Derivative Instruments		¥ 10,340		¥ 10,097

The effects of derivative instruments on the consolidated statements of income and the consolidated statements of comprehensive income for the fiscal years ended March 31, 2024 and 2023 are as follows:

Derivative instruments designated as cash flow hedging relationships

	Millions of yen		
	2024		
	Amount of gains (losses) recognized in OCI on derivatives	Gains (losses) reclassified from accumulated OCI on derivatives	
		Location of consolidated statements of income	Amount
Foreign exchange forward contracts	¥ (18,787)	Net sales	¥ (8,049)
		Cost of sales	(492)
		Other income (expenses), net: Other, net	(9,531)
Interest rate swaps and cross-currency swap agreements	(473)	Cost of sales	9
Total	¥ (19,260)		¥ (18,063)

	Millions of yen		
	2023		
	Amount of gains (losses) recognized in OCI on derivatives	Gains (losses) reclassified from accumulated OCI on derivatives	
		Location of consolidated statements of income	Amount
Foreign exchange forward contracts	¥ (14,265)	Net sales	¥ (12,091)
		Cost of sales	(955)
		Other income (expenses), net: Other, net	(4,468)
Interest rate swaps and cross-currency swap agreements	(235)	Cost of sales	2
Total	¥ (14,500)		¥ (17,512)

* OCI stands for other comprehensive income (loss).

Derivative instruments not designated as hedging instruments relationships

	Millions of yen	
	2024	
	Location of gains (losses) recognized in income on derivatives	Amount of gains (losses) recognized in income on derivatives
Foreign exchange forward contracts	Other income (expenses), net: Other, net	¥ 6,059
Interest rate swaps and	Cost of sales	2,766
cross-currency swap agreements	Other income (expenses), net: Other, net	(1,861)
Total		¥ 6,964

	Millions of yen	
	2023	
	Location of gains (losses) recognized in income on derivatives	Amount of gains (losses) recognized in income on derivatives
Foreign exchange forward contracts	Other income (expenses), net: Other, net	¥ (1,041)
Interest rate swaps and	Cost of sales	596
cross-currency swap agreements	Other income (expenses), net: Other, net	2,718
Total		¥ 2,273

21. Fair Values of Financial Instruments

The carrying amounts and the estimated fair values of the financial instruments as of March 31, 2024 and 2023 and fair value levels are summarized as follows:

(1) Cash and cash equivalents, Trade notes and accounts receivable, net, Miscellaneous accounts receivable, Short-term debt, Trade notes, bills and accounts payable
The carrying amounts approximate fair value because of the short maturity of these instruments. Therefore, the fair values of these instruments are not included in the table below. Cash and cash equivalents are classified at fair value level 1, and trade notes and accounts receivable, net, miscellaneous accounts receivable, short-term debt, trade notes, bills and accounts payable are classified at fair value level 2. Miscellaneous accounts receivable is included in other current assets on the consolidated balance sheet.

(2) Long-term trade receivables, net, excluding lease receivables (Note 4)
The fair values of long-term trade receivables are based on the present value of future cash flows through maturity, discounted using the current interest rates for similar receivables of comparable maturity.

(3) Long-term debt, including current portion
The fair values of each of the long-term debt are based on the quoted price in the most active market or the present value of future cash flows associated with each instrument discounted using the current market borrowing rate for similar debt of comparable maturity.

(4) Derivatives (Notes 20 and 22)
The fair values of derivative financial instruments are stated in Note 22 and therefore are not included in the table below.

	Millions of yen				
	2024		2023		
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value	Fair Value Levels
Long-term trade receivables, net, excluding lease receivables	¥ 515,667	¥ 507,065	¥ 430,178	¥ 411,766	Level 2
Long-term debt, including current portion	758,751	736,449	743,024	719,514	Level 2

Notes:
1) Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could affect the estimates.
2) The fair value levels are stated in Note 22.

22. Fair Value Measurements

ASC 820, "Fair Value Measurements" defines that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3 – Unobservable inputs for the assets or liabilities

Assets and liabilities that are measured at fair value on a recurring basis

The fair value hierarchy levels of assets and liabilities that are measured at fair value on a recurring basis at March 31, 2024 and 2023 are as follows:

	Millions of yen			
At March 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Derivatives				
Foreign exchange forward contracts	¥ —	¥ 2,524	¥ —	¥ 2,524
Interest rate swaps and cross-currency swap agreements	—	4,440	—	4,440
Total	¥ —	¥ 6,964	¥ —	¥ 6,964
Liabilities				
Derivatives				
Foreign exchange forward contracts	¥ —	¥ 5,604	¥ —	¥ 5,604
Interest rate swaps and cross-currency swap agreements	—	2,780	—	2,780
Total	¥ —	¥ 8,384	¥ —	¥ 8,384

	Millions of yen			
At March 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Derivatives				
Foreign exchange forward contracts	¥ —	¥ 4,892	¥ —	¥ 4,892
Interest rate swaps and cross-currency swap agreements	—	5,448	—	5,448
Total	¥ —	¥ 10,340	¥ —	¥ 10,340
Liabilities				
Derivatives				
Foreign exchange forward contracts	¥ —	¥ 8,119	¥ —	¥ 8,119
Interest rate swaps and cross-currency swap agreements	—	1,978	—	1,978
Total	¥ —	¥ 10,097	¥ —	¥ 10,097

Derivatives (Notes 20 and 21)
Derivatives primarily represent foreign exchange forward contracts and interest rate swap agreements. The fair value of foreign exchange forward contracts is based on a valuation model that discounts cash flows resulting from the differential between contract rate and the market-based forward rate and is classified in Level 2 in the fair value hierarchy. The fair value of interest rate swap agreements is based on a valuation model that discounts cash flows based on the terms of the contract and the swap curves and is classified in Level 2 in the fair value hierarchy.

Assets and liabilities that are measured at fair value on a non-recurring basis
For the fiscal years ended March 31, 2024 and 2023, assets and liabilities that were measured at fair value on a non-recurring basis were not material.

23. Government Grants
Komatsu receives government grants principally for the acquisition of property, plant, and equipment and for research and development activities.
Government grants recorded for the fiscal years ended March 31, 2024 and 2023 are ¥16,685 million and ¥4,627 million, respectively.
With regard to government grants related to the acquisition of property, plant and equipment, the amount of the grants is deducted from the acquisition cost of the assets. With regard to government grants related to research and development activities, the amount of the grants is mainly deducted from “Selling, general and administrative expenses.” Certain grants are recorded in “Other operating income” when Komatsu receives.
Komatsu expects to receive government grants of ¥18,509 million for the fiscal year ending March 31, 2025 and thereafter when Komatsu meets the necessary conditions for receiving the grants, such as relocation of the plant and acquisition of production equipment.

24. Business Segment and Geographic Information

Komatsu has three operating segments: 1) Construction, Mining and Utility Equipment, 2) Retail Finance, and 3) Industrial Machinery and Others. Those operating segments which have separate financial information are available for allocating resources and assessing its performance by management.

The accounting policies employed for the preparation of segment information are identical to those employed for the preparation of the consolidated financial statements of the Company.

Segment profit available for allocating resources and assessing its performance by management is determined by subtracting the cost of sales and selling, general and administrative expenses from net sales attributed to the operating segment. Segment profit excludes certain general corporate administration and finance expenses, such as costs of executive management, corporate development, corporate finance, human resources, internal audit, investor relations, legal and public relations. Segment profit also excludes certain charges which may otherwise relate to operating segments, including impairments of long-lived assets and goodwill.

The following tables present financial information regarding Komatsu's operating segments and geographic information at March 31, 2024 and 2023, and for the fiscal years then ended:

Operating segments:

	Millions of yen	
	2024	2023
Net sales:		
Construction, Mining and Utility Equipment –		
External customers	¥ 3,591,378	¥ 3,286,723
Intersegment	23,804	9,843
Total	3,615,182	3,296,566
Retail Finance –		
External customers	80,910	67,807
Intersegment	22,636	17,823
Total	103,546	85,630
Industrial Machinery and Others –		
External customers	192,834	188,945
Intersegment	2,786	1,996
Total	195,620	190,941
Elimination	(49,226)	(29,662)
Consolidated	¥ 3,865,122	¥ 3,543,475
Segment profit:		
Construction, Mining and Utility Equipment	¥ 573,987	¥ 443,603
Retail Finance	24,243	27,267
Industrial Machinery and Others	10,279	22,586
Total segment profit	608,509	493,456
Corporate expenses and elimination	(2,835)	58
Total	605,674	493,514
Impairment loss on long-lived assets	6,108	5,521
Other operating income, net	7,628	2,692
Operating income	607,194	490,685
Interest and dividend income	21,146	12,451
Interest expense	(54,506)	(32,371)
Other, net	1,829	5,669
Consolidated income before income taxes and equity in earnings of affiliated companies	¥ 575,663	¥ 476,434

	Millions of yen	
	2024	2023
Segment assets:		
Construction, Mining and Utility Equipment	¥ 3,995,612	¥ 3,513,355
Retail Finance	1,330,990	1,121,107
Industrial Machinery and Others	249,837	220,743
Corporate assets and elimination	60,217	20,642
Consolidated	¥ 5,636,656	¥ 4,875,847
Depreciation and amortization:		
Construction, Mining and Utility Equipment	¥ 121,829	¥ 115,693
Retail Finance	24,431	24,842
Industrial Machinery and Others	6,125	5,943
Corporate assets and elimination	1,343	—
Consolidated	¥ 153,728	¥ 146,478
Capital investment:		
Construction, Mining and Utility Equipment	¥ 127,964	¥ 120,447
Retail Finance	42,412	33,543
Industrial Machinery and Others	9,623	7,573
Consolidated	¥ 179,999	¥ 161,563

Business categories and principal products and services included in each operating segment are as follows:

a) Construction, Mining and Utility Equipment operating segment:
Excavating equipment, loading equipment, grading and roadbed preparation equipment, hauling equipment, forestry equipment, tunneling machines, underground mining equipment, recycling equipment, industrial vehicles, other equipment, engines and components, casting products, logistics, and solution business

b) Retail Finance operating segment:
Retail Financing

c) Industrial Machinery and Others operating segment:
Metal forging and stamping presses, sheet-metal machines, machine tools, defense systems, temperature-control equipment, and optical machinery

Transfers between segments are made at estimated arm's length prices.
Segment assets are those assets used in the operations of each segment. Unallocated corporate assets consist primarily of cash and cash equivalents maintained for general corporate purposes.
Amortization for the fiscal years ended March 31, 2024 and 2023 does not include amortization of long-term prepaid expenses of ¥3,054 million and ¥3,210 million, respectively.
Impairment loss on long-lived assets recorded in each segment asset for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of yen	
	2024	2023
Construction, Mining and Utility Equipment	¥ 4,784	¥ 3,403
Retail Finance	—	477
Industrial Machinery and Others	1,324	1,641
Total	¥ 6,108	¥ 5,521

Geographic information:
Net sales determined by customer location for the fiscal year ended March 31, 2024 are as follows:

	Millions of yen			
	2024			
	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Total
Japan	¥ 340,219	¥ 1,164	¥ 95,266	¥ 436,649
The Americas	1,653,645	57,755	26,585	1,737,985
Europe and CIS	381,390	8,332	15,456	405,178
China	70,200	1,062	22,990	94,252
Asia (excluding Japan and China) and Oceania	808,715	10,913	32,083	851,711
Middle East and Africa	337,209	1,684	454	339,347
Total	¥ 3,591,378	¥ 80,910	¥ 192,834	¥ 3,865,122

Net sales to U.S.A. in the Americas for the fiscal year ended March 31, 2024 were ¥807,471 million.

The amounts classified into revenue recognized from other sources described in Note 15 to the Consolidated Financial Statements for the fiscal year ended March 31, 2024 within the net sales of the Construction, Mining and Utility Equipment operating segment are ¥28,249 million in Japan, ¥51,237 million in the Americas, ¥67,240 million in Europe and CIS, ¥11,280 million in China, ¥11,491 million in Asia (excluding Japan and China) and Oceania, and ¥22,727 million in Middle East and Africa. Net sales of the Retail Finance operating segment for the fiscal year ended March 31, 2024 are primarily the amounts classified into revenue recognized from other sources described in Note 15 to the Consolidated Financial Statements.

Net sales determined by customer location for the fiscal year ended March 31, 2023 are as follows:

	Millions of yen			
	2023			
	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Total
Japan	¥ 321,746	¥ 2,555	¥ 85,113	¥ 409,414
The Americas	1,409,984	47,571	30,413	1,487,968
Europe and CIS	434,214	7,366	14,773	456,353
China	79,690	1,973	19,490	101,153
Asia (excluding Japan and China) and Oceania	777,774	7,697	38,841	824,312
Middle East and Africa	263,315	645	315	264,275
Total	¥ 3,286,723	¥ 67,807	¥ 188,945	¥ 3,543,475

Net sales to U.S.A. in the Americas for the fiscal year ended March 31, 2023 were ¥716,227 million.

The amounts classified into revenue recognized from other sources described in Note 15 to the Consolidated Financial Statements for the fiscal year ended March 31, 2023 within the net sales of the Construction, Mining and Utility Equipment operating segment are ¥29,120 million in Japan, ¥32,980 million in the Americas, ¥57,135 million in Europe and CIS, ¥14,085 million in China, ¥14,161 million in Asia (excluding Japan and China) and Oceania, and ¥4,597 million in Middle East and Africa. Net sales of the Retail Finance operating segment for the fiscal year ended March 31, 2023 are primarily the amounts classified into revenue recognized from other sources described in Note 15 to the Consolidated Financial Statements.

Net sales determined by geographic origin for the fiscal years ended March 31, 2024 and 2023, and property, plant and equipment determined based on physical location at March 31, 2024 and 2023 are as follows:

	Millions of yen	
	2024	2023
Net sales:		
Japan	¥ 707,097	¥ 689,145
The Americas	1,713,410	1,456,337
Europe and CIS	457,122	494,182
China	87,598	92,369
Others	899,895	811,442
Total	¥ 3,865,122	¥ 3,543,475
Property, plant and equipment:		
Japan	¥ 369,349	¥ 367,819
The Americas	310,217	275,947
Europe and CIS	77,318	58,827
Others	151,171	133,849
Total	¥ 908,055	¥ 836,442

There were no sales to a single major external customer for the fiscal years ended March 31, 2024 and 2023. Property, plant and equipment located in U.S.A. in the Americas at March 31, 2024 and 2023 were ¥178,019 million and ¥168,393 million, respectively.

25. Supplementary Information to Consolidated Balance Sheets

As of March 31, 2024 and 2023, other current assets are comprised of the following:

	Millions of yen			
	2024		2023	
Prepaid expenses	¥	17,657	¥	12,244
Short-term loans receivable:				
Affiliated companies		4,495		2,441
Other		2,452		38
Total	¥	6,947	¥	2,479
Other		184,169		192,756
Total	¥	208,773	¥	207,479

As of March 31, 2024 and 2023, other current liabilities are comprised of the following:

	Millions of yen			
	2024		2023	
Accrued expenses	¥	185,136	¥	155,025
Contract liabilities		150,078		105,724
Other		200,454		178,606
Total	¥	535,668	¥	439,355

26. Supplementary Information to Consolidated Statements of Income

The following information shows research and development expenses and advertising costs, for the fiscal years ended March 31, 2024 and 2023. Research and development expenses and advertising costs are charged to expense as incurred and are included in cost of sales and selling, general and administrative expenses in consolidated statements of income.

	Millions of yen	
	2024	2023
Research and development expenses	¥ 103,441	¥ 90,628
Advertising costs	3,472	3,200

Shipping and handling costs included in selling, general and administrative expenses for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of yen	
	2024	2023
Shipping and handling costs	¥ 73,443	¥ 80,097

For the fiscal years ended March 31, 2024 and 2023, Komatsu recognized an impairment loss of ¥6,108 million and ¥5,521 million, respectively, related to property, plant and equipment and intangible assets at the Company and certain subsidiaries, as profitability of the assets was expected to decrease in the future and Komatsu estimated the carrying amounts may not be recovered by the future cash flows.

Other operating income (expenses), net for the fiscal years ended March 31, 2024 and 2023 are comprised of the following:

	Millions of yen	
	2024	2023
Gain on sale of fixed assets	¥ 4,966	¥ 2,358
Loss on disposal or sale of fixed assets	(5,392)	(4,227)
Other, net	8,054	4,561
Total	¥ 7,628	¥ 2,692

Other income (expenses), net for the fiscal years ended March 31, 2024 and 2023 are comprised of the following:

	Millions of yen	
	2024	2023
Interest income		
Installment receivables	¥ 468	¥ 965
Other	20,314	11,040
Dividends	364	446
Interest expense	(54,506)	(32,371)
Net gain (loss) on valuation and (impairment loss) of investment securities	(1,241)	212
Exchange gain (loss), net	4,257	3,214
Other, net	(1,187)	2,243
Total	¥ (31,531)	¥ (14,251)

27. Subsequent Events

Komatsu evaluated subsequent events through June 18, 2024, the issue date of its consolidated financial statements.

[Share buyback and cancellation of treasury stock]

The Company resolved at a meeting of the board of directors held on April 26, 2024 to repurchase its shares of common stock pursuant to Article 156 of the Companies Act of Japan (the "Companies Act") as applied pursuant to Article 165, Paragraph 3 of the Companies Act. It has also resolved to cancel its shares of treasury stock pursuant to Article 178 of the Companies Act.

a) Purpose of the share buyback and cancellation of treasury stock

The Company has decided to repurchase its shares of common stock from the viewpoint of increasing its corporate value and shareholder returns taking into consideration the current capital efficiency, financial soundness, and other factors. In addition, the Company has decided to cancel its shares of treasury stock to be repurchased after comprehensively considering the specific use of the shares and the reasons for holding them.

b) Details of share buyback

i) Class of shares to be repurchased	Common stock
ii) Total number of shares to be repurchased	Up to 33 million shares (Represents up to 3.5% of the total number of outstanding shares (excluding treasury stock))
iii) Total purchase price for buyback of shares	Up to 100 billion yen
iv) Period of buyback	April 30, 2024 to September 30, 2024
v) Method of buyback	Purchase at the Tokyo Stock Exchange

c) Details of cancellation of treasury stock

i) Class of shares to be canceled	Common stock
ii) Number of shares to be canceled	All shares repurchased
iii) Planned date of cancellation	October 30, 2024

28. Terminology, Forms and Preparation Methods of Consolidated Financial Statements

The terminology, forms and preparation methods of the Company's consolidated financial statements are in accordance with U.S. GAAP.

The main differences between consolidated financial statements prepared in accordance with U.S. GAAP and those prepared in accordance with the Accounting Standards for Consolidated Financial Statements and the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements of Japan (hereinafter "J. GAAP") are as follows.

(1) Scope of consolidation

For consolidated financial statements in accordance with J. GAAP, the scope of consolidation is determined on an effective control and influence basis. For consolidated financial statements in accordance with U.S. GAAP, the scope of consolidation is determined on the shareholding basis on which the determination is based on voting rights and on a consolidation basis of variable interest entities.

(2) Accounting policies

a. Share issuance cost

Although in accordance with J. GAAP, share issuance cost is permitted to be recognized in profit or loss when incurred, the Company treats such cost as a deduction item from capital surplus as expenses incidental to capital transactions in its consolidated financial statements in accordance with U.S. GAAP.

b. Accounting for retirement benefits

Although in accordance with J. GAAP, net actuarial gains or losses are required to be amortized over certain periods that are shorter than the average remaining years of service, the Company has adopted the corridor approach in its consolidated financial statements in accordance with U.S. GAAP.

c. Business combination and goodwill

Goodwill is required to be amortized over certain periods in accordance with J. GAAP, while U.S. GAAP requires companies to implement impairment test at least once annually without goodwill being amortized. For intangible fixed assets with indefinite useful lives, U.S. GAAP also requires companies to implement impairment test without such assets being amortized.

d. Allowance for credit losses

Although in accordance with J GAAP, allowance for doubtful receivables is recognized utilizing the historical loss rates, the Company recognizes the allowance for credit losses utilizing the expected credit loss rates that are calculated based on the average historical loss rates adjusted to reflect forecasted changes in relevant economic indicators such as housing starts in accordance with U.S. GAAP.

e. Leases

Although in accordance with J GAAP, the lessee recognizes only assets and liabilities related to finance leases in its consolidated financial statements, the Company recognizes right-of-use assets and lease liabilities for lessee that are classified as operating leases on its consolidated balance sheets in accordance with U.S. GAAP.

(3) Presentation methods and other matters

a. Presentation of legal retained earnings

Although in accordance with J. GAAP, legal retained earnings are recorded as retained earnings together with other surplus, the Company separately presents as appropriated legal reserve in its consolidated financial statements in accordance with U.S. GAAP.

b. Extraordinary income or loss

In accordance with J. GAAP, gain or loss on certain sales of non-current assets, such as gain or loss from the sale of fixed assets, is presented as extraordinary income or loss. However, since there is no concept of extraordinary items in U.S. GAAP, extraordinary income or loss is not presented in the Company's consolidated financial statements.

c. Investment and rental properties
In accordance with J. GAAP, if the investment and rental properties are material, disclose notes for the outline, the carrying amount in the consolidated balance sheets and fair value of these properties are required. However, such notes are omitted in the Company's consolidated financial statements because the total amount of investment and rental properties is immaterial.

Supplementary Schedule
Detailed Statements of Bonds
Refer to Note 10 in the notes of consolidated financial statements.

Detailed Statements of Borrowings, etc.
Refer to Note 10 in the notes of consolidated financial statements.

Detailed Statements of Asset Retirement Obligation
The amounts of asset retirement obligation at the beginning and end of this fiscal year are less than one hundredth of the amounts of total liabilities and equity at the beginning and end of this fiscal year, respectively. This statement has been omitted because it is immaterial.

(2) Others
Quarterly Financial Information

	Millions of yen except per share amounts			
	Three months ended June 30, 2023	Six months ended September 30, 2023	Nine months ended December 31, 2023	Fiscal year ended March 31, 2024
Net sales	¥ 899,551	¥ 1,822,994	¥ 2,794,990	¥ 3,865,122
Income before income taxes and equity in earnings of affiliated companies	148,168	288,020	430,271	575,663
Net income attributable to Komatsu Ltd.	105,427	205,548	304,267	393,426
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	111.49	217.36	321.71	415.96
Diluted	111.48	217.34	321.69	415.93

	Yen			
	Three months ended June 30, 2023	Three months ended September 30, 2023	Three months ended December 31, 2023	Three months ended March 31, 2024
Net income attributable to Komatsu Ltd. per share				
Basic	111.49	105.87	104.36	94.25
Diluted	111.48	105.86	104.35	94.24

2. Non-Consolidated Financial Statements, etc.

(1) Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

(Years ended March 31, 2024 and 2023)

	Millions of yen	
	2024	**2023**
Assets		
Current assets:		
Cash and deposits	249,003	233,145
Notes receivable-trade	1,750	1,474
Accounts receivable-trade	202,741	223,735
Merchandise and finished goods	67,118	64,946
Work in process	65,737	62,581
Raw materials and supplies	5,053	5,002
Prepaid expenses	10,217	6,736
Short-term loans receivable	21,386	17,952
Accounts receivable-other	25,496	29,013
Other current assets	3,556	3,058
Allowance for doubtful accounts	(375)	(375)
Total current assets	651,687	647,273
Non-current assets:		
Property, plant and equipment:		
Buildings	101,329	98,662
Structures	15,784	15,311
Machinery and equipment	51,748	47,884
Vehicles	882	913
Tools, furniture and fixtures	12,306	11,215
Rental equipment	37,745	45,216
Land	45,972	46,325
Construction in progress	7,898	9,368
Total property, plant and equipment	273,668	274,897
Intangible assets:		
Software	28,600	28,092
Other intangible assets	325	336
Total intangible assets	28,926	28,429
Investments and other assets:		
Investment securities	3,168	3,829
Stocks of subsidiaries and affiliates	398,097	398,097
Investments in capital of subsidiaries and affiliates	41,913	39,813
Long-term loans receivable	16,833	16,244
Long-term prepaid expenses	3,233	2,932
Deferred tax assets	27,144	25,240
Other investments	10,932	9,989
Allowance for doubtful accounts	(891)	(890)
Allowance for investment loss	(6)	(538)
Total investments and other assets	500,425	494,719
Total non-current assets	803,020	798,046
Total assets	1,454,707	1,445,319

	Millions of yen	
	2024	**2023**
Liabilities		
Current liabilities:		
Notes payable-trade	—	4
Accounts payable-trade	98,112	117,289
Short-term loans payable	8,500	34,000
Commercial papers	40,000	40,000
Current portion of bonds	20,000	40,000
Accounts payable-other	13,751	14,866
Accrued expenses	33,437	33,975
Income taxes payable	18,756	21,003
Deposits received	48,760	67,909
Provision for bonuses	13,851	12,164
Provision for directors’ bonuses	356	347
Provision for product warranties	9,192	9,912
Other current liabilities	12,598	11,935
Total current liabilities	317,317	403,410
Non-current liabilities:		
Bonds payable	50,000	30,000
Long-term loans payable	49,500	38,500
Provision for product warranties	3,127	2,002
Provision for retirement benefits	44,605	43,806
Asset retirement obligations	632	—
Other long-term liabilities	17,532	16,218
Total non-current liabilities	165,397	130,527
Total liabilities	482,714	533,937
Net Assets		
Shareholders’ equity:		
Capital stock	72,795	72,118
Capital surplus:		
Legal capital surplus	142,814	142,138
Other capital surplus	446	432
Total capital surplus	143,260	142,571
Retained earnings:		
Legal retained earnings	18,036	18,036
Other retained earnings:		
Reserve for advanced depreciation of non-current assets	10,844	11,110
General reserve	210,359	210,359
Retained earnings brought forward	565,443	505,818
Total retained earnings	804,684	745,325
Treasury stock	(48,719)	(48,766)
Total shareholders’ equity	972,020	911,248
Valuation and translation adjustments:		
Deferred gains or losses on hedges	(154)	(79)
Total valuation and translation adjustments	(154)	(79)
Stock acquisition rights	127	212
Total net assets	971,992	911,381
Total liabilities and net assets	1,454,707	1,445,319

Non-Consolidated Statement of Income

(Years ended March 31, 2024 and 2023)

	Millions of yen	
	2024	2023
Net sales	1,161,966	1,144,513
Cost of sales	858,846	870,593
Gross profit	303,119	273,919
Selling, general and administrative expenses		
Haulage expenses	42,235	48,613
Salaries and allowances	51,979	47,465
Provision for bonuses	6,037	5,158
Provision for directors' bonuses	378	375
Retirement benefit expenses	2,565	2,141
Depreciation	11,809	9,770
Research and development expenses	63,211	56,684
Other	(10,007)	(11,737)
Total selling, general and administrative expenses	168,209	158,470
Operating income	134,910	115,448
Non-operating income		
Interest and dividends income	103,142	143,743
Other	2,580	1,243
Total non-operating income	105,723	144,986
Non-operating expenses		
Interest expenses	297	369
Other	6,635	7,113
Total non-operating expenses	6,932	7,483
Ordinary income	233,701	252,952
Extraordinary income		
Gain on extinguishment of tie-in shares	—	*2 3,090
Gain on sales of land	396	99
Reversal of allowance for investment loss	532	1,715
Total extraordinary income	928	4,904
Extraordinary losses		
Impairment loss	—	62
Loss on sales of land	—	212
Expenses related to the disaster	*3 847	—
Total extraordinary losses	847	275
Income before income taxes	233,782	257,582
Income taxes - current	37,204	38,557
Income taxes - deferred	(1,870)	(1,026)
Total income taxes	35,333	37,531
Net income	198,449	220,050

Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	72,118	142,138	432	142,571	18,036	11,110	210,359	505,818	745,325
Changes of items during the period									
Reversal of reserve for advanced depreciation of non-current assets						(266)		266	—
Dividends from surplus								(139,090)	(139,090)
Net income								198,449	198,449
Purchase of treasury stock									
Disposal of treasury stock			13	13					
Restricted stock compensation	676	676		676					
Net changes of items other than shareholders' equity									
Total changes of items during the period	676	676	13	689	—	(266)	—	59,625	59,358
Balance at the end of current period	72,795	142,814	446	143,260	18,036	10,884	210,359	565,443	804,684

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at the beginning of current period	(48,766)	911,248	(79)	(79)	212	911,381
Changes of items during the period						
Reversal of reserve for advanced depreciation of non-current assets		—				—
Dividends from surplus		(139,090)				(139,090)
Net income		198,449				198,449
Purchase of treasury stock	(25)	(25)				(25)
Disposal of treasury stock	72	85				85
Restricted stock compensation		1,352				1,352
Net changes of items other than shareholders' equity			(75)	(75)	(85)	(160)
Total changes of items during the period	46	60,771	(75)	(75)	(85)	60,611
Balance at the end of current period	(48,719)	972,020	(154)	(154)	127	971,992

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	71,678	141,697	405	142,103	18,036	11,400	210,359	398,984	638,780
Changes of items during the period									
Reversal of reserve for advanced depreciation of non-current assets						(289)		289	—
Dividends from surplus								(113,505)	(113,505)
Net income								220,050	220,050
Purchase of treasury stock									
Disposal of treasury stock			27	27					
Restricted stock compensation	440	440		440					
Net changes of items other than shareholders' equity									
Total changes of items during the period	440	440	27	467	—	(289)	—	106,834	106,545
Balance at the end of current period	72,118	142,138	432	142,571	18,036	11,110	210,359	505,818	745,325

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at the beginning of current period	(48,844)	803,716	(2,615)	(2,615)	333	801,435
Changes of items during the period						
Reversal of reserve for advanced depreciation of non-current assets		—				—
Dividends from surplus		(113,505)				(113,505)
Net income		220,050				220,050
Purchase of treasury stock	(16)	(16)				(16)
Disposal of treasury stock	94	121				121
Restricted stock compensation		881				881
Net changes of items other than shareholders' equity			2,535	2,535	(121)	2,414
Total changes of items during the period	78	107,531	2,535	2,535	(121)	109,946
Balance at the end of current period	(48,766)	911,248	(79)	(79)	212	911,381

Notes to Non-Consolidated Financial Statements

Significant Accounting Policies

(1) Method and basis of valuation of securities

Investments in subsidiaries and affiliated companies:

Stated at cost determined by the moving-average method.

Available-for-sale securities:

Securities, etc. whose market price is not readily determinable:

Stated at cost determined by the moving-average method.

(2) Method and basis of valuation of inventories

Merchandise and finished goods, work in process:

Stated at cost (specific identification method).

Raw materials and supplies:

Stated at cost (periodic average method).

The value stated in the balance sheet is computed according to write-downs based on the decreased profitability.

(3) Depreciation of non-current assets

Property, plant and equipment (excluding lease assets):

Straight-line method

Intangible assets (excluding lease assets):

Straight-line method

Lease assets

Lease assets pertaining to finance leases that do not transfer ownership of leased property to the lessee:

Straight-line method over the lease period as the useful life

(4) Allowances and provisions

1) Allowance for doubtful accounts

To cover possible credit losses on accounts receivables or loans, an allowance for doubtful accounts is provided in the amount deemed uncollectible, which is calculated on the basis of historical default rates for normal claims, or on the basis of individual assessments for specific claims on obligors threatened with bankruptcy.

2) Allowance for investment loss

In order to prepare for losses from investing in domestic and overseas unlisted companies, allowance for investment loss is accounted for by taking into consideration the financial position of the issuer.

3) Provision for bonuses

Provision for bonuses is provided for payment prospect of bonuses to employees at an amount considered to be recorded for the fiscal year.

4) Provision for directors’ bonuses

Provision for directors’ bonuses is provided for payment prospect of bonuses to Directors at an amount considered to be recorded for the fiscal year.

5) Provision for product warranties

Provision for product warranties is provided for product after-sales service expenses based on the historical performance, etc.

6) Provision for retirement benefits

In order to provide for employee retirement benefits, the Company accrues liabilities for severance payments and pension at the amount calculated based on the projected benefit obligations and plan assets at the balance sheet date.

When calculating the projected benefit obligations, the benefit formula basis is used to attribute expected benefits to the period through to the end of the fiscal year. Prior service cost is amortized at the lump-sum amount in the fiscal year when it is incurred. Actuarial loss is amortized in an amount proportionally appropriated on a straight-line basis over a 10-year period, which is shorter than the average remaining service period of employees, beginning with the following term when the difference is recognized.

(5) Accounting for income and expenses

The Company recognizes revenue by adopting the following five steps in accordance with “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021).

Step 1: Identify the contracts with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The details are as described in “Revenue Recognition.”

Notes to Accounting Estimates

Recoverability of deferred tax assets

Amount recorded in financial statements

The Company applies tax effect accounting to temporary differences arising from a difference in tax and account treatment, and records deferred tax assets on the balance sheet.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Deferred tax assets	27,144	25,240

Other information

(1) Calculation method of the amount recorded in financial statements for the fiscal year ended March 31, 2024

The Company recognizes deferred tax assets to the extent of deductible temporary differences that are allowed to reduce the tax amount payable into the future.

(2) Major assumptions used in the calculation of the amounts recorded in financial statements for the fiscal year ended March 31, 2024

Estimates of future taxable income used to evaluate the recoverability of deferred tax assets are determined based on business plans; however, of these business plans, the forecasts of future sales and profits include trends of prices, exchange rates and interest rates, and trends of demand for construction equipment in each country under the uncertain economic situation, as major assumptions.

Impact on financial statements for the following fiscal year

A decrease in the future taxable income may result in reducing the amount of deferred tax assets.

Unapplied Accounting Standards, etc.

"Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (The Practical Solution No. 46 on March 22, 2024, Accounting Standards Board of Japan)

(1) Overview

This Practical Solution aims to clarify how to account for and disclose income taxes in relation to the Global Minimum Tax Rules. For the specific fiscal year that is the subject of consideration, the amount of income taxes related to the Global Minimum Tax Rules is reasonably estimated based on information available at the time of preparing the financial statements and recognized in profit and loss.

(2) Planned date of application

This will be applied from the beginning of the fiscal year ending March 31, 2025.

(3) Impact of the application of the accounting standards, etc.

The amount of the impact on non-consolidated financial statements is currently under review.

Notes to Non-Consolidated Balance Sheet
(Years ended March 31, 2024 and 2023)

1. Receivables from, and debts payable to subsidiaries and affiliates

	Millions of yen	
	2024	2023
Short-term receivables from subsidiaries and affiliates	180,226	188,438
Short-term debts payable to subsidiaries and affiliates	63,832	87,179
Long-term receivables from subsidiaries and affiliates	16,833	16,352

2. Contingency liability

	Millions of yen	
	2024	2023
Balance of guarantees for bonds and debt for borrowings from financial institutions by subsidiaries and affiliates	260,940	253,668
Balance of guarantees for debt for borrowings from financial institutions by employees (home loans)	280	321
Balance of keep-well agreements for the bonds of subsidiaries and affiliates	177,248	161,318
Balance of guarantees for loans financed by subsidiaries and affiliates	6,431	4,926
Balance of guarantees for joint research in which subsidiaries and affiliates have participated	3	28

Notes to Non-Consolidated Statement of Income
(Years ended March 31, 2024 and 2023)

1. Trading with subsidiaries and affiliates

	Millions of yen	
	2024	2023
Sales	898,721	880,181
Purchases	157,822	182,378
Trading other than operating transactions	109,096	151,277

*2. Gain on extinguishment of tie-in shares
A gain was recorded in relation to the absorption-type merger of Komatsu Cabtec Co., Ltd., which was a subsidiary of the Company.

*3. Expenses related to the disaster
They are ¥600 million of expenses for support for areas affected by the Noto Peninsula Earthquake, and others.

Notes to Non-Consolidated Statement of Changes in Net Assets

The 155th Fiscal Year (From April 1, 2023 to March 31, 2024)

(1) Type and number of shares issued

(Thousands of shares)

	Number of Shares at Fiscal Year-beginning	Increase During the Fiscal Year	Decrease During the Fiscal Year	Number of Shares at Fiscal Year-end
Common stock*	973,450	359	-	973,810
Total	973,450	359	-	973,810

Note: The 359 thousand-share increase in the number of common stock is due to the issuance of new shares as restricted stock compensation

(2) Dividends

1) Payment amount of dividends

Resolution	Type of Shares	Total Dividends (Millions of yen)	Dividend per Share (yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 21, 2023	Common stock	70,950	75	March 31, 2023	June 22, 2023
Meeting of the Board of Directors held on October 27, 2023	Common stock	68,139	72	September 30, 2023	December 1, 2023

2) Dividends of which record date is in the fiscal year and effective date is in the next fiscal year

The Company proposed the following dividends to be resolved at the Ordinary General Meeting of Shareholders to be held on June 19, 2024.

Planned Resolution	Type of Shares	Total Dividends (Millions of yen)	Resource of Dividends	Dividend per Share (yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders to be held on June 19, 2024	Common stock	89,907	Retained earnings	95	March 31, 2024	June 20, 2024

The 154th Fiscal Year (From April 1, 2022 to March 31, 2023)

(1) Type and number of shares issued

(Thousands of shares)

	Number of Shares at Fiscal Year-beginning	Increase During the Fiscal Year	Decrease During the Fiscal Year	Number of Shares at Fiscal Year-end
Common stock*	973,145	305	-	973,450
Total	973,145	305	-	973,450

Note: The 305 thousand-share increase in the number of common stock is due to the issuance of new shares as restricted stock compensation

(2) Dividends

1) Payment amount of dividends

Resolution	Type of Shares	Total Dividends (Millions of yen)	Dividend per Share (yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 21, 2022	Common stock	52,962	56	March 31, 2022	June 22, 2022
Meeting of the Board of Directors held on October 31, 2022	Common stock	60,542	64	September 30, 2022	December 2, 2022

2) Dividends of which record date is in the fiscal year and effective date is in the next fiscal year
The Company proposed the following dividends to be resolved at the Ordinary General Meeting of Shareholders to be held on June 21, 2023.

Planned Resolution	Type of Shares	Total Dividends (Millions of yen)	Resource of Dividends	Dividend per Share (yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders to be held on June 21, 2023	Common stock	70,950	Retained earnings	75	March 31, 2023	June 22, 2023

Securities

Fair values for shares of subsidiaries (carrying amount of ¥392,047 million and ¥392,047 million as of March 31, 2024 (155th fiscal year) and March 31, 2023 (154th fiscal year), respectively) and shares of affiliated companies (carrying amount of ¥6,050 million and ¥6,050 million as of March 31, 2024 (155th fiscal year) and March 31, 2023 (154th fiscal year), respectively) are not presented because they are classified as shares and other securities with no quoted market price.

Tax Effect Accounting

1. Major reasons for the accrual of deferred tax assets and deferred tax liabilities
   (Years ended March 31, 2024 and 2023)

	Millions of yen	
	2024	2023
Deferred tax assets		
Provision for product warranties	3,757	3,633
Inventories	1,327	1,369
Accrued enterprise tax	1,451	1,457
Provision for bonuses	4,224	3,710
Provision for retirement benefits	11,740	12,340
Share-based payment expenses	1,142	922
Investment securities and stocks of subsidiaries and affiliates	4,283	3,933
Excess over depreciation limit	1,375	1,478
Deferred gains or losses on hedges	67	34
Return assets and refund liabilities	874	893
Accrued expenses	3,022	2,410
Prepaid expenses	1,884	976
Others	3,777	3,777
Subtotal deferred tax assets	38,929	36,937
Less valuation allowance	(5,505)	(5,275)
Total deferred tax assets	33,423	31,662
Deferred tax liabilities		
Reserve for advanced depreciation of non-current assets	(4,819)	(4,940)
Others	(1,459)	(1,480)
Total deferred tax liabilities	(6,278)	(6,421)
Net deferred tax assets	27,144	25,240

2. Major components of difference between the statutory tax rate and the effective tax rate after tax effect accounting is applied

	2024	2023
Statutory tax rate	30.5%	30.5%
Adjustments		
Expenses not deductible permanently such as entertainment expenses	0.6	0.2
Income not taxable permanently such as dividend income	(12.8)	(16.2)
Foreign tax credit	(0.4)	(0.4)
Transfer pricing taxation adjustment	—	0.1
Foreign withholding tax	0.7	3.3
Valuation allowance	0.1	(0.2)
Tax credit for experiment and research expenses	(2.4)	(1.5)
Others	(1.2)	(1.2)
Effective tax rate after tax effect accounting is applied	15.1	14.6

3. Accounting for income tax and local income tax and deferred tax accounting

The Company has applied the group tax sharing system. In addition, the Company conducts treatment for accounting for income tax and local income tax or for deferred tax accounting related thereto, and disclosure of them in accordance with the "Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021).

Revenue Recognition

The Company engages in the business activities of sales of products and services of construction equipment, industrial machinery, etc. in Japan and overseas. In these business activities, the Company provides goods or services identified in contracts with customers. The Company recognizes revenue when or as control over these goods or services is transferred to the customer at the amount of the transaction price that reflects the consideration to which it expects to be entitled. When two or more goods or services are provided to the same customer, the Company identifies performance obligations in a single contract or combined contracts and allocates the transaction price to each identified performance obligations based on relative stand-alone selling prices.

For sale of equipment, parts, attachment and others, revenue is recognized when the customers accept the goods or services.
Conditions for acceptance, such as shipping, receipt by customers, completion of installation or completion of performance test, depend on contracts or arrangements with customers and the like.
The consideration for those transactions is generally collected within three months after the performance obligation is satisfied.

For services such as periodic check, maintenance, and repair and other services, revenue is recognized when provision of the service is completed, or over the period for which the service is provided. Conditions for completion of service provision, including receipt of completion report, depend on contracts or arrangements with customers and the like. The consideration for those transactions is generally collected within three months after the performance obligation is satisfied.

The Company has signed long-term maintenance contracts with their customers, in which case the customers receive services and simultaneously consume them as the performance obligations are satisfied. Thus, revenue from such services is recognized over the period of the contract with the customer in accordance with the progress percentage on the basis of costs incurred, which appropriately represents the transfer of control to the customer.

Royalties received for licensing to customers (mainly affiliates) are recognized as revenue based on the amount used by the customer in principle.

Certain transaction prices include variable consideration such as future discounts and sales returns. Variable consideration is an estimate of the expected value or the most likely amount, to the extent that it is probable that a significant reversal in cumulative revenue recognized up to that point will not occur when the uncertainty associated with the variable consideration is subsequently resolved. When the period between when control over goods or services is transferred to the customer and when the customer pays for the goods or services is expected to be one year or less at the inception of the contract, the Company does not make any adjustment for the effect of time value of consideration.

The Company is obligated to accept parts returned from customers for a certain period after the sale. In consideration of the relevant historical return result and other factors, the Company’s right to recover parts from customers is recognized in other current assets and other investments as a return asset, and also a refund liability is recognized in other current liabilities and other long-term liabilities for its obligation to refund the customers upon return of parts.

With regard to transactions with combination of products, periodic check, maintenance and others, performance obligations are identified in a single contract or combined contracts. Transaction price is allocated to each identified performance obligation according to the proportion of stand-alone selling price that is determined based on observable price such as contract amount, and estimated cost including historical experience.

After the product are sold or delivered, the Company repairs the sold product and replaces parts free of charge for a certain period in accordance with the contract. Thus, in order to provide for disbursement of the after-sales service costs, provision for product warranties is recognized based on the relevant historical result.
In addition to this standard warranty, the Company offers a package of extended warranty for power line (engine & power systems and hydraulic system) upon the purchase of a product and free maintenance service as a service

program to maintain the performance of construction equipment over a longer period of time.
The Company determines this program to be a service-type warranty, and identifies a separate performance obligation for recognizing revenue from this program.

Subsequent Events

The 155th fiscal year (From April 1, 2023 to March 31, 2024)

[Share buyback and cancellation of treasury stock]

The Company resolved at a meeting of the board of directors held on April 26, 2024 to repurchase its shares of common stock pursuant to Article 156 of the Companies Act of Japan (the "Companies Act") as applied pursuant to Article 165, Paragraph 3 of the Companies Act. It has also resolved to cancel its shares of treasury stock pursuant to Article 178 of the Companies Act.

1) Purpose of the share buyback and cancellation of treasury stock
The Company has decided to repurchase its shares of common stock from the viewpoint of increasing its corporate value and shareholder returns taking into consideration the current capital efficiency, financial soundness, and other factors. In addition, the Company has decided to cancel its shares of treasury stock to be repurchased after comprehensively considering the specific use of the shares and the reasons for holding them.

2) Details of share buyback

i) Class of shares to be repurchased	Common stock
ii) Total number of shares to be repurchased	Up to 33 million shares (represents up to 3.5% of the total number of outstanding shares (excluding treasury stock))
iii) Total purchase price for buyback of shares	Up to 100 billion yen
iv) Period of buyback	April 30, 2024 to September 30, 2024
v) Method of buyback	Purchase at the Tokyo Stock Exchange

3) Details of cancellation of treasury stock

i) Class of shares to be canceled	Common stock
ii) Number of shares to be canceled	All shares repurchased
iii) Planned date of cancellation	October 30, 2024

Non-consolidated supplementary schedule for the 155th Fiscal Year (From April 1, 2023 to March 31, 2024)

Detailed statement of property, plant and equipment, etc.

(Millions of yen)

Category	Type of assets	Balance at Fiscal Year-beginning	Increase During the Fiscal Year ended March 31, 2024	Decrease During the Fiscal Year ended March 31, 2024	Depreciation and amortization during the Fiscal Year ended March 31, 2024	Balance at Fiscal Year-end	Accumulated depreciation and amortization
Property, plant and equipment	Buildings	98,662	10,941	400	7,874	101,329	137,249
	Structures	15,311	2,063	57	1,533	15,784	35,211
	Machinery and equipment	47,884	13,844	658	9,322	51,748	241,131
	Vehicles	913	379	2	408	882	3,939
	Tools, furniture and fixtures	11,215	5,824	315	4,417	12,306	72,475
	Rental equipment	45,216	6,026	4,664 [30]	8,832	37,745	34,728
	Land	46,325	—	352 [3]	—	45,972	—
	Construction in progress	9,368	17,994	19,463	—	7,898	—
	Total	274,897	57,074	25,914 [33]	32,388	273,668	524,736
Intangible assets	Software	28,092	9,485	42	8,935	28,600	—
	Other intangible assets	336	73	—	83	325	—
	Total	28,429	9,558	42	9,018	28,926	—

Notes: 1. The figures in square brackets in the "Decrease During the Fiscal Year ended March 31, 2024" column represent amounts of impairment loss included in the figures above.

2. The increase of rental equipment in the fiscal year ended March 31, 2024 was mainly due to the increase in construction machinery and other equipment owned for the purpose of leasing to other companies. The increase of construction in progress in the fiscal year ended March 31, 2024 was mainly due to the increase in rental equipment.

Detailed statement of reserves

(Millions of yen)

Item	Balance at the Beginning of the Fiscal Year ended March 31, 2024	Increase During the Fiscal Year ended March 31, 2024	Decrease During the Fiscal Year ended March 31, 2024	Balance at the End of the Fiscal Year ended March 31, 2024
Allowance for doubtful accounts	1,265	375	375	1,266
Allowance for investment loss	538	—	532	6
Provision for bonuses	12,164	13,851	12,164	13,851
Provision for directors' bonuses	347	378	369	356
Provision for product warranties	11,914	12,319	11,914	12,319

(2) Primary assets and liabilities

As the consolidated financial statements are prepared, this information is omitted here.

(3) Others

There are no special items to report.

Item 6. Stock-Related Administration for the Company

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date	March 31
Record date of dividends	Interim dividends: September 30 Year-end dividends: March 31
Number of shares constituting one unit*	100 shares
Purchase and sales of shares less than one unit Handling office Transfer agent Forward office Purchase and sales fee	 (Special account) Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan (Special account) Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan - Free of charge
Method of public notice	The method of public notice by the Company shall be electronic public notice, provided, however, that if, the use of the electronic public notice becomes impossible, due to an accident or any other unavoidable reason, the public notices of the Company shall be made by publication in The Nihon Keizai Shimbun published in Tokyo. URL for public notice is following https://www.komatsu.jp/ja
Special benefit for shareholders	The Gift of Gratitude to Long-term Shareholders 1. Qualified shareholders Shareholders of record as of March 31 every year, who own at least three (3) units (300 shares) and have continuously owned any number of shares of the Company at least for the last three (3) years* as of March 31 every year. *Shareholders who qualify for the shareholding of at least the last three (3) years are shown in the register of shareholders as of March 31 and September 30 every year, with the statement saying that they have continuously held shares of the Company seven (7) times, i.e., for a period of seven (7) x six (6) months, or more, including the record date, under the same shareholder numbers. 2. Gift of gratitude Original miniature models of Komatsu products (not for sale) One miniature model per qualified shareholder

Note:
Shareholders of the Company are not entitled to exercise their rights pertaining to shares constituting less than one (1) unit (Tangen) of shares held by them, except for the following rights:
(1) The rights provided for in each item of Article 189, Paragraph 2 of the Companies Act of Japan;
(2) The right to make a request provided for in the provisions of Article 166, Paragraph 1 of the Companies Act of Japan;
(3) The right to receive the allotment of offered shares and offered stock acquisition rights in proportion to the number of shares held by each shareholder;
(4) The right to make a request to the Company for transfer of shares constituting less than one unit

Item 7. Reference Information on the Company

1. Information on the Parent Company

Not applicable.

2. Other Reference Information

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2024 to the filing date of Annual Securities Report.

(1)	Annual Securities Report and Documents Attached, and Confirmation Letter	Business Term (154th)	From April 1, 2022 To March 31, 2023	Filed with Director-General of the Kanto Local Finance Bureau on June 20, 2023
(2)	Internal Control Report and Documents Attached			Filed with Director-General of the Kanto Local Finance Bureau on June 20, 2023
(3)	Quarterly Report and Confirmation Letter	(155th First Quarter)	From April 1, 2023 To June 30, 2023	Filed with Director-General of the Kanto Local Finance Bureau on August 10, 2023
		(155th Second Quarter)	From July 1, 2023 To September 30, 2023	Filed with Director-General of the Kanto Local Finance Bureau on November 10, 2023
		(155th Third Quarter)	From October 1, 2023 To December 31, 2023	Filed with Director-General of the Kanto Local Finance Bureau on February 13, 2024
(4)	Extraordinary Report	Pursuant to Article 19, paragraph 2, item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed with Director-General of the Kanto Local Finance Bureau on June 23, 2023
		Pursuant to Article 19, paragraph 2, item 9 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed with Director-General of the Kanto Local Finance Bureau on February 21, 2024
(5)	Securities Registration Statement (issuance of new shares under the restricted stock compensation plan) and Documents Attached			Filed with Director-General of the Kanto Local Finance Bureau on July 14, 2023
(6)	Amendment to Securities Registration Statement	Amendment to the Securities Registration Statement filed on July 14, 2023		Filed with Director-General of the Kanto Local Finance Bureau on July 28, 2023
		Amendment to the Securities Registration Statement filed on July 14, 2023		Filed with Director-General of the Kanto Local Finance Bureau on August 10, 2023
(7)	Supplement to the Shelf Registration Statement and Documents Attached			Filed with Director-General of the Kanto Local Finance Bureau on July 7, 2023
(8)	Amended Shelf Registration Statement			Filed with Director-General of the Kanto Local Finance Bureau on June 23, 2023 and on February 22, 2023

(9)	Report on Share Buyback	From April 1, 2024 to April 30, 2024	Filed with Director-General of the Kanto Local Finance Bureau on May 14, 2024
		From May 1, 2024 to May 31, 2024	Filed with Director-General of the Kanto Local Finance Bureau on June 13, 2024

Part II Information on Guarantors, etc., for the Company

Not applicable.

[English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report on the Financial Statements
and
Internal Control Over Financial Reporting

June 18, 2024

To The Board of Directors of Komatsu Ltd.:

KPMG AZSA LLC
Tokyo Office

Masakazu Hattori
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tomoo Nishigori
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Daisuke Toyama
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Komatsu Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2024, and 2023, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of equity and the consolidated statements of cash flows for the fiscal years then ended, and notes to the consolidated financial statements and supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and 2023, and its consolidated financial performance and its consolidated cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America, pursuant to Paragraph 3 of the Supplementary Provisions of the Cabinet Office Ordinance for Partial Amendment of the Regulations for Terminology, Forms and Preparation Methods of Consolidated Financial Statements (the Cabinet Office Ordinance No.11 of 2002).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Reasonableness of the Company’s estimates of a specific allowance for credit losses on those receivables with the collectibility risk among Retail Finance Receivables</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As described in Note 4 “Receivables and Allowance for Credit Losses” to the consolidated financial statements, trade notes and accounts receivable, and long-term trade receivables recognized in the consolidated balance sheet of Komatsu Ltd. and subsidiaries (hereinafter, collectively referred to as the “Company”) as of March 31, 2024 included receivables in the retail finance business (hereinafter, “Retail Finance Receivables”) of ¥1,205,443 million, for which an allowance for credit losses of ¥20,590 million has been recorded.

As described in Note 1 “Description of Business, Basis of Financial Statement Presentation and Summary of Significant Accounting Policies” to the consolidated financial statements, the Company recognizes the allowance for credit losses against all receivables in order to account for the potential credit losses on those receivables in accordance with ASC326, Financial Instruments-Credit Losses. The allowance for credit losses on Retail Finance Receivables are estimated by utilizing the expected credit loss rates which are calculated by using relevant economic indicators such as housing starts and the average historical loss rates. For those Retail Finance Receivables deemed to be at risk of collectibility due to deterioration of customer's financial condition or prolonged payment delays, and among other factors, the Company individually evaluates the credit ratings of the customer and their ability to meet their financial obligations based on the assessment of outstanding receivables and obtains the amount of estimated credit losses. The Company considers these factors and records the allowance for credit losses for the difference between the amount of estimated credit losses and the expected recoverable amount on the collateral equipment based on the current market price.</td><td>In order to assess the reasonableness of the Company’s estimates of a specific allowance for credit losses on those receivables with the collectibility risk among Retail Finance Receivables, we requested the component auditors of consolidated subsidiaries to perform the procedures set out below. We then evaluated the reports from the component auditors to conclude on whether sufficient and appropriate audit evidence was obtained from these procedures.

(1) Internal control testing
Testing the design and operating effectiveness of certain of the Company’s internal controls relevant to the estimates of a specific allowance for credit losses on those receivables.

(2) Assessment of the reasonableness of the estimates of a specific allowance for credit losses on those receivables
①Involved credit specialists who assisted in our assessment of the appropriateness of the valuation model used to estimate a specific allowance for credit losses on those receivables.
②Obtained an understanding of management’s judgment process by inquiring of management about the following:
・selection of those receivables subject to a specific allowance;
・calculation of estimated credit losses that reflected the assessment of customers’ ability to meet their financial obligations based on the credit status of individual customers and analysis on the overdue status of receivables, and such an assessment considers, among other factors, the trends in demands of resources and construction, the changes in the financial market such as rising interest rates, the disruption in finance and world economy caused by the situation in Ukraine, as well as different forecasts used for changes in economic and market environment by geographic region; and
・calculation of an expected recoverable amount based on the current market price of equipment held as collateral.</td></tr>
</table>

The key elements of the valuation model used to estimate the allowance for credit losses for those Retail Finance Receivables deemed to be at risk of collectibility are as set out below. Each of these elements involves a high degree of uncertainty and significant judgment made by management. ・selection of at risk receivables subject to a specific allowance for credit losses; ・calculation of estimated credit losses based on the assessment of customers' ability to meet their financial obligations; and ・calculation of an expected recoverable amount based on the current market price of collateral equipment. In addition, since the collection period of Retail Finance Receivables spans over an extended period of time, the evaluation of the customers' ability to meet their financial obligations may be affected by the following factors; ・trends in demands of resources and construction, reflective of the fluctuations in the prices of commodities including materials and energy ・changes in the financial market such as rising interest rates ・disruption in finance and world economy caused by the situation in Ukraine ・different forecasts used for changes in economy and market environment by geographic region We, therefore, determined that our assessment of the reasonableness of the Company's estimates of a specific allowance for credit losses on those receivables with the collectibility risk among Retail Finance Receivables was of most significance in our audit of the consolidated financial statements of the Group for the current fiscal year, and accordingly, it was determined as a key audit matter.	③Assessed the reasonableness of the management's aforementioned judgment that considers customers' payment history, the status of collateral setting, market environments related to the customers' business, overdue status, the reasonableness of the historical estimates of a specific allowance, and additional information obtained subsequent to the year end related to the assessment of customers' ability to meet their financial obligations.

Other Information
The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.
We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in the United States of America.
Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
・Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
・Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
・Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
・Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
・Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in the United States of America, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
・Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
From the matters communicated with Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion
We also have audited the accompanying internal control report of the Company as at March 31, 2024, in accordance with Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act of Japan.
In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at March 31, 2024, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion
We conducted our audit of the internal control report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Internal Control Report
Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.
Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing and examining the design and operation of internal control over financial reporting.
Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report
Our responsibilities are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that expresses our opinion on the internal control report based on our audit from an independent point of view.
In accordance with internal control auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:
・Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
・Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
・Obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.
We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated, and other matters required by internal control auditing standards.
We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Compensation information
The amount of Compensation based on audit attestation services and non-audit services of the company and its subsidiaries to us and to Audit Corporation to the same network as us is set out in Corporate Governance, etc. (3) Conditions of Audits, which is included in the section "Information on the Company".

Interest required to be disclosed by the Certified Public Accountants Act of Japan
We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

[English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report on the Financial Statements

June 18, 2024

To The Board of Directors of Komatsu Ltd.

KPMG AZSA LLC
Tokyo Office

Masakazu Hattori
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tomoo Nishigori
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Daisuke Toyama
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Non-Consolidated Financial Statements

Opinion

We have audited the non-consolidated financial statements of Komatsu Ltd. provided in the "Financial Information" section in the Komatsu's Annual Securities Report ("Yukashoken Hokokusho"), which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, significant accounting policies, the related notes, and the supplementary schedules of Komatsu Ltd. as at March 31, 2024 and for the 155th fiscal year from April 1, 2023 to March 31, 2024, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Komatsu Ltd. as at March 31, 2024, and its financial performance for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the Judgment Regarding the Likelihood of Recovery of Deferred Tax Assets	
The key audit matter	How the matter was addressed in our audit
The amount recorded on the Non-Consolidated Balance Sheet of Komatsu Ltd. for Deferred tax assets is ¥27,144 million. As described in the Notes to Non-Consolidated Financial Statements "Tax Effect Accounting", the amount of deferred tax assets before offsetting against deferred tax liabilities was ¥33,423 million, which was the total deferred tax assets of ¥38,929 million less the valuation allowance of ¥5,505 million. As described in the Notes to Non-consolidated Financial Statements "Notes to Accounting Estimates", Komatsu Ltd. recognizes deferred tax assets to the extent of deductible temporary differences that are allowed to reduce the tax amount payable into the future. The future taxable income used in determining the likelihood of recovery of deferred tax assets is estimated based on the business plan created by management. Because the forecasts of future net sales and profit on which this business plan is based include the key assumptions described below, which involve a high degree of judgment by management, the estimates of future taxable income have a high level of uncertainty. ・Trends of prices, including fixed costs, materials prices, and energy prices, exchange rates and interest rates ・Trends of demand for construction equipment in each country under the uncertain economic situation ・The effects of changes in environmental laws and regulations and climate change on demand ・Trends of international taxation systems, including transfer pricing taxation, which could impact taxable income We, therefore, determined that our assessment of the appropriateness of the likelihood of recovery of deferred tax assets was of most significance in our audit of the Non-consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	We mainly applied the following audit procedures in order to assess the appropriateness of the judgment regarding the likelihood of recovery of deferred tax assets. (1) Assessment of internal controls Testing the design and operating effectiveness of certain of the Company's internal controls relevant to the likelihood of recovery of deferred tax assets, including those related to formulating the business plan (2) Assessment of the reasonableness of future taxable income estimates 1)Questions to management regarding the basis for future taxable income estimates 2)With respect to the future taxable income used in determining the likelihood of recovery of deferred tax assets, confirmation of consistency with the business plan approved by the Board of Directors 3)With respect to the forecast of future net sales and profit on which the business plan is based, assessment of the reasonableness of management's key assumptions, such as the trends of prices, including fixed costs, materials prices, and energy prices, exchange rates and interest rates, trends of demand for construction equipment in each country under the uncertain economic situation, the effects of changes in environmental laws and regulations and climate change on demand, and trends of international taxation systems, including transfer pricing taxation, which could impact taxable income, in consideration of the following: ・Discussions with management especially on the basis, the area that is influenced and the uncertainties relating to key assumptions. ・Analysis of level of achievement for the previous plan and differences with the plan. ・Confirmation of consistency with future market trend forecasts created by outside research institutions. 4)In accordance with the calculated taxable income for the current fiscal year, assessment of the appropriateness of scheduling for when the deductible temporary differences are expected to be settled and the appropriateness of taxable income adjustments included in the calculation of future taxable income

Other Information
The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.
Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements
Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these non-consolidated financial statements.
In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:
・Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
・When auditing the non-consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
・Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
・Conclude on the appropriateness of preparing the non-consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
・Evaluate whether the presentation of the non-consolidated financial statements and notes to the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as evaluate the presentation, structure, and content of the non-consolidated financial statements, including the related notes thereto, and whether the non-consolidated financial statements fairly present the underlying transactions and accounting events.
We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant

deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.
We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
From the matters communicated with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related information

Fee-related information is described in the auditor's report on the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

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【Document title】	Internal Control Report
【Clause of stipulation】	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
【Place of filing】	Director-General of the Kanto Local Finance Bureau
【Filing date】	June 18, 2024
【Company name】	Kabushiki Kaisha Komatsu Seisakusho
【Company name in English】	KOMATSU LTD.
【Title and name of representative】	Hiroyuki Ogawa, President and Representative Director
【Title and name of chief financial officer】	Takeshi Horikoshi, Representative Director and Senior Executive Officer
【Address of registered head office】	1-2-20, Kaigan, Minato-ku, Tokyo, Japan
【Place for public inspection】	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. Matters relating to the basic framework for internal control over financial reporting

Mr. Hiroyuki Ogawa, President and Representative Director, and Mr. Takeshi Horikoshi, Representative Director and Senior Executive Officer, are responsible for establishing and maintaining internal control over financial reporting of Komatsu Group (Komatsu Ltd., its subsidiaries and equity-method affiliates) and have established and maintained internal control over financial reporting in accordance with the basic framework for internal control set forth in the "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

The internal control over financial reporting is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that internal control over financial reporting may not completely prevent or detect misstatements.

2. Matters relating to the scope of assessment, the base date of assessment and the assessment procedures

Komatsu Ltd. (the "Company") assessed the effectiveness of our internal control over financial reporting on the base date as of March 31, 2024 and made this assessment in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In making this assessment, the Company evaluated internal control which may have a material effect on the entire financial reporting on a consolidated basis ("company-level controls") and based on the result of this assessment, the Company appropriately selected business processes to be evaluated. In making these business processes assessment, the Company analyzed these selected business processes, identified key controls that may have a material impact on the reliability of internal control over financial reporting and assessed the design and operation of these key controls.

The Company determined the required assessment scope of internal controls over financial reporting for Komatsu Group from the perspective of the materiality that may affect the reliability of its financial reporting. The materiality that may affect the reliability of its financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. The Company reasonably determined the assessment scope of internal controls over business processes after considering the assessment results of company-level controls conducted for Komatsu Group. The Company did not include those consolidated subsidiaries and equity-method affiliates which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the assessment scope of company-level controls.

Regarding the assessment scope of internal control over business processes, the Company accumulated business units in descending order of net sales (after eliminating inter-company transactions) for the previous fiscal year, and those business units whose combined amount of net sales reaches approximately two-thirds of net sales on a consolidated basis were selected as significant business units.

At the selected significant business units, the Company included, in the assessment scope, those business processes leading to net sales, accounts receivables and inventories as accounts closely relating to business objectives of the Company.

Further, not only at selected significant business units, but also at other business units, the Company added to the assessment scope, those business processes having greater materiality considering their impact on the financial reporting, those business processes relating to greater likelihood of material misstatements in significant accounts involving estimates or forecasts as these significant accounts that may have a material impact on its business objectives; or those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters relating to the results of the assessment

As a result of the assessment above, the Company concluded that internal control over financial reporting of Komatsu Group was effective as of March 31, 2024.

4. Additional notes

Not applicable.

5. Special notes

Not applicable.

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【Document title】	Confirmation Letter
【Clause of stipulation】	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
【Place of filing】	Director-General of the Kanto Local Finance Bureau
【Filing date】	June 18, 2024
【Company name】	Kabushiki Kaisha Komatsu Seisakusho
【Company name in English】	KOMATSU LTD.
【Title and name of representative】	Hiroyuki Ogawa, President and Representative Director
【Title and name of chief financial officer】	Takeshi Horikoshi, Representative Director and Senior Executive Officer
【Address of registered head office】	1-2-20, Kaigan, Minato-ku, Tokyo, Japan
【Place for public inspection】	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Komatsu's President and Representative Director Hiroyuki Ogawa, and Chief Financial Officer, Representative Director and Senior Executive Officer Takeshi Horikoshi, have confirmed that the content of the Annual Securities Report of Komatsu Ltd. for the 155th fiscal year (from April 1, 2023 to March 31, 2024) was described properly based on the laws and regulations concerning the Financial Instruments and Exchanges Act and Related Regulations.

2. Special Notes

Not applicable.