

(Translation)

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Annual Securities Report

From April 1, 2024 to March 31, 2025

(The 156th Fiscal Year)

KOMATSU LTD.

E01532

The 156th Fiscal Year (from April 1, 2024 to March 31, 2025)

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 16, 2025.

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 16, 2025
【Fiscal year】	The 156 th Fiscal Year (from April 1, 2024 to March 31, 2025)
【Company name】	Kabushiki Kaisha Komatsu Seisakusho
【Company name in English】	KOMATSU LTD.
【Title and name of representative】	Takuya Imayoshi, President and Representative Director
【Address of registered head office】	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
【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	152 nd	153 rd	154 th	155 th	156 th	
Year ended	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	
Net sales (Note 2)	2,189,512	2,802,323	3,543,475	3,865,122	4,104,395	
Income before income taxes and equity in earnings of affiliated companies (Note 3)	162,775	324,568	476,434	575,663	604,838	
Net income attributable to Komatsu Ltd.	106,237	224,927	326,398	393,426	439,614	
Comprehensive income attributable to Komatsu Ltd.	194,552	388,477	422,459	633,340	407,103	
Total Komatsu Ltd. shareholders' equity	1,912,297	2,232,511	2,539,641	3,033,569	3,173,399	
Total equity	2,012,025	2,356,277	2,677,955	3,198,452	3,344,853	
Total assets	3,784,841	4,347,522	4,875,847	5,636,656	5,773,523	
Total Komatsu Ltd. shareholders' equity per share (Note 4) (Yen)	2,023.34	2,361.66	2,685.76	3,206.80	3,438.70	
Net income attributable to Komatsu Ltd. per share	Basic (Note 5) (Yen)	112.43	237.97	345.22	415.96	473.44
	Diluted (Yen)	112.39	237.92	345.18	415.93	473.42
Total Komatsu Ltd. shareholders' equity ratio (%)	50.5	51.4	52.1	53.8	55.0	
Return on equity (%)	5.8	10.9	13.7	14.1	14.2	
Price earnings ratio (Times)	30.4	12.4	9.5	10.6	9.1	
Net cash provided by operating activities	354,129	300,970	206,474	434,778	517,167	
Net cash used in investing activities	(163,057)	(143,569)	(169,518)	(204,419)	(210,669)	
Net cash used in financing activities	(199,667)	(93,868)	(66,613)	(122,037)	(321,424)	
Cash and cash equivalents, end of year	241,803	315,360	289,975	403,178	385,569	
Number of employees (Persons)	61,564	62,774	64,343	65,738	66,697	
[Separately, average number of temporary employees]	[4,056]	[4,981]	[6,265]	[6,136]	[5,089]	

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	152 nd	153 rd	154 th	155 th	156 th
Year ended	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Net sales	653,587	952,247	1,144,513	1,161,966	1,143,406
Ordinary income	25,055	94,135	252,952	233,701	249,902
Net income	21,875	78,342	220,050	198,449	245,865
Capital stock	71,322	71,678	72,118	72,795	72,795
Number of common shares issued (Thousands of shares)	972,887	973,145	973,450	973,810	950,953
Net assets	797,596	801,435	911,381	971,992	950,803
Total assets	1,332,733	1,403,535	1,445,319	1,454,707	1,546,676
Net assets per share (Yen)	842.84	847.04	963.18	1,026.91	1,029.79
Cash dividend per share (Note 2 and 3) (Yen)	55.0	96.0	139.0	167.0	190.0
[Of the above interim dividend per share] (Yen)	[18.0]	[40.0]	[64.0]	[72.0]	[83.0]
Net income per share (Yen)	23.14	82.85	232.64	209.73	264.66
Net income per share reflecting the potential dilution (Yen)	23.13	82.83	232.61	209.71	264.66
Total equity ratio (%)	59.8	57.1	63.0	66.8	61.5
Return on equity (%)	2.7	9.8	25.7	21.1	25.6
Price earnings ratio (Times)	147.8	35.5	14.1	21.1	16.3
Dividend payout ratio (%)	237.7	115.9	59.7	79.6	71.8
Total shareholders return (%)	195.3	174.0	200.6	274.4	278.5
[Of TOPIX Machine Index] (%)	[159.9]	[153.9]	[167.1]	[244.3]	[233.7]
Highest share price of each fiscal year (Note 4) (Yen)	3,542.0	3,520.0	3,570.0	4,670.0	5,131.0
Lowest share price of each fiscal year (Note 4) (Yen)	1,650.0	2,539.0	2,594.0	3,064.0	3,324.0
Number of employees (Persons)	11,795	11,927	12,208	12,285	12,344
[Separately, average number of temporary employees]	[1,048]	[1,060]	[1,320]	[1,330]	[1,011]

Notes:

- 1) The figures in the Company's financial statements have been rounded down to the nearest million yen.
- 2) As part of the ¥190 per share of cash dividend for the 156th fiscal year, the ¥107 per share year-end dividend for the 156th fiscal year is a matter to be resolved at the Company's Ordinary General Meeting of Shareholders scheduled to be held on June 19, 2025.
- 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 comprises 217 consolidated subsidiaries and 41 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. The major business categories below correspond to the business category in business segment information by operating segment.

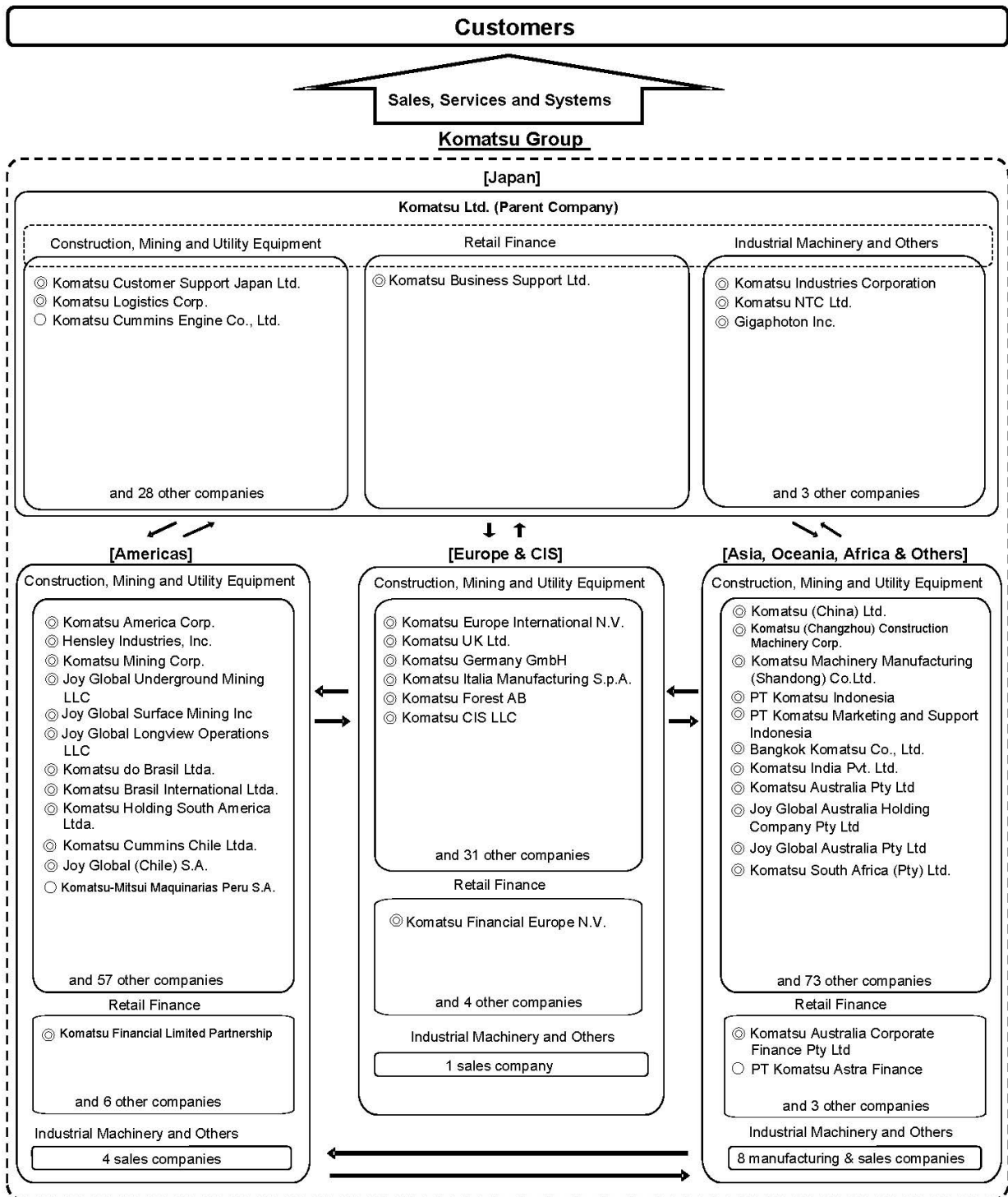
Category/principal products and businesses		Principal companies
Construction, Mining and Utility Equipment		
Excavating equipment	Hydraulic excavators, rope shovels, mini excavators, backhoe loaders, and blasthole drills	Komatsu Ltd., Komatsu Customer Support Japan Ltd., Komatsu Logistics Corp., Komatsu 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 152 subsidiaries (Total 183 companies)
Loading equipment	Wheel loaders, mini wheel loaders, and skid-steer loaders	
Grading and roadbed preparation equipment	Bulldozers and motor graders	
Hauling equipment	Off-highway dump trucks, articulated dump trucks, and crawler carriers	
Forestry equipment	Harvesters, forwarders, feller bunchers, log loaders, and tree planters	
Tunneling machines	Shield machines and tunnel-boring machines	
Underground mining equipment	Continuous miners, shearers, load haul dumps, trucks, jumbo drills, and drifters	
Recycling equipment	Mobile crushers, mobile soil recyclers, and mobile tub grinders	
Industrial vehicles	Forklift trucks	
Other equipment	Railroad maintenance equipment	
Engines and components	Diesel engines, diesel generator sets, hydraulic equipment, and batteries	
Casting products	Steel castings and iron castings	
Logistics	Transportation, warehousing, and packing	

Solution business	Autonomous Haulage System (AHS) for unmanned dump truck operation, fleet management systems, mining equipment simulators, underground mining communication devices, Smart Construction, KOMTRAX, forestry management solutions, and construction and forestry equipment simulators	
Retail Finance		
Retail financing	Leasing and installment of construction and mining equipment	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)
Industrial Machinery and Others		
Metal forging and stamping presses	Servo presses and mechanical presses	Komatsu Ltd., Komatsu Industries Corporation, Komatsu NTC Ltd., Gigaphoton Inc. and other 15 subsidiaries (Total 19 companies)
Sheet-metal machines	Laser cutting machines, fine-plasma cutting machines, press brakes, and shears	
Machine tools	Transfer machines, machining centers, crankshaft millers, grinding machines, and wire saws	
Defense systems	Ammunition and armored personnel carriers	
Temperature-control equipment	Thermoelectric modules and temperature-control equipment for semiconductor manufacturing	
Optical machinery	Excimer laser used for lithography tools in semiconductor manufacturing	

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, 2025)



[Legend Symbols]

- ⊙ Consolidated Subsidiaries
- Affiliated Companies Accounted for by the Equity Method

→ Supply of Products & Components

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 1 and 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.
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.
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	35 million US dollars	Construction, Mining and Utility Equipment	[81.4] 81.4	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 180 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	29 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 38 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" are EARTHRAIN Ltd., Quadco Inc., Komatsu Europe Coordination Center N.V., Komatsu Manufacturing Rus LLC., Komatsu Australia Holdings Pty Ltd, and UMW Komatsu Heavy Equipment Sdn. Bhd.

- 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.	935,350	193,351	184,968	1,451,360	1,894,457

- 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 857 million.

5. Employees

(1) Consolidated

(As of March 31, 2025)

Operating segment	Number of employees	
Construction, Mining and Utility Equipment	61,380	[4,697]
Retail Finance	265	[4]
Industrial Machinery and Others	4,284	[266]
Corporate	768	[122]
Total	66,697	[5,089]

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, 2025)

Number of employees	Average age	Average length of service	Average annual salary (gross)
12,344 [1,011]	41.5 years old	16.9 years	¥8,591,258

(As of March 31, 2025)

Operating segment	Number of employees	
Construction, Mining and Utility Equipment	11,311	[872]
Retail Finance	8	[0]
Industrial Machinery and Others	257	[17]
Corporate	768	[122]
Total	12,344	[1,011]

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 6,700 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, 2025				
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 and 4)		
		All employees (%)	Permanent employees (%)	Fixed-term employees etc. (%)
9.0	82.0	78.5	79.0	73.3

(ii) Domestic subsidiaries

Company name	Fiscal year ended March 31, 2025				
	Percentages of female employees in managerial positions (%) (Notes 1, 3 and 5)	Percentage of male employees who took childcare leave (%) (Notes 2 and 3)	Wage differences between male and female employees (Notes 1, 3 and 4)		
			All employees (%)	Permanent employees (%)	Fixed-term employees etc. (%)
Komatsu Customer Support Japan Ltd.	2.1	63.1	76.2	76.4	54.4
Komatsu Logistics Corp.	9.3	90.9	75.3	78.1	93.7
Komatsu Industries Corporation	-	77.7	67.7	67.4	73.8
Komatsu NTC Ltd.	3.6	87.5	73.3	73.4	74.6
Gigaphoton Inc.	5.2	91.6	79.6	81.8	63.2
KELK Ltd.	9.8	100.0	79.3	77.6	89.3

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 71-6, 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. 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.
- 5) “-” 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 social issues and improving profitability through the creation of customer value, thereby achieving sustainable growth.

Komatsu has worked on a mid-term management plan “DANTOTSU Value – *Together, to ‘The Next’ for sustainable growth,*” which covered the three-years from April 2022 to March 2025. During this period despite the downward trend in demand for construction equipment, demand for mining equipment remained steady. There were also factors such as the impact of exchange rates and the effect of improvements in selling prices in most regions of the world. Consequently, FY2024, the final year of the mid-term management plan, marked record high sales and profits for the third consecutive year.

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), and achieved the indicator levels for each of the management targets: “growth,” “profitability,” “efficiency,” “sound financial position,” “ESG” evaluation by external organizations, and “shareholder return.”

New Mid-Term Management Plan: “Driving value with ambition”

Komatsu launched its new three-year mid-term management plan, Strategic Growth Plan (FY2025-FY2027) with the title “Driving value with ambition,” in April 2025.

In the Strategic Growth Plan, the Company aims to embrace one of its core values, Ambition, by taking bold measures to pursue group-wide growth through the co-creation of new value with customers and stakeholders.

The Strategic Growth Plan redefines the Company vision of becoming “a collaborative partner committed to optimizing safe, productive, and clean workplaces.” The Company provided new value in optimizing customer workplaces by further evolving solutions including Smart Construction and Autonomous Haulage System (AHS), while combining products fitted with more advanced functions linked to such solutions.

Our vision, key activities



In the growth strategy, the Company has identified three pillars, 1) Create customer value through innovation, 2) Drive growth and profitability, and 3) Transform our business foundation. Backcasting from our vision, the Company views the shift toward a decarbonized society and advances in digital technologies as key business opportunities. The Company is also committed to strengthening efforts to enhance resilience against external factors amid growing uncertainty mainly from geopolitical risks and tariffs in global trade policies.

1)“Create customer value through innovation”

Respond to diverse power sources and actively work towards more advanced automation and displacement, while further evolving solutions development.

2)“Drive growth and profitability”

In addition to strengthening the product capabilities by region, focused on the growth markets of Asia and Africa, work on the expansion of the value chain business.

3)“Transform our business foundation”

Accelerate AI utilization and DX, and strive to strengthen the management infrastructure, focused on the renewal of core systems for Komatsu and the development and implementation of solutions platforms for distributors.

Our vision

A collaborative partner committed to optimizing safe, productive, and clean workplaces

Theme

Driving value with ambition

Three growth strategy pillars

<p>1 Create customer value through innovation Investing in our future</p> <ul style="list-style-type: none"> Co-create new value through strategic investments, new technologies, developing new business areas, and solutions Deliver manufacturing and technology innovation through AI and other technologies for carbon neutrality and customer workplace optimization 	<p>2 Drive growth and profitability Profit structure</p> <ul style="list-style-type: none"> Achieve growth and profitability through advanced workplace operations Expand value chain businesses, using AI and DX for labor-savings and optimization Achieve growth through marketing strategies optimized to business, region, and country
<p>3 Transform our business foundation Resilience</p> <ul style="list-style-type: none"> Acquire and enable the success of talent needed to support business growth Strengthen our brand through enhanced branding activities Introduce bold and agile initiatives to streamline business infrastructure (systems and processes) through AI and DX 	

Key initiatives of the growth strategy

	Mining	Construction	Forestry machinery	Industrial machinery, others
1 Create customer value through innovation	Compatibility with various power sources	Accelerate ecosystem strategy for decarbonization	Accelerate product development toward carbon neutrality	Develop HEV and BEV vehicles toward electrification
	Advancements in automation and remote control	Develop SDV machines with high solutions affinity • Drive automation of mine operation (incl. advance AHS)	Introduce automation and remote control for non-crewed construction	Develop autonomous forest driving technology having environment detection
	Stronger product and support capabilities by region	Expand Open Technology Platform and popularize apps	Create a support infrastructure toward Smart Construction growth • Improve competitiveness of next-generation components	Establish a forestry solutions business model • Win wider adoption of afforestation/forestry technology and machinery for circular forestry
2 Drive growth and profitability	Stronger aftermarket	Expand business in emerging mining markets (Africa, Middle East, etc.)	Strengthen product planning (Asia, Africa, etc.) • Establish core operational facilities to strengthen customer and dealer support (Africa)	Expand FTL* product lineup (North America) • Develop emerging forestry markets (Asia, Eastern Europe, etc.)
	Stronger aftermarket	Strengthen our Reman/rebuild businesses • Grow sales of attachments and undercarriage components (GET/UC)	Step up key component strategies • Build Lifecycle Reliable Support infrastructure for construction; develop mining and forestry machinery	Enhance after service for press machines and sheet metal machines • Solve issues in the workplace through expanded Komtrax content
3 Transform our business foundation	Stronger aftermarket	Expand lineup and sales network of hard rock products; develop new underground extraction methods	Increase customer value through DX and provide greater support to distributors (North America)	Expand CTL** sales further in Europe and the Americas • Pursue DX through a forest land communication network
	Transform our business foundation	Expand lineup and sales network of hard rock products; develop new underground extraction methods	Increase customer value through DX and provide greater support to distributors (North America)	Expand CTL** sales further in Europe and the Americas • Pursue DX through a forest land communication network
	Create workplaces where all individuals can shine as their authentic selves, wherever they are • Increase brand recognition • Enterprise Risk Management, BCP (cyber security/regulatory compliance)		Reform our core system to establish and optimally integrated environment for the group overall • Utilize AI and DX to develop and implement a solutions platform for distributors • Review legacy management (management with awareness of the three axes of business, function, and region; do away with traditional/strategic market segmentation)	

*Full tree length (FTL) method: Felled trees hauled out as-is; processed into fixed length logs at another location

**Cut-to-length (CTL) method: Felled trees cut to fixed-length logs in place in the forest and then hauled out

Targets of Strategic Growth Plan

For financial indicators, Komatsu continues to aim for growth above the industry average and top-tier profitability within the industry. The target for ROE (return on equity), which is an indicator of efficiency, continues to be 10% or higher, and above the cost of shareholders' equity. Furthermore, to ensure profitability and continue growth investments, the Company added free cash flow (FCF) as a new indicator this time, with a three-year cumulative target of JPY 1 trillion. In addition, the Company changed the target for the net debt-to-equity ratio in the retail finance business from 5 times or less to 6 times or less.

In terms of shareholder returns, Komatsu will continue its policy of a consolidated payout ratio of 40% or higher and buyback its common stock in a timely manner after comprehensively considering financial soundness and the shareholders' equity ratio.




For non-financial items, Komatsu remains committed to reducing environmental impact, with a 2030 CO₂ reduction target and a 2050 carbon neutrality goal. In addition, this time we have specified important social issues that the Company should address from the perspective of double materiality and determined KPI (30 items) for related activities. Details are scheduled to be disclosed in the integrated report to be issued in September.

Category	Item	Indicator	Target
Financial	Growth	Sales growth rate	Growth rate above the industry average
	Profitability	Operating profit ratio	Top profit ratio in the industry
		FCF	3-year cumulative: 1 trillion yen (excluding M&A-related expenditures)
	Efficiency	ROE	10% or higher
	Retail finance business	ROA	1.5% to 2.0%
		Net D/E Ratio	6 times or less
Shareholder returns	Consolidated payout ratio	<ul style="list-style-type: none"> •40% or more (consolidated) •Timely share buybacks based on an overall balance of financial soundness, shareholders' equity ratio, and other factors 	
Non-financial	Resolution of social issues	KPI for solving social issues	Overall evaluation (including evaluations by external organizations) of progress in 30 social solution KPIs
		Reduction of environmental impact	<ul style="list-style-type: none"> •Decrease CO₂ emissions from Komatsu (total): 50% reduction by FY2030 (compared to FY2010) •Decrease CO₂ emissions from product use (intensity): 50% reduction by FY2030 (compared to FY2010) •<Stretch goal> Become carbon neutral by FY2050 •Renewable energy use: 50% of total energy use by FY2030

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

*3 Net D/E Ratio = (Interest-bearing debt – Cash and cash equivalents – Time deposits) / Komatsu Ltd. shareholders' equity

Category	Materiality	Key activities	KPI
With people 	<ul style="list-style-type: none"> ● Employees ● Human rights 	Create safe and secure work environments; support employee health	Occupational accident frequency rate(per one million hours)
		Create workplaces where all individuals can shine as their authentic selves, wherever they are	<ul style="list-style-type: none"> ①Ratio of full-time female employees (global) ②Ratio of women in managerial positions (global)
With business 	<ul style="list-style-type: none"> ● Customers ● Ethics and governance ● Communities 	Enhance product safety	Plan, develop, and market safety equipment
		Improve jobsite productivity through Smart Construction	Rate of ICT machine* adoption
		Provide solutions for sustainable resource development (mining)	Cumulative Autonomous Haulage System (AHS) installations in mines
		Provide solutions for better jobsite safety and productivity (automation, autonomous operation, remote operation)	Hard rock business sales
		Build value chains adaptable to changes in the environment and demand	Accelerate automation and remote control of construction and mining equipment
		Continue social contribution activities	Aftermarket business sales growth rate
With the planet 	● Environment	Effort to become carbon neutral	Ongoing social contribution activities (contribution to communities, landmine removal, disaster recovery support)
		Reduce environmental impact through business activities (industrial machinery business)	Reduce CO ₂ from production
		Provide solutions that support sustainable, circular forestry businesses	Reduce CO ₂ from product use
		Drive circular economies	Unit sales of power generation units with thermoelectric elements
			<ul style="list-style-type: none"> ①Forestry machinery business sales growth rate ②Annual increase in trees planted using tree-planting machinery

*Hydraulic excavators and bulldozers equipped with 3D machine control and 3D machine guidance functions

2. Approach to and Initiatives for Sustainability

Having long pledged to conduct management focused on sustainability, Komatsu aims to solve social issues through its business activities, including providing high-quality, highly efficient products, services, and solutions that take into account the environment and safety. Komatsu continues to address various social issues, including global climate change, by defining the materiality (key issues) that it needs to 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, Komatsu 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 important 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 social issues as management targets in its mid-term management plan, which is based on the basic concept of creating a positive cycle of resolving social 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, Komatsu 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. Komatsu 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 report on their respective discussions 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 45 and page 55 of the integrated report, “Komatsu Report 2024.”

https://www.komatsu.jp/en/-/media/HOME/ir/library/annual/en/2024/kmt_kr24e.pdf#page=46

For details on the governance of occupational safety and health, please refer to page 63-64 of “ESG Data Book 2024”https://komatsu.disclosure.site/en/csr/pdf/KomatsuCSR2024_en.pdf#page=64

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. The Company’s basic approach presented in its mid-term management plan is to create a positive cycle of solving social issues and improving earnings through growth strategies with the aim of achieving sustainable growth. In developing the mid-term management plan, the Company analyzes materiality (key issues) that it needs to address from two perspectives—the impact of Komatsu’s business activities on society and the environment, and the impact of societal and environmental factors on Komatsu’s business—and reflects the outcome in its growth strategies.

For details on the process of analyzing materiality, please refer to page 16-17 of the integrated report, “Komatsu Report 2024.”

https://www.komatsu.jp/en/-/media/HOME/ir/library/annual/en/2024/kmt_kr24e.pdf#page=17

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

Climate change is one of the sustainability-related material issues 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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	Based on the growth strategies set forth in its mid-term management plan, Komatsu will capitalize on opportunities created by changes in resource demand to achieve sustainable growth.

Themes	Risks	Opportunities	Strategies
Transition to low-carbon products	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Taxation of fossil fuels and CO₂ emissions • Price increase of purchased items • Cost increases due to the investment in facilities with low CO₂ emissions 	<ul style="list-style-type: none"> • Increased competitiveness through manufacturing technologies that reduce CO₂ 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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 healthy and vibrant life. In addition, the Company is also promoting cooperation with foreign subsidiaries.

For details on the strategy above, please refer to page 64-73 of "ESG Data Book 2024"
https://komatsu.disclosure.site/en/csr/pdf/KomatsuCSR2024_en.pdf#page=65

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. In January 2025, the Company updated "The Komatsu Way" for the first time in six years in light of internal and external changes, making it easier for Group employees to understand and put into practice. Based on "The Komatsu Way," the Company continues to implement human resource development.

In the mid-term management plan for period leading up to FY2024, "Enrich human resources base with diversity" was presented as its key initiative, for which the Company rolled out 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." Going forward, the Company is accelerating its initiatives to maximize the value of its human capital with the aim of securing and empowering talent that sustains its business growth.

(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.

For Komatsu with sales outside of Japan accounting for approximately 90% of total sales and approximately 70% of its employees working overseas, the development of leaders with a global mindset holds the key to growth. At overseas subsidiaries, top management positions are assumed by national employees (local employees) 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, from among the Global Officers, the Company has also appointed personnel who will play central roles with respect to business management of Komatsu as executive officers of the Company.

The Company is also actively involved in promoting gender diversity. The Company has sets KPIs for increasing the ratio of female employees and is implementing various measures such as improving hiring, development, and environments to ensure the continuation of their careers. At the same time, it is also promoting their participation as core human resources.

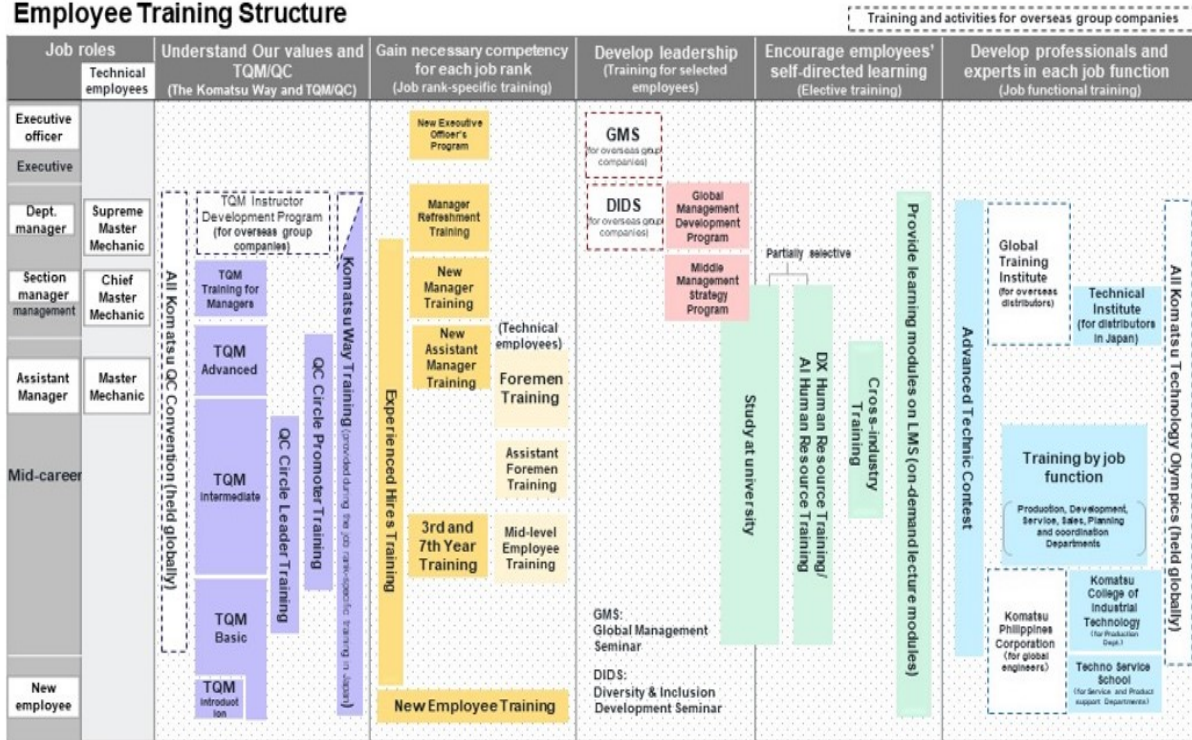
(ii) Offering of a variety of talent development opportunities and improving employee engagement

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.

Employee Training Structure



(iii) Human Resources Development for digital applications and open-innovation

As to the development of human resources with digital knowledge and technologies, the Company defined the ideal talent profile targeted through education and training, and organized a consistent educational system that spans from basic programs for all employees to selective and hands-on courses. Specific programs offered include programs for developing business reform leaders, programs for acquiring problem-solving skills based on digital technology, and autonomous learning courses for individuals to develop the skills they need. In addition, a project team that aims for digital transformation (DX) promotion and generative AI utilization developed an e-learning program to enhance the DX literacy of all Group employees. The objective of the Group-wide program is to foster understanding of a corporate culture conducive to promoting DX, as well as encourage employees to learn the basics of generative AI and apply their knowledge at work. 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 46-50 of the integrated report, “Komatsu Report 2024.”
https://www.komatsu.jp/en/-/media/HOME/ir/library/annual/en/2024/kmt_kr24e.pdf#page=47

(3) Risk management

< Basic policies for risk management >

The management principle of the Company is to maximize its corporate value through the commitment to quality and reliability. Komatsu regards all uncertainty that impedes this principle as a risk.

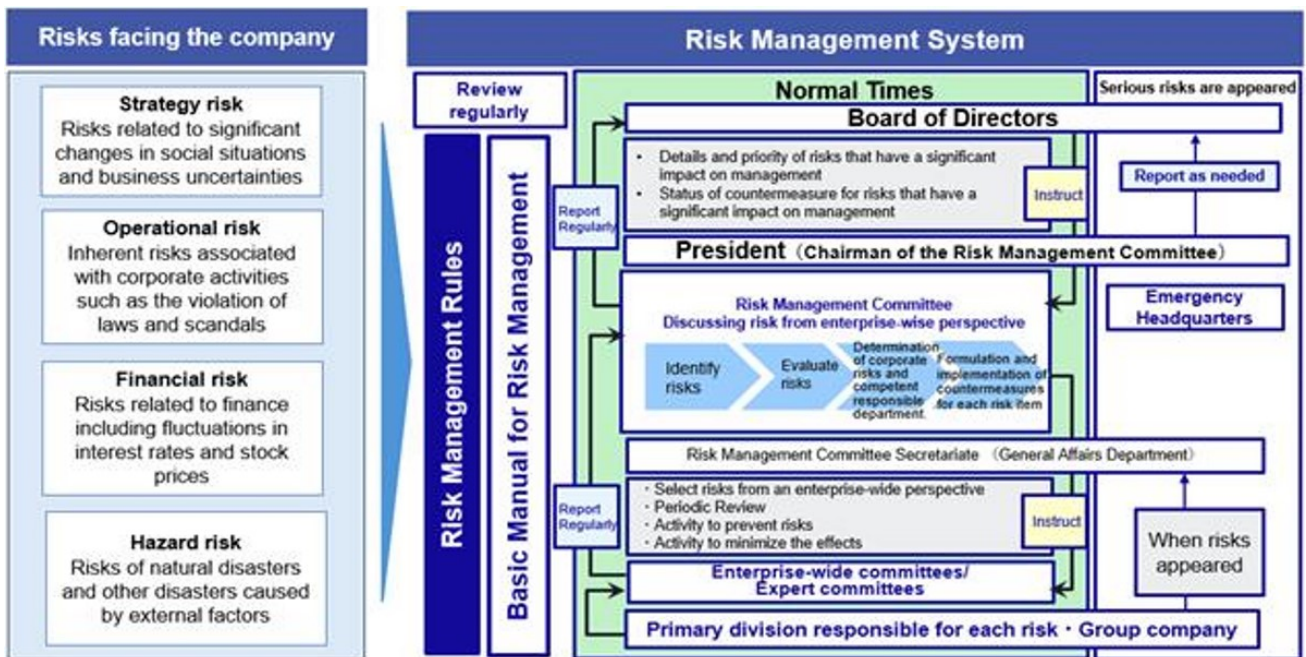
In order to support strategic decision-making and smooth business operations appropriately, Komatsu has established a “Risk Appetite Statement”, which is a policy to respond to risks and ensures that all employees make decisions and take actions based on this statement. In developing the Risk Appetite Statement, the Risk Management Committee chaired by the President discusses and decides on the statement, and reports on the discussion to the Board of Directors. Komatsu considers changes in the business environment not only as risks but also as opportunities for corporate growth, and has incorporated into the Risk Appetite its intention to proactively take on challenges with the aim of securing competitive advantage.

<p>< Safety • Health and Compliance > At Komatsu Group, 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 safety, health, and compliance.</p>	<p>< Pursuit of Innovation > Komatsu Group 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.” To achieve, we are proactively taking on challenges and maintaining risks while implementing appropriate measures.</p>
<p>< Customer Value > Komatsu Group aims to "develop safe, highly productive, smart and clean workplaces of the future with customers". We strive to reduce and avoid risks that could impede the effectiveness, safety, and quality assurance of any products provided to customers. Furthermore, we will actively take on challenges by perceiving the creation of customer value as an opportunity for solving social issues, improving profits, and achieving sustainable growth.</p>	<p>< Corporate Social Responsibility > Komatsu Group will “contribute to a sustainable future by addressing social issues through our business activities.” We will strive to reduce and avoid risks that may damage trust in society by promoting initiatives to respect human rights, low-carbon and reduce environmental impacts. Furthermore, we will actively take on challenges by perceiving solving social issues through growth strategies as an opportunity to expand our presence in the market.</p>

< Structure for risk management >

Komatsu has introduced Enterprise Risk Management (hereinafter referred to as "ERM") to identify all risks and opportunities 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 page 78 of the integrated report "Komatsu Report 2024."
https://www.komatsu.jp/en/-/media/HOME/ir/library/annual/en/2024/kmt_kr24e.pdf#page=79

(4) Indicators and targets

The results of sustainability activities for FY2024 and targets for FY2025 and beyond as described in this section will be disclosed in the integrated report, “Komatsu Report 2025,” scheduled to be issued in September 2025. In FY2024, Komatsu promoted its sustainability activities by setting indicators such as the following.

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

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

- CO₂ 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, Komatsu applies the following indicators and targets in terms of the climate change-related strategy described under the paragraph headed “(2) Strategy” above.

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 34-36 of the integrated report, “Komatsu Report 2024” and page 17-22 of “Komatsu ESG Databook 2024.”

https://www.komatsu.jp/en/-/media/HOME/ir/library/annual/en/2024/kmt_kr24e.pdf#page=35

https://komatsu.disclosure.site/en/csr/pdf/KomatsuCSR2024_en.pdf#page=18

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

Komatsu applies the following indicators and targets in terms of the safety and health related strategy described under the paragraph headed “(2) Strategy” above.

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 35-36 of the integrated report, “Komatsu Report 2024” and page 66-73 of “Komatsu ESG Databook 2024.”

https://www.komatsu.jp/en/-/media/HOME/ir/library/annual/en/2024/kmt_kr24e.pdf#page=36

https://komatsu.disclosure.site/en/csr/pdf/KomatsuCSR2024_en.pdf#page=67

* For results for FY2024 and details thereof, please refer to “ESG Databook 2025,” to be updated in July.

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

Komatsu applies the following indicators and targets in terms the strategies related to human resources development and improvement of internal working environment described under the paragraph headed “(2) Strategy” above.

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).	<ul style="list-style-type: none"> • 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 AI skills	Three-year aggregate numbers of training recipients (FY2022-2024) <ul style="list-style-type: none"> • Digital transformation : 180 for practical, 900 for entry level • AI :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 46-50 of the integrated report “Komatsu Report 2024” and pages 37-62 of “Komatsu ESG Databook 2024.”

https://www.komatsu.jp/en/-/media/HOME/ir/library/annual/en/2024/kmt_kr24e.pdf#page=47

https://komatsu.disclosure.site/en/csr/pdf/KomatsuCSR2024_en.pdf#page=38

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. Moreover, 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.

Furthermore, disruptions in finance and the economy caused by tariff policies in various countries may have an unfavorable impact on the financial condition and business performance of Komatsu.

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, biodiversity, 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 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 evaluates and selects suppliers based on the philosophy of "aiming to build a Win-Win relationship with our business partners, who are on an equal footing with us, and encouraging each other". However, if any supplier in the supply chain is deemed to have insufficient efforts towards sustainable and responsible procurement for any reason, it could lead to a decline in the Komatsu's brand image and credibility. 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, 2025 are as follows.

(1) Financial Position and Operating Results

(i) Overview

For the fiscal year ended March 31, 2025, consolidated net sales increased by 6.2% from the fiscal year ended March 31, 2024 to ¥4,104,395 million. With respect to profits, operating income increased by 8.2% from the fiscal year ended March 31, 2024 to ¥657,125 million. The operating income ratio increased by 0.3 percentage points from the fiscal year ended March 31, 2024 to 16.0%. Income before income taxes and equity in earnings of affiliated companies increased by 5.1% from the fiscal year ended March 31, 2024 to ¥604,838 million. Net income attributable to Komatsu Ltd. increased by 11.7% from the fiscal year ended March 31, 2024 to ¥439,614 million.

Consolidated results for the fiscal year ended March 31, 2025

	2025 (Millions of yen)	Changes from previous fiscal year
Net sales	4,104,395	6.2%
Construction, Mining and Utility Equipment	3,798,235	5.1%
Retail Finance	123,211	19.0%
Industrial Machinery and Others	223,600	14.3%
Elimination	(40,651)	—
Segment profit	663,527	9.6%
Construction, Mining and Utility Equipment	598,874	4.3%
Retail Finance	29,422	21.4%
Industrial Machinery and Others	27,391	166.5%
Corporate & elimination	7,840	—
Operating income	657,125	8.2%
Income before income taxes and equity in earnings of affiliated companies	604,838	5.1%
Net income attributable to Komatsu Ltd.	439,614	11.7%

(ii) Changes in foreign exchange rate

The Japanese yen depreciated against the U.S. dollar, and the Australian dollar, etc. for the fiscal year ended March 31, 2025 compared to the fiscal year ended March 31, 2024. It is estimated that segment profit for the construction, mining and utility equipment business for the fiscal year ended March 31, 2025 increased approximately ¥48.0 billion compared to the fiscal year ended March 31, 2024 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, 2025 increased by 6.2% to ¥4,104,395 million from ¥3,865,122 million for the fiscal year ended March 31, 2024. Net sales to external customers in Japan for the fiscal year ended March 31, 2025 remained almost flat at ¥436,605 million, compared to ¥436,649 million for the fiscal year ended March 31, 2024. Net sales to external customers in overseas for the fiscal year ended March 31, 2025 increased by 7.0% to ¥3,667,790 million from ¥3,428,473 million for the fiscal year ended March 31, 2024.

(iv) Cost of sales and selling, general and administrative expenses

Cost of sales increased by 4.8% from the fiscal year ended March 31, 2024 to ¥2,782,012 million primarily due to increased net sales. The ratio of cost of sales to net sales decreased by 0.9 percentage points from the fiscal year ended March 31, 2024 to 67.8%.

Selling, general and administrative expenses increased by 9.0% from the fiscal year ended March 31, 2024 to ¥658,856 million.

R&D expenses that were included in cost of sales and selling, general and administrative expenses increased by 6.8% from the fiscal year ended March 31, 2024 to ¥110.5 billion.

(v) Impairment losses on long-lived assets

Impairment losses on long-lived assets for the fiscal year ended March 31, 2025 decreased by ¥4,077 million to ¥2,031 million as compared to ¥6,108 million for the fiscal year ended March 31, 2024. For the fiscal year ended March 31, 2025, this was mainly due to impairment losses from property, plant, and equipment.

(vi) Other operating income (expenses), net

Net other operating expenses of ¥4,371 million was recognized for the fiscal year ended March 31, 2025 as compared to net other operating income of ¥7,628 million for the fiscal year ended March 31, 2024.

(vii) Operating income

As a result of the above factors, operating income for the fiscal year ended March 31, 2025 increased by 8.2% to ¥657,125 million as compared to ¥607,194 million for the fiscal year ended March 31, 2024.

(viii) Other income (expenses), net

Interest and dividend income increased by ¥6,179 million to ¥27,325 million for the fiscal year ended March 31, 2025 as compared to ¥21,146 million for the fiscal year ended March 31, 2024. Interest expense increased by ¥3,088 million to ¥57,594 million for the fiscal year ended March 31, 2025 as compared to ¥54,506 million for the fiscal year ended March 31, 2024.

(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, 2025 increased by 5.1% to ¥604,838 million as compared to ¥575,663 million for the fiscal year ended March 31, 2024.

(x) Income taxes

Income tax expense for the fiscal year ended March 31, 2025 decreased by ¥21,953 million to ¥145,627 million from ¥167,580 million for the fiscal year ended March 31, 2024. The actual effective tax rate for the fiscal year ended March 31, 2025 decreased by 5.0 percentage points to 24.1% from 29.1% for the fiscal year ended March 31, 2024. The difference between the Japanese statutory tax rate of 31.3% and the actual effective tax rate of 24.1% 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, 2025 increased by ¥1,248 million to ¥9,521 million as compared to ¥8,273 million for the fiscal year ended March 31, 2024.

(xii) Net income

As a result of the above factors, net income for the fiscal year ended March 31, 2025 increased by ¥52,376 million to ¥468,732 million as compared to ¥416,356 million for the fiscal year ended March 31, 2024.

(xiii) Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests for the fiscal year ended March 31, 2025 increased by ¥6,188 million to ¥29,118 million as compared to ¥22,930 million for the fiscal year ended March 31, 2024. The portion attributable to noncontrolling interests increased mainly as a result of an increase in net income recorded by Komatsu Australia Pty. Ltd. and Komatsu Cummins Chile Ltda., 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, 2025 increased by 11.7% to ¥439,614 million as compared to ¥393,426 million for the fiscal year ended March 31, 2024.

Accordingly, basic net income attributable to Komatsu Ltd. per share increased to ¥473.44 for the fiscal year ended March 31, 2025 from ¥415.96 for the fiscal year ended March 31, 2024. Diluted net income attributable to Komatsu Ltd. per share increased to ¥473.42 for the fiscal year ended March 31, 2025 from ¥415.93 for the fiscal year ended March 31, 2024.

(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, 2025 increased by ¥24,887 million to ¥598,874 million, mainly due to improved selling prices and the Japanese yen's depreciation, which more than offset the adverse effects of reduced sales volume and cost increase, as compared to ¥573,987 million for the fiscal year ended March 31, 2024.

Segment profit for the retail finance business for the fiscal year ended March 31, 2025 increased by ¥5,179 million to ¥29,422 million, as compared to ¥24,243 million for the fiscal year ended March 31, 2024, mainly reflecting such factors as a rise in the interest income ratio, the Japanese yen's depreciation and an increase of financing receivables.

Segment profit for the industrial machinery and others business for the fiscal year ended March 31, 2025 increased by ¥17,112 million to ¥27,391 million, as compared to ¥10,279 million for the fiscal year ended March 31, 2024, due mainly to supported by increased sales of large presses and machine tools for the automobile manufacturing industry and increased maintenance revenues in the excimer laser-related business for the semiconductor industry. Consolidated segment profit, which was added corporate expenses and elimination, increased by ¥57,853 million to ¥663,527 million as compared to ¥605,674 million for the fiscal year ended March 31, 2024.

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 ¥517,167 million, mainly due to net income for the period, while trade notes and accounts receivable increased. This is an increase of ¥82,389 million from the fiscal year ended March 31, 2024.

Net cash used in investing activities amounted to ¥210,669 million, an increase of ¥6,250 million, mainly due to the purchase of fixed assets.

Net cash used in financing activities amounted to ¥321,424 million (as compared to ¥122,037 million used for the previous fiscal year), mainly due to payment of cash dividends and buyback of common stock.

After adding the effects of foreign exchange fluctuations to the total amount of each cash flow, as of March 31, 2025, cash and cash equivalents totaled ¥385,569 million, a decrease of ¥17,609 million from the fiscal year ended March 31, 2024.

(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 financial sector and world economy caused by the Ukraine situation and tariff policies of each country 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 and tariff policies of each country 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 expected 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 in 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, 2025 and net periodic pension costs for the fiscal year ending March 31, 2026 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, 2025.

	Change in assumption	Pension obligations (Billions of yen)	Net periodic pension costs (Billions of yen)
Discount rate	0.5% increase/decrease	-28.7 / +31.3	-1.0 / +1.2
Expected long-term rate of return	0.5% increase/decrease	—	-1.5 / +1.5

(vi) Recently Issued Accounting Standards Not Yet Adopted

In December 2023, Financial Accounting Standards Board (hereinafter “FASB”) issued Accounting Standards Update (hereinafter “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.

In November 2024, FASB issued ASU 2024-03 “Disaggregation of Income Statement Expenses”. This update requires an entity to disclose, in a tabular format, the amounts of purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion included in each expense caption presented on the face of the income statement within continuing operations. Certain amounts of expense that are already required to be disclosed under current U.S. GAAP would need to be included in the same tabular format disclosure as the other disaggregation requirements. The update requires an entity to disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. Also, the update requires an entity to disclose the total amount of selling expenses and, in annual reporting periods, an entity’s definition of selling expenses. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. 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, 2025

(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, 2025, consolidated net sales increased by 6.2% from the fiscal year ended March 31, 2024 to ¥4,104,395 million.

In the construction, mining and utility equipment business, while sales for construction equipment decreased, that for mining equipment increased. There were also factors such as the impact of the Japanese yen's depreciation and the effect of improved selling prices in most regions of the world, thereby sales increased from the fiscal year ended March 31, 2024. In the industrial machinery and others business, sales increased from the fiscal year ended March 31, 2024, supported primarily by increased sales of large presses for the automobile manufacturing industry and increased maintenance revenues in the excimer laser-related business for the semiconductor industry.

With respect to profits, operating income increased by 8.2% from the fiscal year ended March 31, 2024, to ¥657,125 million. This was supported by an increase in profits in the construction, mining and utility equipment business due to improved selling prices and the Japanese yen's depreciation, which more than offset the adverse effects of reduced sales volume and cost increase, as well as an increased profits in the retail finance and industrial machinery businesses.

As of March 31, 2025, total assets increased by ¥136,867 million from March 31, 2024, to ¥5,773,523 million, as mainly affected by increased receivables, despite the Japanese yen's appreciation against the U.S. dollar from March 31, 2024. Interest-bearing debt decreased by ¥48,773 million from March 31, 2024, to ¥1,150,597 million. Komatsu Ltd. shareholders' equity increased by ¥139,830 million from March 31, 2024, to ¥3,173,399 million. As a result, Komatsu Ltd. shareholders' equity ratio increased by 1.2 percentage points from March 31, 2024, to 55.0%.

(ii) Liquidity and Capital Resources

< Use of funds >

To strive for the sustainable increase of its corporate value, Komatsu has allocated approximately 50% of operating cash flow to capital expenditures for further growth. Based on our cash allocation policy, a well-balanced allocation is made for the following three purposes: (1) capital investments (growth strategies), (2) shareholder returns, and (3) balance sheet improvements (preparation for future M&A activities).

Basic cash allocation policy

Operating cash flow	Capital investments	Standard investments	35-45%	Allocate around 50% of operating cash flow to investments for growth
		Lease/rental investments	5-15%	
		Total	Around 50%	
	Shareholder returns	Around 40%	Consolidated payout ratio of 40% or more	
	Preparation for future M&A	Around 10%	Constant examination of possibility of utilizing external resources	

< 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, 2025 reflects cash net of withdrawals of ¥299,627 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, 2025, the Company and certain consolidated subsidiaries maintained committed credit line agreements totaling ¥342,827 million with financial institutions to secure liquidity. As of March 31, 2025, ¥305,239 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, 2025, the program size of the Company is ¥240,000 million, ¥194,000 million of which was unused, and the program size of Komatsu Finance America Inc. is USD 1,000 million, USD 50 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 2024, 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, 2025, ¥100,000 million remains unused under this program. On the other hand, Komatsu also has ¥179,555 million aggregate principal amount of bonds outstanding under past program as of March 31, 2025. This includes a USD 600 million Sustainability-Linked Bonds (hereinafter "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, 2025 under the EMTN program was ¥135,556 million.

Komatsu's short-term debt as of March 31, 2025 decreased by ¥64,293 million to ¥376,326 million from March 31, 2024. 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, 2026, increased by ¥15,520 million to ¥774,271 million in the fiscal year ended March 31, 2025 as compared to the fiscal year ended March 31, 2024. As of March 31, 2025, Komatsu's long-term debt excluding market value adjustment consisted of (1) ¥459,160 million in loans from banks, insurance companies and other financial institutions, (2) ¥135,556 million in EMTNs and (3) ¥179,555 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, 2025 decreased by ¥48,773 million to ¥1,150,597 million as compared to March 31, 2024. Net interest-bearing debt after deducting cash and deposits decreased by ¥31,164 million to ¥765,028 million in the fiscal year ended March 31, 2025. As a result, Komatsu's net debt-to-equity ratio, as of March 31, 2025 was 0.24, compared to 0.26 as of March 31, 2024.

At March 31, 2025, Komatsu's total current assets decreased by ¥15,885 million to ¥3,298,303 million. Komatsu's total current liabilities increased by ¥123,161 million to ¥1,649,360 million. As a result, the current ratio, which is calculated by dividing current assets by current liabilities, as of March 31, 2025, was 200.0%, decreased by 17.2 percentage points from the fiscal year ended March 31, 2024. 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, 2025, Komatsu's total cash and cash equivalents was ¥385,569 million. Out of total cash and cash equivalents, ¥328,230 million was held outside of Japan in various overseas subsidiaries as of March 31, 2025.

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, 2025, 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, 2025, 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, 2025 increased by ¥4,167 million to ¥184,166 million from the fiscal year ended March 31, 2024.

< Tabular disclosure of contractual obligations >

The following table sets forth Komatsu's contractual obligations as of March 31, 2025.

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	¥ 376,326	¥ 376,326	¥ —	¥ —	¥ —
Long-term debt obligations	774,271	278,082	377,043	117,553	1,593
Operating lease obligations	82,952	21,057	21,770	9,447	30,678
Interest on interest bearing debt	57,196	31,170	22,200	3,787	39
Liability for pension and other retirement benefits	4,381	4,381	—	—	—
Total	¥ 1,295,126	¥ 711,016	¥ 421,013	¥ 130,787	¥ 32,310

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, 2025.
- 3) Liability for pension and other retirement benefits reflects contributions expected to be made during the fiscal year ending March 31, 2026 only, as the amounts of contributions beyond the next fiscal year are not yet determinable.

Commitments for capital investment outstanding at March 31, 2025 aggregated approximately ¥67,300 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 5.1% from the fiscal year ended March 31, 2024 to ¥3,798,235 million.

During the fiscal year, Komatsu steadily promoted Smart Construction, a digitalization solution for construction sites. As of March 31, 2025, the cumulative total number of worksites where the solution had been introduced reached 46,364 sites, including sites outside of Japan. With respect to mining equipment, the cumulative total number of Autonomous Haulage System (AHS) mining trucks reached 862 units as of the same date.

In Japan, Komatsu has introduced a fully upgraded version of its flagship 20-ton class hydraulic excavator for the civil engineering sector and launched the new generation “PC200i-12”, equipped as standard with 3D Machine Guidance (3DMG) that is linked with Smart Construction, in December, 2024.

At bauma 2025 held in Germany in April 2025, Komatsu debuted the European-spec model of the new generation hydraulic excavator “PC220LCi-12”. It also showcased new-generation wheel loaders “WA485-11” and “WA475-11” with much improved fuel efficiency, and presented five models of electric excavators and various charging and energy storage solutions.

Komatsu is jointly exhibiting an underwater construction robot with Asunaro Aoki Construction Co., Ltd. under the theme of “Underwater Construction of the Future” at Expo 2025 Osaka, Kansai, which is being held from April 13, 2025.

Net sales to outside customers of construction, mining and utility equipment by region for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of yen					
	2025		2024		Changes Increase (Decrease)	
Japan	¥	329,628	¥	340,219	¥	(10,591) (3.1%)
The Americas						
North America		1,026,364		992,909		33,455 3.4%
Latin America		683,589		660,736		22,853 3.5%
Total		1,709,953		1,653,645		56,308 3.4%
Europe & CIS						
Europe		310,395		314,708		(4,313) (1.4%)
CIS		61,517		66,682		(5,165) (7.7%)
Total		371,912		381,390		(9,478) (2.5%)
China		80,171		70,200		9,971 14.2%
Asia (excluding Japan and China) and Oceania						
Asia (excluding Japan and China)		501,311		439,380		61,931 14.1%
Oceania		458,725		369,335		89,390 24.2%
Total		960,036		808,715		151,321 18.7%
Middle East & Africa						
Middle East		114,640		117,634		(2,994) (2.5%)
Africa		221,146		219,575		1,571 0.7%
Total		335,786		337,209		(1,423) (0.4%)
Consolidated	¥	3,787,486	¥	3,591,378	¥	196,108 5.5%

Komatsu's operations by region are described below.

Japan

Sales decreased by 3.1% from the fiscal year ended March 31, 2024, due to a decrease in demand for rental use, despite various efforts such as improved selling prices.

The Americas

In North America, while demand for construction equipment for rental use and energy-related sectors decreased, mainly due to a decline in housing starts, sales increased by 3.4% from the fiscal year ended March 31, 2024, mainly supported by increased sales of mining equipment and the Japanese yen's depreciation. In Latin America, while demand for construction equipment slowed down, sales increased by 3.5% from the fiscal year ended March 31, 2024, mainly supported by increased sales of mining equipment, as well as the Japanese yen's depreciation and improved selling prices.

Europe and CIS

In Europe, demand for construction equipment decreased in the major markets, such as Germany, the United Kingdom, and France. As a result, sales decreased by 1.4% from the fiscal year ended March 31, 2024. In CIS, despite an increase in sales of mining equipment and parts in Central Asia, sales decreased by 7.7% from the fiscal year ended March 31, 2024 due to the adverse effects of the restrictions in the supply chain, as well as the financial and economic conditions resulting from the situation in Ukraine.

China

Despite stagnant economic activities resulting especially from the sluggish real estate market conditions, sales increased by 14.2% from the fiscal year ended March 31, 2024, supported by demand increase.

Asia and Oceania

In Asia, sales increased in Indonesia, the largest market in the region, as demand remained steady. Additionally, due to factors such as the Japanese yen's depreciation, sales increased by 14.1% from the fiscal year ended March 31, 2024. In Oceania, while demand for construction equipment slowed down, sales increased by 24.2% from the fiscal year ended March 31, 2024, primarily supported by increased sales of mining equipment as well as the Japanese yen's depreciation.

Middle East and Africa

In the Middle East, sales decreased by 2.5% from the fiscal year ended March 31, 2024, primarily due to a decrease in demand for construction equipment mainly in Saudi Arabia. In Africa, although sales of mining equipment decreased, sales increased by 0.7% from the fiscal year ended March 31, 2024, supported by the Japanese yen's depreciation.

Segment assets as of March 31, 2025 increased by ¥123,035 million to ¥4,118,647 million from March 31, 2024.

Production scale for the construction, mining and utility equipment operating segment increased by 2.4% from the fiscal year ended March 31, 2024 to approximately ¥3,742.7 billion (based on sales prices on a consolidated basis).

<Retail Finance operating segment>

Sales increased by 19.0% from the fiscal year ended March 31, 2024 to ¥123,211 million, reflecting such factors as a rise in the interest income ratio, the Japanese yen's depreciation and an increase of financing receivables.

Segment assets as of March 31, 2025 increased by ¥48,597 million to ¥1,379,587 million from March 31, 2024.

<Industrial Machinery and Others operating segment>

Sales increased by 14.3% from the fiscal year ended March 31, 2024 to ¥223,600 million, mainly supported by increased sales of large presses and machine tools for the automobile manufacturing industry and increased maintenance revenues in the excimer laser-related business for the semiconductor industry.

Segment assets as of March 31, 2025 increased by ¥24,056 million to ¥273,893 million from March 31, 2024.

Production scale for the industrial machinery and others operating segment decreased by 7.0% from the fiscal year ended March 31, 2024 to approximately ¥217.4 billion (based on sales prices on a consolidated basis).

(iv) Status of achievement of target management indices, etc.

Regarding the management objectives of the mid-term management plan that ended on March 31, 2025, all targets have been achieved except for the reduction of environmental impact, which is set as the final goal for 2030.

In the final year of this medium-term plan, the fiscal year ended March 31, 2025, despite the effects of a decrease in sales volume and rising costs in raw materials and fixed expenses, record-high revenue and operating profit margins were achieved as a result of improvements in selling prices, as well as enhanced growth and profitability through structural reforms and growth strategies. ROE was 14.2%, exceeding the target of 10%, while the net debt-to-equity ratio was 0.24, maintaining industry-leading financial soundness. In the Retail finance business, ROA reached 2.2%, and the net debt-to-equity ratio was 4.51, both meeting target goals. Among the ESG objectives set from a corporate social responsibility perspective, external evaluations recognized us in the "Dow Jones Sustainability Indices (DJSI)" and, recognized by CDP as an 'A List' company, receiving the highest rating in both 'Climate Change' and 'Water Security'. Efforts to reduce CO₂ emissions and increase the use of renewable energy are steadily progressing toward achieving the 2030 target. Regarding shareholder returns, we have maintained a consolidated dividend payout ratio of 40% or more.

Item	Index	Target	FY2024 Results	FY2022-2024 Results ^{*1}
Growth	Sales growth rate	Growth rate above the industry's average	6.2%	13.6%
Profitability	Operating profit ratio	An Industry's top-level profit ratio	16.0%	15.2%
Efficiency	ROE ^{*2}	10% or higher	14.2%	14.0%
Financial position	Net debt-to-equity ratio ^{*3}	Industry's top-level financial position	0.24	0.27
Retail finance business	ROA ^{*4}	1.5% to 2.0%	2.2%	2.3%
	Net debt-to-equity ratio ^{*3}	5 times or less	4.51	4.17
ESG	Reduction of environmental impact	<ul style="list-style-type: none"> •CO₂ 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 	<ul style="list-style-type: none"> •CO₂ reduction through product use: 23% decrease (expected). •CO₂ reduction through production: 53% decrease (expected). •Renewable energy use : 31% (expected). 	<ul style="list-style-type: none"> •CO₂ reduction through product use: 23% decrease (expected). •CO₂ reduction through production: 53% decrease (expected). •Renewable energy use : 31% (expected).
	Evaluation by external organizations	<ul style="list-style-type: none"> •Selected for DJSI^{*5} (World & Asia Pacific) •Selected for CDP^{*6} A-list (Climate Changes and Water Security) 	<ul style="list-style-type: none"> •DJSI^{*5}: Selected. •CDP^{*6}: Scored of Climate Changes A. •CDP^{*6}: Scored of Water Security A. 	<ul style="list-style-type: none"> •DJSI^{*5}: Selected. •CDP^{*6}: Scored of Climate Changes A. •CDP^{*6}: Scored of Water Security A.
Shareholder return	•Consolidated payout ratio	<ul style="list-style-type: none"> •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%	40.2%

Notes:

*1 Three-year average from the fiscal year ended March 31, 2023 to the fiscal year ended March 31, 2025 (Excluding ESG-related targets)

*2 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]

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

- *4 ROA = Segment profit /[(total assets at the beginning + total assets at the end of the fiscal year)/2]
- *5 Dow Jones Sustainability Indices: ESG investment indices of S&P Dow Jones Indices LLC of the United States, in February 2025, the name was changed to the Dow Jones Best-in-Class Index (DJBICI).
- *6 International non-profit organization which advocates the reduction of greenhouse gas emissions and protection of water resources and forests by companies and governments.

5. Critical Contracts, 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, forestry 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, 2025 was ¥110,472 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, forestry 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 be 「A collaborative partner committed to optimizing safe, productive, and clean workplaces」.

<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 798,904 units have been distributed as of March 31, 2025, forestry equipment fleet system “Smart Forestry Fleet Monitoring”, of which 3,540 units have been distributed as of March 31, 2025, and Autonomous Haulage System (AHS), increasing the total number of AHS mining trucks in operation to 862 units as of March 31, 2025, 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 hydraulic excavators (launched to the market a next-generation machine equipped with advanced technologies such as 3D machine guidance, which can also be switched to 3D machine control) and ICT bulldozers 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, productive and clean workplaces” 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 CO₂ 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 5,922 as of March 31, 2025.

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, following the medium-sized hydraulic excavator equipped with a hydrogen fuel cell, we have developed a concept machine for a large-sized dump truck equipped with a hydrogen combustion engine 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. This robot is exhibited at Expo 2025 OSAKA, KANSAI, JAPAN.

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, 2025 are listed below:

Product	Model
Hydraulic Excavators	PC01E-2, PC17R-5, PC20R-5, PC80-5E0, PC200I-12, PC200LCI-12, PC210-12, PC210LC-12, PC210F-10M0, PC210FLC-10M0, PC220F-10M0, PC220FLC-10M0, PC950-11R, PC950LC-11R
Bulldozers	D375A-8R, D375AI-8R
Wheel Loaders	WA475-11, WA475-11E0, WA485-11, WA485-11E0, WA700-8, WA700-8E0
Dump Trucks	HD465/HD605-10E1
Log Loaders	895-3

The total amount of research and development expenses in the construction, mining and utility equipment operating segment for the fiscal year ended March 31, 2025 was ¥101,107 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 stamping presses business, in February 2025, as a function to support the extension of the life of dies in press forming and the stabilization of the quality of press products, we launched "Load Waveform Capture," which can remotely acquire load waveforms using its proprietary IoT “Sanki-Komtrax”. Since the correlation with overload

and eccentric load can be confirmed in the video by the acquired load waveform, it is easy to visually grasp and analyze the phenomenon, and it can contribute to DX by solving problems related to molding, passing on technology by utilizing the acquired data, and even supporting overseas factories.

In addition, we have remodeled the “HTL” inter-press feeder of large tandem press line for the automotive industry in order to improve productivity, increase payload, and save power in the entire press line. And we have upgraded and released the “Press Line Simulator” as the dedicated simulation software for remodeled “HTL” at the same time.

In the sheet metal machinery business, we introduced “GTL3165” to the market as a multifunction punch laser that adds a laser function to Komatsu's punch presses (Gatling press centers) that support variable-mix variable-volume production, process consolidation, and unmanned continuous operation.

In the machine tools business, Komatsu began selling large, high-speed machining centers specialized in the processing of large aluminum die-cast products, the use of which is expanding in electric vehicles. Komatsu also acquired an FSW business from an outside company and began selling FSW machines.

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, 2025 was ¥9,365 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, 2025 by operating segment is as follows:

Operating segment	Capital investment amount (Millions of yen)	Changes from previous fiscal year
Construction, Mining and Utility Equipment	144,334	12.8%
Retail Finance	32,903	(22.4)%
Industrial Machinery and Others	6,929	(28.0)%
Total	184,166	2.3%

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, 2025)

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.	15,533	8,867	2,756 (646)	1,420	28,577	2,264
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.	3,801	999	1,411 (106)	566	6,779	353
Himi Plant Himi, Toyama	Construction, Mining and Utility Equipment	Manufacturing of steel castings, iron castings, patterns for casting	7,678	6,553	2,350 (450)	2,665	19,248	860
Osaka Plant Hirakata, Osaka *1	Construction, Mining and Utility Equipment	Manufacturing of bulldozers, hydraulic excavators, recycling equipment, etc.	17,229	8,669	4,236 (542)	4,210	34,345	2,177
Shiga Plant Ryuou-cho, Gamou-gun, Shiga	Construction, Mining and Utility Equipment	Manufacturing of cabs (operator cabins), engine after treatment equipment	1,982	1,268	992 (52)	516	4,760	374
Ibaraki Plant Hitachinaka, Ibaraki	Construction, Mining and Utility Equipment	Manufacturing of dump trucks, wheel loaders, etc.	9,097	2,385	10,838 (338)	383	22,704	856
Shonan Plant Hiratsuka, Kanagawa	Construction, Mining and Utility Equipment	Manufacturing of controllers, monitors, hybrid components, etc.	7,403	776	2,214 (68)	606	11,000	1,170
Oyama Plant Oyama, Tochigi	Construction, Mining and Utility Equipment	Manufacturing of engines, hydraulic equipment, etc.	18,199	16,470	584 (584)	2,346	37,601	1,940

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.	5,281	1,337	2,778 (214)	284	9,681	795
Koriyama Plant Koriyama, Fukushima	Construction, Mining and Utility Equipment	Manufacturing of hydraulic equipment	2,301	1,889	876 (369)	369	5,436	374
Head office Minato-ku, Tokyo	-	Others	862	199	1,179 (2)	1,428	3,670	972

*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, 2025)

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.	4,098	1,185	4,345 (232)	1,509	11,137	1,145

(3) Subsidiaries located in overseas

(As of March 31, 2025)

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.	2,217	1,886	295 (215)	593	4,991	309
Komatsu America Corp. Peoria, U.S.A.	Construction, Mining and Utility Equipment	Manufacturing of dump trucks	3,547	2,802	— (529)	3,598	9,947	910
Hensley Industries, Inc. Dallas, U.S.A.	Construction, Mining and Utility Equipment	Manufacturing of construction and mining equipment components	1,669	4,635	590 (104)	549	7,443	404
Joy Global Surface Mining Inc Milwaukee, U.S.A.	Construction, Mining and Utility Equipment	Manufacturing of rope shovel, etc.	24,557	11,015	2,618 (229)	2,046	40,236	1,122
Joy Global Longview Operations LLC Longview, U.S.A.	Construction, Mining and Utility Equipment	Manufacturing of wheel loaders, etc.	11,195	2,572	1,345 (518)	5,165	20,277	690
Komatsu do Brasil Ltda. Suzano, Brazil	Construction, Mining and Utility Equipment	Manufacturing of bulldozers, hydraulic excavators, etc.	1,987	2,686	19 (634)	2,013	6,705	1,053
Komatsu UK Ltd. Birtley, U.K.	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators, etc.	1,253	1,949	— (200)	48	3,250	353
Komatsu Germany GmbH Dusseldorf, Germany	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators	1,879	2,709	1,719 (112)	1,773	8,080	574
Komatsu Germany GmbH Hannover, Germany	Construction, Mining and Utility Equipment	Manufacturing of wheel loaders, etc.	3,258	1,384	589 (154)	1,988	7,219	662

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.	1,563	1,049	454 (144)	244	3,310	380
Komatsu Forest AB Umea, Sweden	Construction, Mining and Utility Equipment	Manufacturing of forestry equipment	6,273	4,846	272 (133)	352	11,743	758
Komatsu (Changzhou) Construction Machinery Corp. Jiangsu, China *2	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators, wheel loaders, castings, etc.	7,859	3,657	— (—) [295]	641	12,157	597
Komatsu Machinery Manufacturing (Shandong) Co. Ltd. Shandong, China *2	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators, construction equipment components, etc.	693	4,244	— (—) [770]	5,653	10,590	1,278
PT Komatsu Indonesia Jakarta, Indonesia	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators, bulldozers and dump trucks, etc.	2,985	2,845	5,102 (310)	1,316	12,248	1,231
PT Komatsu Undercarriage Indonesia Bekasi, Indonesia	Construction, Mining and Utility Equipment	Manufacturing of construction and mining equipment components	1,355	2,076	698 (64)	571	4,700	773
Bangkok Komatsu Co., Ltd. Chonburi, Thailand	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators, iron castings, etc.	1,296	1,074	1,868 (245)	125	4,363	742
Komatsu India Pvt. Ltd Kanchipuram, India *2	Construction, Mining and Utility Equipment	Manufacturing of hydraulic excavators, dump trucks, etc.	2,579	1,557	— (—) [240]	490	4,626	700

*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, 2025, 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 ¥163,000 million in the fiscal year ending March 31, 2026 (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	134,400	To enhance production efficiency and flexibility	Funds on hand, bank borrowings, etc.
Retail Finance	21,800	Operating lease equipment	Funds on hand, bank borrowings, etc.
Industrial Machinery and Others	6,800	To enhance production efficiency and flexibility	Funds on hand, bank borrowings, etc.
Total	163,000		

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, 2025) (Shares)	Number of issued shares as of the filing date (June 16, 2025) (Shares)	Name of stock exchange on which the Company is listed or names of authorized financial instruments firms associations	Description
Common shares	950,953,120	950,953,120	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	950,953,120	950,953,120	—	—

(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 20, 2017
	Meeting of the Board of Directors	July 13, 2017
Category and number of individuals covered by the plan	Employees of the Company: 78 Representative Directors of major subsidiaries of the Company: 10	
Number of Stock Acquisition Rights (Units)*	112 [98] *1	
Class of shares subject to Stock Acquisition Rights*	Common stock	
Number of shares subject to Stock Acquisition Rights (Shares)*	11,200 [9,800] *2	
Amount to be paid in to exercise Stock Acquisition Rights*	¥1 per share	
Period for exercising Stock Acquisition Rights*	From August 1, 2020 to July 31, 2025	
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 *3
	Additional paid-in capital per share	¥1
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, 2025). The items which were changed between the end of the fiscal year and the end of month previous to the filing month (May 31, 2025) 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 1, 2020 *1	306,380	972,887,610	348	71,322	348	141,341
September 1, 2021 *2	258,190	973,145,800	355	71,678	355	141,697
September 1, 2022 *3	305,130	973,450,930	440	72,118	440	142,138
September 1, 2023 *4	359,690	973,810,620	676	72,795	676	142,814
October 30, 2024 *5	(22,857,500)	950,953,120	—	72,795	—	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 ¥ 2,275
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
- 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 ¥ 2,754.5
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
- 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 ¥ 2,889.5
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
- 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 ¥ 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) Due to the cancellation of treasury stock.

(5) Shareholding by shareholder category

(As of March 31, 2025)

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	3	194	61	1,858	1,004	261	221,575	224,956	—
Number of shares held (Units)	700	3,237,987	639,847	182,988	3,676,055	1,161	1,757,408	9,496,146	1,338,520
Shareholding ratio (%)	0.00	34.09	6.73	1.92	38.71	0.01	18.50	100.00	—

Notes:

- 1) 27,372,015 shares of treasury stock held by the Company are included in “Individuals and others” and “Shares less than one unit” in the table. These amounts are 273,720 units and 15 shares, respectively.
- 2) The shares registered in the name of the Japan Securities Depository Center, Incorporated are included in “Other corporations” and “Shares 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, 2025)

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	167,684	18.15
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo, Japan	68,850	7.45
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)	28,570	3.09
State Street Bank and Trust Company 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	One Congress Street, Suite 1, Boston, Massachusetts (2-15-1, Konan, Minato-ku, Tokyo, Japan)	25,793	2.79
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)	20,568	2.22
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)	18,638	2.01
JP Morgan Securities Japan Co., Ltd.	2-7-3, Marunouchi, Chiyoda-ku, Tokyo, Japan	16,937	1.83
Taiyo Life Insurance Company	2-7-1, Nihonbashi, Chuo-ku, Tokyo, Japan	14,200	1.53
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)	13,577	1.47
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)	12,630	1.36
Total	—	387,451	41.95

Notes:

- 1) The figures of “Shareholding ratio (excluding treasury stock) (%)” in the table are rounded down to the second decimal place.
- 2) 27,372,000 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, 2025. 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, 2025. 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, 2025. 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) The Change Report No.1 pertaining to Report of Possession of Large Volume relating to the Company's shares was filed in the joint names of Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Asset Management Co., Ltd. at the date of November 5, 2024 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, 2025. The major content of the report is as follows:

Name, address and number of shares held (As of October 28, 2024)

Name	Address	Number of shares held (Shares)	Shareholding ratio (%)
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan	22,974,800	2.36
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1, Higashi-Shinbashi, Minato-ku, Tokyo, Japan	13,273,600	1.36
Total	—	36,248,400	3.72

(7) Voting rights

(i) Issued shares

(As of March 31, 2025)

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 27,372,000	—	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 893,300	—	Same as above
Shares with full voting rights (others)	Common shares 921,349,300	9,213,493	Same as above
Shares less than one unit	Common shares 1,338,520	—	Same as above
Number of issued shares	950,953,120	—	—
Total number of voting rights	—	9,213,493	—

Notes:

- 1) "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).
- 2) "Shares with full voting rights (others)" include the shares held as Board Incentive Plan Trust and Employee Stock Ownership Plan Trust. The amount is 309,000 shares (3,090 voting rights).

(ii) Treasury stock, etc.

(As of March 31, 2025)

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	27,372,000	—	27,372,000	2.87
KOMATSU TOCHIGI LTD. *1 38-12, Hiraidekouguyodanchi, Utsunomiya City, Tochigi, Japan	287,000	15,100	302,100	0.03
KOMATSU DOUTOU LTD. 1-3-4, Nishinjuyonjokita, Obihiro City, Hokkaido, Japan	300,000	—	300,000	0.03
KOMATSU AKITA LTD. *1 9-48, Kawashiriokawamachi, Akita City, Akita, Japan	—	102,100	102,100	0.01
KOMATSU AWAJI LTD. *1 1-1-7, Kuwama, Sumoto City, Hyogo, Japan	—	102,100	102,100	0.01
KOMATSU SANIN LTD. *1 1876, Higashitsudacho, Matsue City, Shimane, Japan	10,000	26,500	36,500	0.00
KOMATSU IBARAKI LTD. *1 358-1, Yoshizawacho, Mito City, Ibaraki, Japan	—	34,900	34,900	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	—	2,500	2,500	0.00
YAMAGATA KOMATSU FORKLIFT LTD. 1-2-1, Ryutsu-Center, Yamagata City, Yamagata, Japan	300	—	300	0.00
Total	27,982,100	283,200	28,265,300	2.97

Notes:

- 1) A registered shareholder described in “Number of shares held under the names of others” in the table is Komatsu Dealers’ Shareholding Association (1-17-3, Shirokane, Minato-ku, Tokyo, Japan).
- 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.”

(8) Details of the Stock Ownership System for Directors and Employees

(i) Performance-Linked Stock-Based Remuneration System for Directors, etc.

At the Board of Directors meeting held on April 26, 2024, the Company resolved to revise the performance-linked stock-based remuneration system for our Directors (excluding Outside Directors, hereinafter, "Internal Directors") and senior managements, including executive officers (hereinafter, "Employees," and collectively with Internal Directors, "Eligible Persons at the Company"). The resolution included the introduction of a trust-type stock-based remuneration system in place of the conventional restricted stock compensation system. This revision was approved at the 155th Ordinary General Meeting of Shareholders held on June 19, 2024.

Additionally, for the Directors of Affiliated Companies (hereinafter, "Subject Affiliated Companies," and collectively with the Company, "Subject Companies") (excluding Outside Directors, hereinafter, "Affiliated Company Directors," and collectively with the Eligible Persons at the Company, "Eligible Persons"), the same revisions were made to the performance-linked stock-based remuneration system as for Internal Directors. The introduction of a trust-type stock-based remuneration system in place of the conventional restricted stock compensation system was resolved. Each Subject Affiliated Companies resolved the agenda regarding the revision of the performance-linked stock-based remuneration system for Affiliated Company Directors at their respective Ordinary General Meetings of Shareholders. (Hereinafter, the stock-based remuneration system for Eligible Persons is referred to as the "Plan.")

The purpose of this revision is to enhance the awareness of contributing to the improvement of the Company's medium- to long-term performance and the increase in corporate value by setting the timing of stock delivery to Eligible Persons at the time of their retirement or resignation, thereby aligning their interests with those of our shareholders.

The Plan for Internal Directors and Affiliated Company Directors (hereinafter, "Directors, etc.") adopts a structure called the Board Incentive Plan (BIP) Trust (hereinafter, "BIP Trust"). Additionally, the Plan for employees adopts a structure called the Employee Stock Ownership Plan (ESOP) Trust (hereinafter, "ESOP Trust").

1. BIP Trust

1) Overview of the BIP Trust

A BIP Trust is an incentive plan for Directors, modeled after the U.S. performance share and restricted stock plans. It delivers or pays (hereinafter, "delivers, etc.") the Company's shares and the equivalent monetary value of the shares acquired through a BIP Trust (hereinafter, the "Company's shares, etc.") based on the achievement of performance targets. The Company sets up the BIP Trust (hereinafter referred to as the "BIP Trust") for Directors, etc., who meet the beneficiary requirements, targeting the fiscal years covered by the mid-term management plan (hereinafter referred to as the "Subject Period"). However, the BIP Trust established in 2024 targets only the remaining period of the mid-term management plan, ending on March 31, 2025.

The BIP Trust acquires the number of the Company's shares expected to be delivered to Directors, etc., from the stock market based on the predetermined share delivery regulations. Subsequently, the BIP Trust delivers, etc., the Company's Shares, etc., to Directors, etc., at the time of their retirement, based on their position and the achievement of performance targets each fiscal year.

2) Details of the Trust Agreement

- Trust type: Monetary trust other than an individually operated designated money trust (third-party benefit trust)
- Purpose of Trust: Provide incentives to Directors, etc.
- Settlor: Komatsu Ltd.
- Trustee: Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
- Beneficiaries: Directors, etc., who meet the beneficiary requirements
- Trust Administrator: A third party who has no interest in Subject Companies
- Date of Trust Agreement: July 30, 2024
- Trust Period: July 30, 2024, to August 31, 2025
- Start Date of the System: July 30, 2024
- Exercise of Voting Rights: No voting rights will be exercised
- Type of Shares Acquired: Common stock of Komatsu Ltd.
- Amount of Trust Money: 700 million yen (including trust money for Affiliated Company Directors, trust fees, and trust expenses)

- Timing of Share Acquisition: August 2024
- Method of Share Acquisition: Acquired from the stock market
- Rights Holder: Komatsu Ltd.
- Residual Assets: Komatsu Ltd., as the rights holder, may receive residual assets within the extent of the reserve for trust expenses, which is calculated by deducting funds to acquire the Company's shares from trust money.

3) Maximum Number of Shares that Can Be Acquired by Internal Directors

The total number of shares is calculated by multiplying 364,000 shares by the number of years in the Subject Period.

4) Scope of Beneficiaries

Directors, etc., who meet the beneficiary requirements.

2. ESOP Trust

1) Overview of the ESOP Trust

An ESOP Trust is an incentive plan for employees, modeled after the U.S. ESOP system. It delivers, etc. the Company's Shares, etc., acquired through the ESOP Trust based on the achievement of performance targets. The Company sets up the ESOP Trust (hereinafter referred to as the "ESOP Trust") for employees who meet certain requirements (hereinafter referred to as "Eligible Employees").

The ESOP Trust acquires the number of the Company's shares expected to be delivered to Eligible Employees from the stock market based on the predetermined share delivery regulations. Subsequently, the ESOP Trust delivers, etc., the Company's Shares, etc., to Eligible Employees at the time of their retirement or resignation, based on their position and the achievement of performance targets each fiscal year.

2) Details of the Trust Agreement

- Trust type: Monetary trust other than an individually operated designated money trust (third-party benefit trust)
- Purpose of Trust: Provide incentives to Eligible Employees
- Settlor: Komatsu Ltd.
- Trustee: Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
- Beneficiaries: Eligible Employees who meet the beneficiary requirements
- Trust Administrator: A third party who has no interest in Komatsu Ltd.
- Date of Trust Agreement: July 30, 2024
- Trust Period: July 30, 2024, to August 31, 2025
- Start Date of the System: July 30, 2024
- Exercise of Voting Rights: Voting rights will be exercised
- Type of Shares Acquired: Common stock of Komatsu Ltd.
- Amount of Trust Money: 1.2 billion yen (including trust fees and trust expenses)
- Timing of Share Acquisition: August 2024
- Method of Share Acquisition: Acquired from the stock market
- Rights Holder: Komatsu Ltd.
- Residual Assets: Komatsu Ltd., as the rights holder, may receive residual assets within the extent of the reserve for trust expenses, which is calculated by deducting funds to acquire the Company's shares from trust money.

3) Maximum Number of Shares Expected to Be Acquired by Employees

As of the end of August 2024, the ESOP Trust account has acquired 190,900 shares. The number of shares in the trust account at the end of the fiscal year is also 190,900 shares.

4) Scope of Beneficiaries

Eligible Employees who meet the beneficiary requirements.

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	22,857,500	99,999,787,283
Total number and total value of remaining shares to be acquired by the resolution	10,142,500	212,717
Unexercised rate as of the end of the fiscal year (%)	30.7	0.0
Treasury stock acquired during the current period	—	—
Unexercised rate as of the filing date (%)	30.7	0.0

Category	Number of shares (Shares)	Total amount (Yen)
Resolution of the Board of Directors (April 28, 2025) (Acquisition period: April 30, 2025 to November 28, 2025)	40,000,000 (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	3,684,500	15,846,199,570
Unexercised rate as of the filing date (%)	90.7	84.1

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, 2025 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	5,883	25,704,167
Treasury stock acquired during the current period*2	516	2,206,429

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, 2025 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	22,857,500	67,635,799,650	—	—
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)	44,900	44,900	1,400	1,400
	269	1,239,741	50	199,600
Number of treasury stock held	27,372,015	—	31,055,581	—

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, 2025 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 ¥107 per share. Annual cash dividends for the 156th fiscal year, including the interim dividend of ¥83 per share, are expected to amount to ¥190 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 156th fiscal year are as follows:

Date of resolution	Total dividend amount (Millions of yen)	Dividend amount per share (Yen)
October 29, 2024 Resolution of the meeting of the Board of Directors	76,656	83
June 19, 2025 (planned) Resolution of the Ordinary General Meeting of Shareholders*	98,823	107

Note: These are the year-end dividends of the Company whose record date shall be March 31, 2025. These are proposed to be resolved at the Ordinary General Meeting of Shareholders of the Company to be held on June 19, 2025.

4. Corporate Governance, etc.

(1) Overview of corporate governance

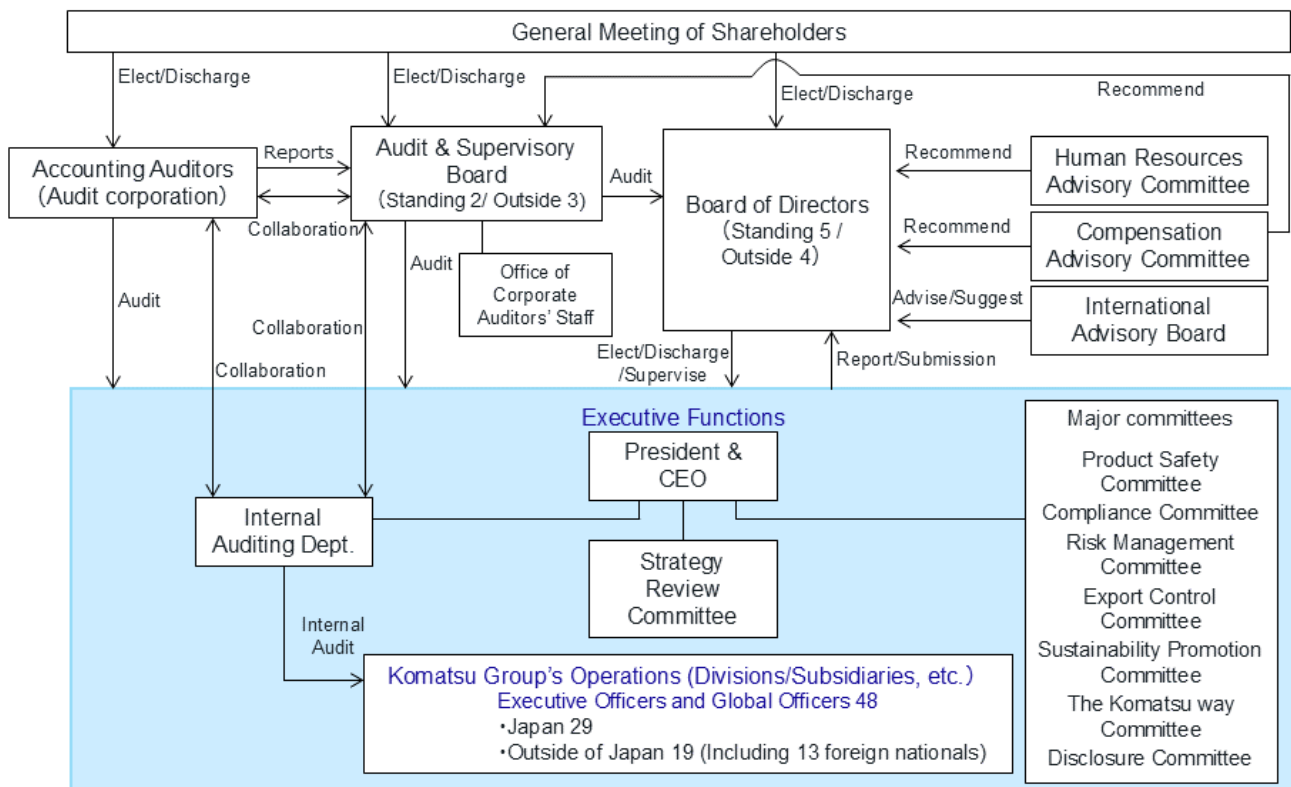
A. Basic stance on corporate governance

The Company's management principle is to commit ourselves to quality and reliability and to maximize 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, limiting the Board of Directors to a small number of members while appointing both Outside Directors and Outside Audit & Supervisory Board Members to ensure objective and sound management.

(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, 2025, the Company held 15 meetings of the Board of Directors, and the attendance of individual directors is shown as follows.

Name	Frequency	No. of attendance
Tetsuji Ohashi	15	15
Hiroyuki Ogawa	15	15
Masayuki Moriyama	4	4
Takeshi Horikoshi	15	15
Takuya Imayoshi	11	11
Mitsuko Yokomoto	15	15
Takeshi Kunibe	15	15
Arthur M. Mitchell	15	15
Naoko Saiki	15	15
Michitaka Sawada	15	15

Notes: 1) Directors Takeshi Kunibe, Arthur M. Mitchell, Naoko Saiki, and Michitaka Sawada are outside directors.

2) Director Masayuki Moriyama retired at the 155th Ordinary General Meeting of Shareholders held in June 2024, and Director Takuya Imayoshi 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, and next mid-term management plan, and change in business structure for some regions.
- Personnel, Compensation, and Governance: Personnel changes of Executive Officers, personnel changes related to key employees, remuneration of Directors.
- 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 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: Mitsuo Nakao, 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 two (2) Audit & Supervisory Board Members as the matters requiring a resolution by the 156th Ordinary General Meeting of Shareholders scheduled for June 19, 2025. 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 such factors as gender and nationality. 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, Hiroyuki Ogawa and Takuya Imayoshi. (As of the filing date of this Annual Securities Report)

[Activities of the Human Resources Advisory Committee]

In the fiscal year, ended March 31, 2025, 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

Notes: The internal members of the Human Resources Advisory Committee as of the last day of the current fiscal year, Tetsuji Ohashi and Hiroyuki Ogawa, have been changed to Hiroyuki Ogawa and Takuya Imayoshi until the filing date.

The contents of deliberations by the Human Resources Advisory Committee during the fiscal year under review included personnel changes related to the next President (CEO), nomination of candidates for Directors and Auditors for fiscal 2025, skill matrixes for Directors and Auditors, selection of Senior Adviser and establishment of the Chairman position, appointment of candidates for Executive Officers, and the operational structure of the Human Resources Advisory Committee and Compensation Advisory Committee for fiscal 2025.

(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 Hiroyuki Ogawa. (As of the filing date of this Annual Securities Report)

[Activities of the Compensation Advisory Committee]

In the fiscal year, ended March 31, 2025, the Company held three (3) 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	3	3
Arthur M. Mitchell	3	3
Naoko Saiki	3	3
Michitaka Sawada	3	3
Kotaro Ohno	3	3
Tetsuji Ohashi	3	3

Notes: The internal member of the Compensation Advisory Committee as of the last day of the current fiscal year, Tetsuji Ohashi, has been changed to Hiroyuki Ogawa until the filing date.

The contents of deliberations by the Compensation Advisory Committee during the fiscal year under review included the basic compensation levels for Directors and Auditors for fiscal 2025, valuation indexes for performance-based remuneration for directors for fiscal 2024, and evaluation indexes for mid-term management plan performance-based remuneration.

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 16, 2025 (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)
Director	Tetsuji Ohashi	Mar. 23, 1954	<p>Apr. 1977 Joined the Company Product Control Section, Planning & Coordination Department of Awazu Plant</p> <p>Jun. 1982 Graduate School, Stanford University, U.S.A. (until Jun. 1984)</p> <p>Oct. 1998 General Manager of Planning & Cooperation Department of Awazu Plant, Production Division</p> <p>Oct. 2001 Plant Manager of Moka Plant, Production Division</p> <p>Jan. 2004 President and COO of Komatsu America Corp.</p> <p>Apr. 2007 Took office as Executive Officer</p> <p>Apr. 2007 President of Production Division</p> <p>Apr. 2008 Took office as Senior Executive Officer</p> <p>Jun. 2009 Took office as Director and Senior Executive Officer</p> <p>Apr. 2012 Took office as Director and Senior Executive Officer</p> <p>Apr. 2013 Took office as President, Representative Director and CEO</p> <p>Apr. 2019 Took office as Chairman of the Board and Representative Director</p> <p>Apr. 2022 Took office as Chairman of the Board</p> <p>Apr. 2025 Director (current)</p>	*4	259
Chairman of the Board	Hiroyuki Ogawa	Mar. 23, 1961	<p>Apr. 1985 Joined the Company Production Engineering Section, Production Engineering Department of Kawasaki Plant</p> <p>Apr. 2004 Plant Manager of Chattanooga Manufacturing Operation, Komatsu America Corp.</p> <p>Apr. 2007 General Manager of Planning & Coordination Department of Osaka Plant, Production Division</p> <p>Apr. 2010 Took office as Executive Officer</p> <p>Apr. 2010 Plant Manager of Ibaraki Plant, Production Division</p> <p>Apr. 2013 President of Procurement Division in Production Division</p> <p>Apr. 2014 Representative of All Indonesia Operations Chairman of PT Komatsu Marketing & Support Indonesia (until Mar. 2016)</p> <p>Apr. 2015 Took office as Senior Executive Officer</p> <p>Apr. 2016 President of Production Division</p> <p>Apr. 2018 Took office as Senior Executive Officer</p> <p>Jun. 2018 Took office as Director and Senior Executive Officer</p> <p>Apr. 2019 Took office as President, Representative Director and CEO</p> <p>Apr. 2025 Took office as Chairman of the Board (current)</p>	*4	169

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
President and Representative Director and CEO	* Takuya Imayoshi	Nov. 14, 1963	Apr. 1987	Joined the Company Accounting Section, Administration Department of Awazu Plant	*4	42
			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)		
			Jun. 2024	Took office as Director and Senior Executive Officer		
			Apr. 2025	Took office as President and Representative Director (current)		
			Apr. 2025	CEO (current)		
Representative Director	* Takeshi Horikoshi	Aug. 1, 1961	Apr. 1985	Joined the Company Accounting Section, Administration Department of Osaka Plant	*4	63
			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)		

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Director	* Mitsuko Yokomoto	Jan. 6, 1963	Apr. 1985	Joined the Company Human Resources Section, Human Resources Department	*4	41
			Apr. 2011	General Manager of General Affairs Department of Gigaphoton Inc.		
			May. 2015	General Manager of General Affairs Department of Shonan Plant, Production Division		
			Apr. 2018	General Manager of General Affairs Department		
			Apr. 2019	Took office as Executive Officer (Responsible for Risk Management)		
			Apr. 2021	Took office as Senior Executive Officer		
			Apr. 2021	President of Sustainability Promotion Division		
			Apr. 2023	Senior Executive Officer (Supervising Human Resources, Education and Sustainability)		
			Jun. 2023	Took office as Director and Senior Executive Officer (current)		
			Apr. 2025	Senior Executive Officer (Supervising Human Resources, Education, Safety & Health Care and Sustainability) (current)		
Director	Takeshi Kunibe	Mar. 8, 1954	Apr. 1976	Joined The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation, hereinafter "SMBC")	*4	-
			Jun. 2003	Took office as Executive Officer of SMBC		
			Oct. 2006	Took office as Managing Executive Officer of SMBC		
			Apr. 2007	Took office as Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc. (hereinafter "SMFG")		
			Jun. 2007	Took office as Director of SMFG		
			Apr. 2009	Took office as Director and Senior Managing Executive Officer of SMBC		
			Apr. 2011	Took office as Representative Director, President and Chief Executive Officer of SMBC		
			Apr. 2017	Took office as Representative Director and President of SMFG		
			Apr. 2017	Retired from Director of SMBC		
			Jun. 2017	Took office as Director President and Representative Executive Officer of SMFG		
			Apr. 2019	Took office as Chairman of the Board of SMFG (current)		
			Jun. 2020	Took office as Director of the Company (current)		
			Oct. 2021	Took office as Chairman of the Board of SMBC		
			Apr. 2023	Retired from Director of SMBC		

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
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	-
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	-

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
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
Standing Audit & Supervisory Board Member	Mitsuo Nakao	May. 16, 1968	Apr. 1992 Dec. 2002 May. 2012 Apr. 2018 Apr. 2020 May. 2023 May. 2024 Jun. 2024	Joined the Company Accounting Section, Corporate Controlling Department, Corporate Planning Division Komatsu Mining Germany GmbH (until Aug. 2008) Komatsu do Brasil Ltda. (until May. 2016) General Manager of Finance & Treasury Department Group Manager of IR Group, Business Coordination Department General Manager of Corporate Controlling Department Advisor to President Took office as Standing Audit & Supervisory Board Member (current)	*6	12
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 Retired from Prosecutor 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	-

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 Sohgo 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						637

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 16, 2025, the Company has 40 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 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.
- 10) The number of “Share ownership” is as of May 31, 2025. The number of shares scheduled to be delivered upon retirement or resignation based on the stock-based remuneration system (the number of points determined based on performance under the performance-linked stock-based remuneration system) is also included in the above figures. The number of shares is as follows.

(Thousands of shares)

Tetsuji Ohashi	26
Hiroyuki Ogawa	29
Takuya Imayoshi	12
Takeshi Horikoshi	12
Mitsuko Yokomoto	9
Yasuhiro Inagaki	-
Mitsuo Nakao	-

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 two (2) Audit & Supervisory Board Members” will be resolved at the Ordinary General Meeting of Shareholders to be held on June 19, 2025.

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: ten (10) persons, Female: four (4) persons (percentage of the female: 28.6%)

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Chairman of the Board	Hiroyuki Ogawa	Mar. 23, 1961	Apr. 1985	Joined the Company Production Engineering Section, Production Engineering Department of Kawasaki Plant	*4	169
			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, Representative Director and CEO		
			Apr. 2025	Took office as Chairman of the Board (current)		
President and Representative Director and CEO	* Takuya Imayoshi	Nov. 14, 1963	Apr. 1987	Joined the Company Accounting Section, Administration Department of Awazu Plant	*4	42
			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)		
			Jun. 2024	Took office as Director and Senior Executive Officer		
			Apr. 2025	Took office as President and Representative Director (current)		
			Apr. 2025	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 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)	*4	63
Director	* Mitsuko Yokomoto	Jan. 6, 1963	Apr. 1985	Joined the Company Human Resources Section, Human Resources Department Apr. 2011 General Manager of General Affairs Department of Gigaphoton Inc. May. 2015 General Manager of General Affairs Department of Shonan Plant, Production Division Apr. 2018 General Manager of General Affairs Department Apr. 2019 Took office as Executive Officer (Responsible for Risk Management) Apr. 2021 Took office as Senior Executive Officer Apr. 2021 President of Sustainability Promotion Division Apr. 2023 Senior Executive Officer (Supervising Human Resources, Education and Sustainability) Jun. 2023 Took office as Director and Senior Executive Officer (current) Apr. 2025 Senior Executive Officer (Supervising Human Resources, Education, Safety & Health Care and Sustainability) (current)	*4	41

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
Director	* Taisuke Kusaba	Nov. 2, 1965	Apr. 1989	Joined the Company Corporate Controlling Department in Osaka Development Center, Product Development Department, Technology Division	*4	32
			Aug. 1996	Purdue University, U.S.A. (until Feb. 1998)		
			Apr. 2005	Komatsu UK Ltd. (until Mar. 2008)		
			Apr. 2016	Took office as Executive Officer		
			Apr. 2017	General Manager of Construction Equipment Technical Center 1, Development Division		
			Apr. 2018	General Manager of Vehicle Development Center 3, Development Division		
			May. 2020	President & COO of Komatsu America Corp.		
			Apr. 2023	Took office as Senior Executive Officer		
			Apr. 2023	CTO (current)		
			Apr. 2023	President of Development Division		
			Apr. 2025	Senior Executive Officer (Supervising Research & Development) (current)		
			Jun. 2025	Took office as Director and Senior Executive Officer (current)		
Director	Takeshi Kunibe	Mar. 8, 1954	Apr. 1976	Joined The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation, hereinafter "SMBC")		
			Jun. 2003	Took office as Executive Officer of SMBC		
			Oct. 2006	Took office as Managing Executive Officer of SMBC		
			Apr. 2007	Took office as Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc. (hereinafter "SMFG")		
			Jun. 2007	Took office as Director of SMFG		
			Apr. 2009	Took office as Director and Senior Managing Executive Officer of SMBC		
			Apr. 2011	Took office as Representative Director, President and Chief Executive Officer of SMBC		
			Apr. 2017	Took office as Representative Director and President of SMFG		
			Apr. 2017	Retired from Director of SMBC		
			Jun. 2017	Took office as Director President and Representative Executive Officer of SMFG		
			Apr. 2019	Took office as Chairman of the Board of SMFG (current)		
			Jun. 2020	Took office as Director of the Company (current)		
			Oct. 2021	Took office as Chairman of the Board of SMBC		
			Apr. 2023	Retired from Director of SMBC		

Title & Position	Name	Date of birth	Career summary		Term of office	Share ownership (Thousands of shares)
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	-
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	-

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	*5	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)		
Standing Audit & Supervisory Board Member	Keiko Fujiwara	Aug. 22, 1965	Apr. 1988	Joined the Company Corporate Planning Division	*6	44
			Jan. 1995	NS Komatsu Pty Ltd (currently Komatsu Australia Pty Ltd) (until Jul. 1998)		
			Jan. 2003	Komatsu Europe International N. V. (until Mar. 2006)		
			Sep. 2008	General Manager of Americas & European Business Department, Construction & Mining Equipment Marketing Division		
			Apr. 2012	Took office as Executive Officer		
			Apr. 2012	President of Komatsu Europe International N. V.		
			Apr. 2016	General Manager of Department for Promotion of Distributor HR Development, Construction & Mining Equipment Marketing Division		
			Apr. 2021	General Manager of Business Reform Department, Construction Equipment Solution Division		
			Apr. 2022	Took office as Senior Executive Officer		
			Apr. 2022	President of Construction Equipment Solution Division		
			Apr. 2025	Advisor to President		
			Jun. 2025	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	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	-
Audit & Supervisory Board Member	Mariko Matsumura	Sep. 24, 1959	Apr. 1988 Apr. 1988 Feb. 1994 Jan. 2006 Apr. 2022 Jun. 2023	Admitted to the bar in Japan as attorney at law (current) Joined Braun Moriya Hoashi & Kubota Joined Ryudo Sogo Law Offices Joined Shinwa Sohgo Law Offices as a Partner (current) Took office as President of Dai-Ichi Tokyo Bar Association Took office as Audit & Supervisory Board Member of the Company (current)	*8	-
Audit & Supervisory Board Member	Yukio Kai	Sep. 26, 1959	Apr. 1984 Jul. 2021 Jun. 2022 Jul. 2024 Oct. 2024 Jun. 2025	Appointed as Prosecutor Took office as Superintending Prosecutor of Tokyo High Public Prosecutors Office Took office as Prosecutor-General Retired from Prosecutor Attorney at law of Yukio Kai Law Office (current) Took office as Audit & Supervisory Board Member of the Company (current)	*6	-
Total						407

Notes:

- 1) Directors Takeshi Kunibe, Arthur M. Mitchell, Naoko Saiki and Michitaka Sawada are Outside Directors.
- 2) Audit & Supervisory Board Members Tatsuro Kosaka, Mariko Matsumura and Yukio Kai are Outside Audit & Supervisory Board Members.
- 3) The Company introduced an executive officer system in June 1999. As of June 19, 2025, the Company has 40 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, 2025.
- 5) 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.
- 6) The term of office of Audit & Supervisory Board Members Keiko Fujiwara and Yukio Kai 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, 2025.
- 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.
- 10) The number of “Share ownership” is as of May 31, 2025. The number of shares scheduled to be delivered upon retirement or resignation based on the stock-based remuneration system (the number of points determined based on performance under the performance-linked stock-based remuneration system) is also included in the above figures. The number of shares is as follows.

(Thousands of shares)

Hiroyuki Ogawa	29
Takuya Imayoshi	12
Takeshi Horikoshi	12
Mitsuko Yokomoto	9
Taisuke Kusaba	3
Mitsuo Nakao	-
Keiko Fujiwara	3

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 16, 2025 (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 two (2) Audit & Supervisory Board Members as the matters requiring a resolution by the 156th Ordinary General Meeting of Shareholders scheduled for June 19, 2025. 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 16, 2025 (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
<p>Takeshi Kunibe (June 2020)</p>	<p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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 ¥217.5 billion, which was 18.9% of the total amount of interest-bearing liabilities.</p>
<p>Arthur M. Mitchell (June 2020)</p>	<p>Registered foreign lawyer of White & Case LLP</p>	<p>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.</p> <p>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.</p> <p>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.</p>

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.	<p>Having served as Prosecutor-General, Mr. Kotaro Ohno has considerable knowledge and abundant experience in the legal profession.</p> <p>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.</p> <p>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.</p>
Tatsuro Kosaka (June 2022)	Senior Advisor of Chugai Pharmaceutical Co., Ltd. Outside Director of Mitsubishi Electric Corporation	<p>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.</p> <p>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.</p> <p>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.</p>
Mariko Matsumura (June 2023)	Partner of Shinwa Sohgo Law Offices Outside Member of the Board of Meiji Holdings Co., Ltd. Outside Director of SODA NIKKA Co., Ltd. Outside Audit and Supervisory Board Member of Japan Airlines Co., Ltd.	<p>Ms. Mariko Matsumura is an attorney at Shinwa Sohgo Law Offices and has considerable knowledge and abundant experience in the legal and compliance fields, including having served as President of Dai-Ichi Tokyo Bar Association.</p> <p>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.</p> <p>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.</p>

Note: The Company is going to propose the agendas of Election of nine (9) Directors and Election of two (2) Audit & Supervisory Board Members as the matters requiring a resolution by the 156th Ordinary General Meeting of Shareholders scheduled for June 19, 2025. 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.	<p>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.</p> <p>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.</p> <p>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.</p> <p>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 ¥217.5 billion, which was 18.9% of the total amount of interest-bearing liabilities.</p>
Arthur M. Mitchell (June 2020)	Registered foreign lawyer of White & Case LLP	<p>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.</p> <p>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.</p> <p>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.</p>

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 and nomination as candidate for Outside Audit & Supervisory Board Members
Tatsuro Kosaka (June 2022)	Senior Advisor of Chugai Pharmaceutical Co., Ltd. Outside Director of Mitsubishi Electric 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 Sohgo Law Offices Outside Member of the Board of Meiji Holdings Co., Ltd. Outside Director of SODA NIKKA Co., Ltd. Outside Audit and Supervisory Board Member of Japan Airlines Co., Ltd.	Ms. Mariko Matsumura is an attorney at Shinwa Sohgo Law Offices and has considerable knowledge and abundant experience in the legal and compliance fields, including having served 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.
Yukio Kai (June 2025)	Attorney at law of Yukio Kai Law Office	Having served as Prosecutor-General, Mr. Yukio Kai 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 nominates him as a candidate for Outside Audit & Supervisory Board Member. Mr. Yukio Kai 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.

[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 Mitsuo Nakao has long engaged in accounting-related duties at the Company, and has considerably profound knowledge concerning financial affairs and accounting.

The Company is going to propose the agenda of Election of two (2) Audit & Supervisory Board Members as the matters requiring a resolution by the 156th Ordinary General Meeting of Shareholders scheduled for June 19, 2025. When the said agenda is approved, the Company will have five (5) Audit & Supervisory Board Members (including three (3) Outside Audit & Supervisory Board Members).

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, 2025, 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	4	100%* ¹
Standing Audit & Supervisory Board Member	Mitsuo Nakao	11	100%* ²
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	15	100%

Notes:

*1 calculated the rate based on the meeting held before his retirement, June 19, 2024

*2 calculated the rate based on the meeting held after his attendance, June 19, 2024

• 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-six (26) 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 from the Independent Public Accounting Firm on the progress of the annual audit at the end of the first and third quarters. At the end of the second quarter, Audit & Supervisory Board Members receive an interim review report, and review and confirm important financial statement matters at the end of the second quarter (interim) 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

55 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 three (3) consecutive years in auditing)

Tomoo Nishigori (engaged for six (6) consecutive years in auditing)

Daisuke Toyama (engaged for six (6) consecutive years in auditing)

4. Composition of assistants who supported the audit work

Twenty-five (25) 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, 2025		Fiscal year ended March 31, 2024	
	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	465	12	424	9
Consolidated subsidiaries	307	—	282	—
Total	772	12	706	9

Note: Non-audit services provided to the Company for the fiscal years ended March 31, 2025 and 2024 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, 2025		Fiscal year ended March 31, 2024	
	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	—	13	—	26
Consolidated subsidiaries	2,513	123	2,323	126
Total	2,513	136	2,323	152

Note: Non-audit services provided to the Company for the fiscal years ended March 31, 2025 and 2024 were advisory services regarding CSR activities, etc. Non-audit services provided to consolidated subsidiaries for the fiscal years ended March 31, 2025 and 2024 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	474	389	454	1,317
(Outside Director included above)	4	90	–	–	90
Audit & Supervisory Board Member	6	163	–	–	163
(Outside Audit & Supervisory Board Member included above)	3	68	–	–	68
Total	16	636	389	454	1,480
(Outside Director and Outside Audit & Supervisory Board Member included above)	7	158	–	–	158

Notes:

- 1) As of the end of the fiscal year ended March 31, 2025, 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 155th Ordinary General Meeting of Shareholders in June 2024.
- 2) It was resolved at the 155th Ordinary General Meeting of Shareholders, held on June 19, 2024, 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 2.0 billion (of which, payment to the Outside Directors shall not exceed JPY 200 million per year) and that the maximum amount of remuneration to be paid to Audit & Supervisory Board Members shall not exceed JPY 250 million. As of the end of this Ordinary General Meeting of Shareholders, there are nine (9) Directors (of which, four (4) 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, it was resolved to introduce a performance-linked stock compensation system using a trust (BIP trust) for Internal Directors. It was also resolved that the maximum amount of trust funds to be contributed as compensation for Directors under this system would be JPY 820 million multiplied by the number of fiscal years in the subject period. 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 the stock delivery points granted during the current fiscal year under the BIP trust.
- 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 (in the current fiscal year, Mr. Tetsuji Ohashi) and the President and Representative Director (in the current fiscal year, Mr. Hiroyuki Ogawa) 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, 2025, 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 JPY 100 million for the fiscal year ended March 31, 2025.

Name and title	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		
	Hiroyuki Ogawa Director of the Company	125	126	147	
Tetsuji Ohashi Director of the Company	112	113	133		358
Takeshi Horikoshi Director of the Company	53	53	62		168
Takuya Imayoshi Director of the Company	40	53	62		156
Mitsuko Yokomoto Director of the Company	42	43	50		134

Notes:

- 1) Stock-based remuneration represents the amounts of expense allocated as the stock delivery points granted during the current fiscal year under the BIP trust.
- 2) The portions of salaries as employees for Directors concurrently serving as employees are not paid.
- 3) Amounts of less than JPY one (1) million 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 April 28, 2025, 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 five (5) external members (four (4) Outside Directors, one (1) Outside Audit & Supervisory Board Member) 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 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- to 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 and President and Representative Director 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 the 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.

(Note) Due to the change of Representative Director, it was reaffirmed by the resolution of the Board of Directors meeting held on April 28, 2025, that the calculation and determination of individual basic remuneration (monthly remuneration) amounts and cash bonus amounts are delegated to the Chairman of the Board and the President and Representative Director.

[System of Remuneration for Internal Directors]

Monetary Remuneration		Non-Monetary Remuneration	
Basic Remuneration (Fixed Remuneration)	Performance-Based Remuneration		
	Performance-Based Remuneration for a Single Year (Monthly Remuneration (for stock-based remuneration, Base Amount by Position) x 0 ~ 27)		Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan (Base Amount by Position x 0 ~ 3)
Monthly Remuneration x 12 months	Bonus in Cash (0 ~ 12 months)	Stock-Based Remuneration A (0 ~ 15 months) BIP Trust	Stock-Based Remuneration B (0 ~ 3 months) BIP Trust

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'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, 2025, the Company's actual results regarding its performance indicators consist of consolidated ROE of 14.2%, consolidated ROA of 10.6%, consolidated operating income ratio of 16.0%, and growth rate of sales of 6.2%. 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 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 (BIP 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 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.

[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	<ul style="list-style-type: none"> • CO₂ emissions: Decrease by 50% in 2030 from 2010 <li style="padding-left: 20px;">Become carbon neutral by 2050 (Challenging goal) • Renewable energy use: Increase to 50% of total energy use in 2030
	Evaluation by external organizations	<ul style="list-style-type: none"> • 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.

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.

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	3,481
Other than unlisted stocks	—	—

Information on stocks whose number of shares increased in the fiscal year ended March 31, 2025

	Number of stock names	Acquisition cost for the increase of number of shares (Millions of yen)	Reason for acquisition
Unlisted stocks	1	426	Investment in venture capital company.
Other than unlisted stocks	—	—	—

Information on stocks whose number of shares decreased in the fiscal year ended March 31, 2025

	Number of stock names	Sales amount for the decrease of number of shares (Millions of yen)
Unlisted stocks	1	0
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, 2025

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, 2021, through March 31, 2025.

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, 2024 to March 31, 2025) and the non-consolidated financial statements for the 156th fiscal year (from April 1, 2024 to March 31, 2025) 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.

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Komatsu Ltd. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2025 and 2024

Consolidated Statements of Income

	2025		2024	
	Millions of yen	Ratio(%)	Millions of yen	Ratio(%)
Net sales (Notes 7, 14, 15, 17, 20 and 24)	¥ 4,104,395	100.0	¥ 3,865,122	100.0
Cost of sales (Notes 8, 9, 12, 14, 17, 20, 23, 24 and 26)	2,782,012	67.8	2,654,914	68.7
Selling, general and administrative expenses (Notes 3, 8, 9, 12, 13, 17, 23, 24 and 26)	658,856	16.1	604,534	15.6
Impairment loss on long-lived assets (Notes 24 and 26)	2,031	0.0	6,108	0.2
Other operating income (expenses), net (Notes 14, 23 and 26)	(4,371)	(0.1)	7,628	0.2
Operating income	657,125	16.0	607,194	15.7
Other income (expenses), net (Note 26)				
Interest and dividend income (Note 7)	27,325	0.7	21,146	0.5
Interest expense	(57,594)	(1.4)	(54,506)	(1.4)
Other, net (Notes 6, 12, 14 and 20)	(22,018)	(0.5)	1,829	0.0
Total	(52,287)	(1.3)	(31,531)	(0.8)
Income before income taxes and equity in earnings of affiliated companies	604,838	14.7	575,663	14.9
Income taxes (Notes 14 and 16)				
Current	175,256		170,844	
Deferred	(29,629)		(3,264)	
Total	145,627	3.5	167,580	4.3
Income before equity in earnings of affiliated companies	459,211	11.2	408,083	10.6
Equity in earnings of affiliated companies	9,521	0.2	8,273	0.2
Net income	468,732	11.4	416,356	10.8
Less: Net income attributable to noncontrolling interests	29,118	0.7	22,930	0.6
Net income attributable to Komatsu Ltd.	¥ 439,614	10.7	¥ 393,426	10.2

Yen

Per share data (Note 18):

Net income attributable to Komatsu Ltd.:

Basic	¥ 473.44	¥ 415.96
Diluted	¥ 473.42	¥ 415.93

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

Consolidated Statements of Comprehensive Income

	Millions of yen	
	2025	2024
Net income	¥ 468,732	¥ 416,356
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments (Notes 14 and 16)	(44,858)	251,225
Pension liability adjustments (Notes 12, 14 and 16)	7,100	3,979
Net unrealized holding gains (losses) on derivative instruments (Notes 14, 16 and 20)	1,503	(852)
Total	(36,255)	254,352
Comprehensive income	432,477	670,708
Less: Comprehensive income attributable to noncontrolling interests	25,374	37,368
Comprehensive income attributable to Komatsu Ltd.	¥ 407,103	¥ 633,340

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, 2025

	Millions of yen								
	Common stock	Capital surplus	Retained earnings		Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd. shareholders' equity	Non-controlling interests	Total equity
			Appropriated for legal reserve	Un-appropriated					
Balance at March 31, 2024	<u>¥ 70,336</u>	<u>¥ 136,500</u>	<u>¥ 48,979</u>	<u>¥ 2,367,020</u>	<u>¥ 459,865</u>	<u>¥ (49,131)</u>	<u>¥ 3,033,569</u>	<u>¥ 164,883</u>	<u>¥ 3,198,452</u>
Cash dividends				(166,565)			(166,565)	(19,474)	(186,039)
Transfer to retained earnings appropriated for legal reserve			442	(442)			—		—
Other changes		(676)					(676)	671	(5)
Net income				439,614			439,614	29,118	468,732
Other comprehensive income (loss), for the period, net of tax (Note 14)					(32,511)		(32,511)	(3,744)	(36,255)
Exercise of stock acquisition rights (Note 13)		(97)					(97)		(97)
Purchase of treasury stock (Note 13)						(101,279)	(101,279)		(101,279)
Sales of treasury stock		(12)				112	100		100
Cancellation of treasury stock (Note 13)		(434)		(67,202)		67,636	—		—
Share-based payment (Note 13)		1,244					1,244		1,244
Balance at March 31, 2025	<u>¥ 70,336</u>	<u>¥ 136,525</u>	<u>¥ 49,421</u>	<u>¥ 2,572,425</u>	<u>¥ 427,354</u>	<u>¥ (82,662)</u>	<u>¥ 3,173,399</u>	<u>¥ 171,454</u>	<u>¥ 3,344,853</u>

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

For the fiscal year ended March 31, 2024

	Millions of yen								
	Common stock	Capital surplus	Retained earnings		Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd. shareholders' equity	Non-controlling interests	Total equity
			Appropriated for legal reserve	Un-appropriated					
Balance at March 31, 2023	<u>¥ 69,660</u>	<u>¥ 135,886</u>	<u>¥ 48,508</u>	<u>¥ 2,114,789</u>	<u>¥ 219,951</u>	<u>¥ (49,153)</u>	<u>¥ 2,539,641</u>	<u>¥ 138,314</u>	<u>¥ 2,677,955</u>
Cumulative effects of Accounting Standards Update—adoption of ASU 2016-13, net of tax (Note 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
Share-based payment (Note 13)		676					1,348		1,348
Balance at March 31, 2024	<u>¥ 70,336</u>	<u>¥ 136,500</u>	<u>¥ 48,979</u>	<u>¥ 2,367,020</u>	<u>¥ 459,865</u>	<u>¥ (49,131)</u>	<u>¥ 3,033,569</u>	<u>¥ 164,883</u>	<u>¥ 3,198,452</u>

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, 2025 and 2024

	Millions of yen	
	2025	2024
Operating activities		
Net income	¥ 468,732	¥ 416,356
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	163,004	156,835
Deferred income taxes	(29,629)	(3,264)
Impairment loss and net loss on valuation of investment securities, net	433	1,241
Net gain on sale of fixed assets	(1,228)	(4,406)
Loss on disposal of fixed assets	5,554	4,832
Impairment loss on long-lived assets	2,031	6,108
Pension and retirement benefits, net	(12,113)	3,167
Changes in assets and liabilities:		
Increase in trade receivables	(157,811)	(94,059)
Increase (decrease) in inventories	21,076	(66,792)
Increase (decrease) in trade payables	15,147	(59,156)
Increase in income taxes payable	18,161	3,521
Other, net	23,810	70,395
Net cash provided by operating activities	<u>517,167</u>	<u>434,778</u>
Investing activities		
Capital expenditures	(205,855)	(202,947)
Proceeds from sale of fixed assets	13,829	24,104
Purchases of investment securities	(918)	(415)
Proceeds from sale of subsidiaries and businesses, net of cash disposed	—	14,029
Acquisition of subsidiaries and equity investees, net of cash acquired	(25,008)	(39,206)
Other, net	7,283	16
Net cash used in investing activities	<u>(210,669)</u>	<u>(204,419)</u>
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	557,221	402,193
Payment on debt (Original maturities greater than three months)	(522,710)	(438,276)
Short-term debt, net (Original maturities three months or less)	(67,495)	63,911
Sale (purchase) of treasury stock, net	(101,249)	(25)
Dividends paid	(166,565)	(139,090)
Other, net	(20,626)	(10,750)
Net cash used in financing activities	<u>(321,424)</u>	<u>(122,037)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(2,683)</u>	<u>4,881</u>
Net increase (decrease) in cash and cash equivalents	<u>(17,609)</u>	<u>113,203</u>
Cash and cash equivalents, beginning of year	<u>403,178</u>	<u>289,975</u>
Cash and cash equivalents, end of year	<u>¥ 385,569</u>	<u>¥ 403,178</u>

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

The figure for the fiscal year ended March 31, 2024 was reclassified to conform to the presentation for the fiscal year ended March 31, 2025.

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, 2025 consisted of the following: construction, mining and utility equipment business – 92.3%, retail finance business – 2.3%, industrial machinery and others business – 5.4%

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, 2025, 89.4% were generated outside Japan, with 44.1% in the Americas, 9.6% in Europe and CIS, 2.6% in China, 24.8% in Asia (excluding Japan and China) and Oceania, and 8.3% 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 CodificationTM (hereinafter “ASC”) 810, “Consolidation”. Consolidated variable interest entities mainly engage in equipment leasing in Europe.

The Company has introduced a performance-based share compensation plan using structures called a Board Incentive Plan Trust for directors of the Company and subsidiaries, and the Employee Ownership Plan Trust. (hereinafter the “Both Trusts”) The Company acquired the Company’s shares from the stock market and grants the Company’s shares and cash in the amount of the converted value of such shares to the members of the Board of Directors and employees according to their executive position and degree of achievement of performance targets. The Company has the power to direct the activities that most significantly impact the trusts’ economic performance through the establishment of their plans. The Company has the potential obligation since the Company may entrust additional money to the trusts for use in acquisition of additional shares of the Company. As a result, the Company is considered to be the primary beneficiary of the trusts and therefore consolidate the trusts as variable interest entities; however, the trusts are not included in the number of the Company’s subsidiaries.

The carrying amounts of assets and net assets of the trusts which are included in the consolidated balance sheet as of March 31, 2025 were ¥696 million of cash and cash equivalents and ¥1,225 million of treasury stock, respectively.

The consolidated balance sheets as of March 31, 2025 and 2024 include assets for the Variable interest entities of ¥5,198 million and ¥4,803 million, respectively. 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 trust-type stock-based remuneration system 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, 2025 and 2024 reflect cash net of withdrawals of ¥299,627 million and ¥289,937 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 November 2023, Financial Accounting Standards Board (hereinafter “FASB”) issued Accounting Standards Update (hereinafter “ASU”) 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. Komatsu has adopted this update from the fiscal year beginning on April 1, 2024, and all prior periods presented in the financial statements retrospectively. The amendments in this update are effective for interim reporting periods beginning after December 15, 2024. The adoption of this update had no impact on Komatsu’s financial position and results of operations.

The details are as described in Note 24 “Business Segment and Geographic Information”.

(20) Recently Issued Accounting Standards Not Yet Adopted

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.

In November 2024, FASB issued ASU 2024-03 “Disaggregation of Income Statement Expenses”. This update requires an entity to disclose, in a tabular format, the amounts of purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion included in each expense caption presented on the face of the income statement within continuing operations. Certain amounts of expense that are already required to be disclosed under current U.S. GAAP would need to be included in the same tabular format disclosure as the other disaggregation requirements. The update requires an entity to disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. Also, the update requires an entity to disclose the total amount of selling expenses and, in annual reporting periods, an entity’s definition of selling expenses. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. 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, 2025 and 2024 is as follows:

	Millions of yen	
	2025	2024
Additional cash flow information:		
Interest paid	¥ 58,684	¥ 53,578
Income taxes paid, net	164,059	177,885

3. Business Combination

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.

The fair value measurement of the acquired assets and assumed liabilities under ASC 805, “Business Combinations” was completed. The following table presents the summary of the acquired assets and assumed liabilities after the allocation of acquisition cost on the acquisition date (December 1, 2023).

	Millions of yen	
Consideration		
Cash and cash equivalents	¥	37,102
Fair value of total consideration transferred		37,102
Recognized amounts of identifiable acquired assets and assumed liabilities		
Current assets		5,952
Property, plant and equipment		6,645
Intangible assets		12,437
Other non-current assets		7,224
Total acquired assets		32,258
Current liabilities		(2,762)
Long-term liabilities		(4,494)
Total assumed liabilities		(7,256)
Net acquired assets		25,002
Goodwill		12,100
	¥	37,102

Intangible assets of ¥12,437 million are all intangible assets subject to amortization and primarily consist of the following.

	Millions of yen		Amortization period
	Gross carrying amount		
Trademarks	¥	3,002	10 years
Customer relationships		2,662	10 years
Technology assets		6,714	15 years

The goodwill of ¥12,100 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 completed as of 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.

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, 2025.

Changes in the allowance for credit losses by segments for the fiscal year ended March 31, 2025 and 2024 are as follows:

	Millions of yen					
	2025					
	Construction, Mining and Utility Equipment		Retail Finance		Industrial Machinery and Others	
Allowance for Credit Losses:						
Balance at beginning of year	¥	13,294	¥	20,590	¥	195
Provision		170		6,583		7
Write-offs		(1,062)		(4,005)		—
Other		66		620		—
Balance at end of year	¥	12,468	¥	23,788	¥	202
Receivables (before deducting allowance for credit losses):						
Balance at end of year	¥	762,433	¥	1,283,602	¥	72,956

	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, 2025 and 2024 are as follows:

Region	Millions of yen						
	2025						
	Origination fiscal year ending March 31						
Past due date	2025	2024	2023	2022	2021	Prior	Total
Japan							
Within due and 30 days or less past due	¥ 17,063	¥ 12,148	¥ 7,178	¥ 4,346	¥ 2,346	¥ 168	¥ 43,249
31-90 days past due	1	1	—	—	—	—	2
Over 90 days past due	—	1	2	—	—	—	3
Total	17,064	12,150	7,180	4,346	2,346	168	43,254
North America							
Within due and 30 days or less past due	519,769	231,477	101,370	31,437	8,381	2,528	894,962
31-90 days past due	172	328	209	173	86	22	990
Over 90 days past due	14	81	233	260	166	432	1,186
Total	519,955	231,886	101,812	31,870	8,633	2,982	897,138
Latin America							
Within due and 30 days or less past due	40,852	17,375	8,059	5,227	1,365	179	73,057
31-90 days past due	160	193	212	112	—	—	677
Over 90 days past due	49	45	115	105	23	6,250	6,587
Total	41,061	17,613	8,386	5,444	1,388	6,429	80,321
Europe							
Within due and 30 days or less past due	46,621	38,323	22,264	9,424	2,243	979	119,854
31-90 days past due	26	5	20	12	3	2	68
Over 90 days past due	4	268	298	195	6	3	774
Total	46,651	38,596	22,582	9,631	2,252	984	120,696
Oceania							
Within due and 30 days or less past due	40,163	23,776	18,785	4,542	1,300	152	88,718
31-90 days past due	—	—	19	13	—	2	34
Over 90 days past due	—	—	—	—	—	—	—
Total	40,163	23,776	18,804	4,555	1,300	154	88,752
Others							
Within due and 30 days or less past due	22,673	18,585	5,695	3,341	253	—	50,547
31-90 days past due	138	84	471	42	17	—	752
Over 90 days past due	12	1,105	293	260	111	361	2,142
Total	22,823	19,774	6,459	3,643	381	361	53,441
Totals by Aging Category							
Within due and 30 days or less past due	687,141	341,684	163,351	58,317	15,888	4,006	1,270,387
31-90 days past due	497	611	931	352	106	26	2,523
Over 90 days past due	79	1,500	941	820	306	7,046	10,692
Total	¥ 687,717	¥ 343,795	¥ 165,223	¥ 59,489	¥ 16,300	¥ 11,078	¥1,283,602

		Millions of yen						
		2024						
		Origination fiscal year ending March 31						
Region	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, 2025 and 2024 are as follows:

Fiscal year ending March 31	Millions of yen		Fiscal year ending March 31	Millions of yen	
	2025			2024	
2025	¥	140	2024	¥	337
2024		1,201	2023		1,107
2023		986	2022		871
2022		693	2021		354
2021		415	2020		319
Prior		570	Prior		152
Total	¥	4,005	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, 2025 and 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, 2025 and 2024 are as follows:

	Millions of yen			
	2025			
	Non-accrual with an allowance	Non-accrual without an allowance	Over 90 days past due still accruing	
Japan	¥	—	¥	3
North America		3,782		1,068
Latin America		6,375		213
Europe		—		774
Oceania		—		—
Others		549		1,601
Total	¥	10,706	¥	3,659

	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, 2025 and 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, 2025 and 2024.

5. Inventories

At March 31, 2025 and 2024, inventories comprise the following:

	Millions of yen	
	2025	2024
Finished products, including finished parts held for sale	¥ 1,003,169	¥ 1,020,239
Work in process	278,445	279,618
Materials and supplies	125,044	138,838
Total	¥ 1,406,658	¥ 1,438,695

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, 2025 and 2024 are as follows:

	Millions of yen	
	2025	2024
Net gains and losses recognized during the year on equity securities	¥ (433)	¥ (1,241)
Less: net gains and losses recognized during the year on equity securities sold during the year	—	4
Unrealized gains and losses recognized during the year on equity securities still held as of March 31, 2025 and 2024	¥ (433)	¥ (1,245)

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, 2025 and 2024, the carrying amounts of these investments were ¥10,636 million and ¥10,267 million, respectively. Any impairment or any adjustment relating to observable price changes recorded until March 31, 2025 and 2024 were not material.

7. Investments in and Advances to Affiliated Companies

At March 31, 2025 and 2024, investments in and advances to affiliated companies comprised the following:

	Millions of yen	
	2025	2024
Investments in capital stock	¥ 77,751	¥ 63,548
Advances	3,416	3,777
Total	¥ 81,167	¥ 67,325

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, 2025 and 2024, 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	
	2025	2024
Trade notes and accounts receivable, net	¥ 44,022	¥ 49,031
Short-term loans receivable	4,003	4,495
Trade notes, bills and accounts payable	8,341	6,911

Net sales to and dividends received from affiliated companies for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of yen	
	2025	2024
Net sales	¥ 142,382	¥ 132,872
Dividends	6,234	2,766

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

As of March 31, 2025 and 2024, consolidated unappropriated retained earnings included Komatsu's share of undistributed earnings of affiliated companies accounted for by the equity method in the amount of ¥46,447 million and ¥42,275 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, 2025 and 2024.

Summarized financial information for affiliated companies as of March 31, 2025 and 2024, and for the fiscal years ended March 31, 2025 and 2024 is as follows:

	Millions of yen	
	2025	2024
Current assets	¥ 255,960	¥ 247,431
Net property, plant and equipment – less accumulated depreciation	68,239	69,315
Investments and other assets	58,843	60,328
Total assets	¥ 383,042	¥ 377,074
Current liabilities	¥ 148,072	¥ 146,938
Long-term liabilities	58,105	62,230
Equity	176,865	167,906
Total liabilities and equity	¥ 383,042	¥ 377,074

	Millions of yen	
	2025	2024
Net sales	¥ 371,809	¥ 347,144
Net income	27,581	24,573

8. Property, Plant and Equipment

The major classes of property, plant and equipment at March 31, 2025 and 2024 are as follows:

	Millions of yen	
	2025	2024
Land	¥ 123,603	¥ 124,909
Buildings	675,876	665,437
Machinery and equipment	847,845	830,647
Equipment leased to others	309,103	338,294
Construction in progress	57,232	39,537
Total	2,013,659	1,998,824
Less: accumulated depreciation	(1,099,376)	(1,090,769)
Net property, plant and equipment	¥ 914,283	¥ 908,055

Depreciation for the fiscal years ended March 31, 2025 and 2024 were ¥128,207 million and ¥124,194 million, respectively.

9. Goodwill and Other Intangible Assets

Other intangible assets other than goodwill at March 31, 2025 and 2024 are as follows:

	Millions of yen					
	2025			2024		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:						
Software	¥ 110,986	¥ (60,268)	¥ 50,718	¥ 103,501	¥ (55,462)	¥ 48,039
Leasehold	6,656	(2,013)	4,643	8,211	(2,431)	5,780
Trademarks	78,311	(40,114)	38,197	76,479	(34,977)	41,502
Customer relationships	80,238	(41,319)	38,919	79,838	(36,527)	43,311
Technology assets	47,024	(21,516)	25,508	47,452	(18,129)	29,323
Other	10,036	(6,421)	3,615	10,372	(6,415)	3,957
Total	333,251	(171,651)	161,600	325,853	(153,941)	171,912
Other intangible assets not subject to amortization			8,353			8,491
Total other intangible assets			¥ 169,953			¥ 180,403

The aggregate amortization expense of other intangible assets subject to amortization for the fiscal years ended March 31, 2025 and 2024 were ¥31,308 million and ¥29,587 million, respectively.

At March 31, 2025, 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
2026	¥ 30,822
2027	28,532
2028	25,058
2029	21,489
2030	18,302

The changes in carrying amounts of goodwill by operating segment for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of yen			
	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Total
Balance at March 31, 2023				
Goodwill	¥ 217,302	¥ 880	¥ 15,017	¥ 233,199
Accumulated impairment losses	(12,203)	—	(13,936)	(26,139)
	<u>205,099</u>	<u>880</u>	<u>1,081</u>	<u>207,060</u>
Goodwill acquired during the year	17,469	—	—	17,469
Foreign exchange impact and other	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)
	<u>246,341</u>	<u>971</u>	<u>1,081</u>	<u>248,393</u>
Goodwill acquired during the year	5,130	—	—	5,130
Foreign exchange impact and other	(7,641)	(49)	—	(7,690)
Balance at March 31, 2025				
Goodwill	256,033	922	15,017	271,972
Accumulated impairment losses	(12,203)	—	(13,936)	(26,139)
	<u>¥ 243,830</u>	<u>¥ 922</u>	<u>¥ 1,081</u>	<u>¥ 245,833</u>

10. Short-Term and Long-Term Debt

(1) Short-term debt at March 31, 2025 and 2024 consisted of the following:

	Millions of yen	
	2025	2024
Banks, insurance companies and other financial institutions	¥ 188,282	¥ 256,760
Commercial paper	188,044	183,859
Short-term debt	¥ 376,326	¥ 440,619

The weighted-average annual interest rates applicable to short-term debt outstanding at March 31, 2025 and 2024 were 4.4% and 5.5%, respectively.

The Company and certain consolidated subsidiaries have entered into contracts for committed credit lines totaling ¥342,827 million and have unused committed lines of credit amounting to ¥305,239 million with certain financial institutions at March 31, 2025 which are available for full and immediate borrowings. The Company and Komatsu Finance America Inc. have ¥240,000 million and U.S.\$1,000 million commercial paper program, respectively. The unused amounts of ¥194,000 million and U.S.\$50 million at March 31, 2025 are available upon the satisfaction of certain customary procedural requirements.

(2) Long-term debt at March 31, 2025 and 2024 consisted of the following:

	Millions of yen	
	2025	2024
Long-term debt without collateral:		
Banks, insurance companies and other financial institutions maturing serially through 2025–2032, weighted-average rate 4.2%	¥ 456,937	¥ 420,328
Euro Medium Term Notes maturing serially through 2025–2029, weighted-average rate 3.0%	135,556	175,147
0.11% Unsecured Bonds due 2024	—	20,000
0.13% Unsecured Bonds due 2025	10,000	10,000
0.24% Unsecured Bonds due 2026	20,000	20,000
5.50% Unsecured Bonds due 2027	89,555	90,635
0.61% Unsecured Bonds due 2027	20,000	—
0.34% Unsecured Bonds due 2028	20,000	20,000
0.80% Unsecured Bonds due 2029	20,000	—
Other	2,223	2,641
Total	774,271	758,751
Less: current maturities	(278,082)	(140,359)
Long-term debt	¥ 496,189	¥ 618,392

(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, and from this fiscal year on Singapore Exchange Securities Trading Limited. The registered amount of the EMTN program at March 31, 2025 and 2024 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 ¥48,567 million during the fiscal year ended March 31, 2025 and ¥33,074 million during the fiscal year ended March 31, 2024.

In November 2024, 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, 2025, ¥100,000 million remained unused under this program. Komatsu Finance America Inc. issued U.S.\$600 million of variable-term bonds within a five-year period in October 2022. On the other hand, ¥90,000 million in the aggregate principal amount of bonds outstanding as of March 31, 2025 was issued under the past bond program prior to its 2024 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, 2025 and 2024 respectively are as follows. There are no market value adjustments to the amounts of 2025 and 2024.

	Millions of yen	
	2025	2024
Due within one year	¥ 278,082	¥ 140,359
Due after one year through two years	161,533	309,039
Due after two years through three years	215,510	116,949
Due after three years through four years	31,702	144,325
Due after four years through five years	85,851	31,892
Due after five years	1,593	16,187
Total	¥ 774,271	¥ 758,751

11. Trade Payables

The Company and certain consolidated subsidiaries have entered into agreements with third-party financial institutions for supplier finance programs. 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 these programs. The amounts of liabilities under the supplier finance programs at March 31, 2025 and at March 31, 2024 are ¥25,963 million and ¥36,514 million, respectively, and are included in trade notes, bills and accounts payable in the accompanying consolidated balance sheets.

Changes in the liabilities under the supplier finance programs for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of yen	
	2025	2024
Balance at beginning of year	¥ 36,514	¥ 48,519
Increase	138,046	185,119
Decrease	(148,597)	(197,124)
Balance at end of year	¥ 25,963	¥ 36,514

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			
	2025		2024	
	Domestic	Overseas	Domestic	Overseas
Change in benefit obligations:				
Benefit obligations, beginning of year	¥ 140,480	¥ 227,232	¥ 139,666	¥ 205,480
Service cost	7,283	1,291	7,836	993
Interest cost	1,147	11,792	547	10,921
Actuarial loss (gain)	(9,692)	(10,511)	(1,317)	(2,180)
Plan participants' contributions	—	219	—	191
Effect of changes in consolidated subsidiaries	—	490	—	—
Plan amendment	25	—	—	—
Settlements and curtailments	(7,449)	—	(372)	(57)
Benefits paid	(11,162)	(24,325)	(5,880)	(16,693)
Foreign currency exchange rate change	—	(762)	—	28,577
Benefit obligations, end of year	¥ 120,632	¥ 205,426	¥ 140,480	¥ 227,232
Change in plan assets:				
Fair value of plan assets, beginning of year	¥ 90,572	¥ 214,266	¥ 83,296	¥ 194,653
Actual return on plan assets	820	2,079	6,854	6,343
Employers' contributions	3,246	2,133	3,374	2,000
Plan participants' contributions	—	219	—	191
Settlements	—	—	(188)	(57)
Benefits paid	(4,522)	(23,683)	(2,764)	(16,169)
Foreign currency exchange rate change	—	(335)	—	27,305
Fair value of plan assets, end of year	¥ 90,116	¥ 194,679	¥ 90,572	¥ 214,266
Funded status, end of year	¥ (30,516)	¥ (10,747)	¥ (49,908)	¥ (12,966)

Amounts recognized in the consolidated balance sheets at March 31, 2025 and 2024 are as follows:

	Millions of yen			
	2025		2024	
	Domestic	Overseas	Domestic	Overseas
Deferred income taxes and other assets	¥ —	¥ 21,946	¥ —	¥ 19,813
Other current liabilities	(135)	(859)	(84)	(837)
Liability for pension and retirement benefits	(30,381)	(31,834)	(49,824)	(31,942)
	¥ (30,516)	¥ (10,747)	¥ (49,908)	¥ (12,966)

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2025 and 2024 are as follows:

	Millions of yen			
	2025		2024	
	Domestic	Overseas	Domestic	Overseas
Actuarial loss	¥ (7,776)	¥ 19,689	¥ 1,477	¥ 20,314
Prior service cost	10,695	939	11,902	1,117
	¥ 2,919	¥ 20,628	¥ 13,379	¥ 21,431

The accumulated benefit obligations for all defined benefit plans at March 31, 2025 and 2024 are as follows:

	Millions of yen			
	2025		2024	
	Domestic	Overseas	Domestic	Overseas
Accumulated benefit obligations	¥ 111,445	¥ 203,103	¥ 122,314	¥ 225,132

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			
	2025		2024	
	Domestic	Overseas	Domestic	Overseas
Plans with accumulated benefit obligations in excess of plan assets:				
Accumulated benefit obligations	¥ 111,445	¥ 119,423	¥ 122,314	¥ 129,228
Fair value of plan assets	90,116	89,136	90,572	98,168
Plans with projected benefit obligations in excess of plan assets:				
Projected benefit obligations	¥ 120,632	¥ 122,164	¥ 140,480	¥ 130,947
Fair value of plan assets	90,116	89,471	90,572	98,168

Net periodic cost of Komatsu's defined benefit plans for the fiscal years ended March 31, 2025 and 2024 consisted of the following components:

	Millions of yen			
	2025		2024	
	Domestic	Overseas	Domestic	Overseas
Service cost	¥ 7,283	¥ 1,291	¥ 7,836	¥ 993
Interest cost on projected benefit obligations	1,147	11,792	547	10,921
Expected return on plan assets	(1,351)	(12,417)	(1,315)	(11,454)
Amortization of actuarial loss or gain	—	452	5	250
Amortization of prior service cost	863	178	838	255
Gains recognized due to partial settlements and curtailments	(283)	—	(59)	(14)
Net periodic cost	¥ 7,659	¥ 1,296	¥ 7,852	¥ 951

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, 2025 and 2024 are summarized as follows:

	Millions of yen			
	2025		2024	
	Domestic	Overseas	Domestic	Overseas
Current year actuarial loss (gain)	¥ (9,161)	¥ (173)	¥ (6,856)	¥ 2,931
Amortization of actuarial loss or gain	(92)	(452)	(30)	(250)
Current year prior service cost	25	—	—	—
Amortization of prior service cost	(1,232)	(178)	(838)	(255)
	¥ (10,460)	¥ (803)	¥ (7,724)	¥ 2,426

Weighted-average assumptions used to determine benefit obligations of Komatsu's defined benefit plans at March 31, 2025 and 2024 are as follows:

	2025		2024	
	Domestic	Overseas	Domestic	Overseas
Discount rate	1.8%	5.6%	1.0%	5.3%
Assumed rate of increase in future compensation levels (Point-based benefit system)	4.0%	—	4.0%	—
Assumed rate of increase in future compensation levels	—	3.7%	—	3.8%
Interest crediting rate for cash balance plans	1.1%	—	1.0%	—

Weighted-average assumptions used to determine net periodic cost of Komatsu's defined benefit plans for the fiscal years ended March 31, 2025 and 2024 are as follows:

	2025		2024	
	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%
Expected long-term rate of return on plan assets	1.5%	5.9%	1.5%	5.6%
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, 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, 2025 and 2024 by asset class are as follows:

	Millions of yen									
	Domestic					Overseas				
	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
At March 31, 2025										
Plan assets										
Cash	¥ 10,576	¥ —	¥ —	¥ —	¥ 10,576	¥ 15,340	¥ —	¥ —	¥ —	¥ 15,340
Equity securities										
Japanese equities	9,497	—	—	—	9,497	—	—	—	—	—
Foreign equities	7,379	—	—	—	7,379	3,492	28,473	—	62	32,027
Debt securities										
Government bonds and municipal bonds	17,360	—	—	—	17,360	1,040	45,439	—	—	46,479
Corporate bonds	—	3,522	—	—	3,522	3,138	85,350	1,429	—	89,917
Other assets										
Life insurance company general accounts	—	38,329	—	—	38,329	—	—	—	—	—
Other	228	931	8	2,286	3,453	482	(2,753)	13,187	—	10,916
Total	¥ 45,040	¥ 42,782	¥ 8	¥ 2,286	¥ 90,116	¥ 23,492	¥ 156,509	¥ 14,616	¥ 62	¥ 194,679

	Millions of yen									
	Domestic					Overseas				
	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
At March 31, 2024										
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

(1) The plan's equity securities include common stock of the Company in the amount of ¥30 million and ¥55 million at March 31, 2025 and 2024 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 ¥13,051 million and ¥15,910 million at March 31, 2025 and 2024 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, 2025 and 2024 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 ¥3,178 million and ¥1,203 million to their domestic benefit plans and their overseas benefit plans, respectively in the fiscal year ending March 31, 2026.

(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	
	Domestic	Overseas
2026	¥ 5,877	¥ 16,537
2027	6,714	16,330
2028	7,374	16,217
2029	7,163	16,099
2030	8,031	15,980
Through 2031-2035	39,299	76,824

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			
	2025		2024	
Change in accumulated postretirement benefit obligations:				
Accumulated postretirement benefit obligations, beginning of year	¥	12,668	¥	11,682
Service cost		392		406
Interest cost		658		632
Actuarial loss (gain)		45		(393)
Plan amendment		(77)		—
Settlements		(41)		—
Benefits paid		(823)		(1,222)
Foreign currency exchange rate change		(162)		1,563
Accumulated postretirement benefit obligation, end of year	¥	12,660	¥	12,668
Change in plan assets:				
Fair value of plan assets, beginning of year	¥	12,601	¥	10,881
Actual return on plan assets		586		1,033
Employers' contributions		282		239
Settlements		(41)		—
Benefits paid		(663)		(1,022)
Foreign currency exchange rate change		(163)		1,470
Fair value of plan assets, end of year	¥	12,602	¥	12,601
Funded status, end of year	¥	(58)	¥	(67)

Amounts recognized in the consolidated balance sheets at March 31, 2025 and 2024 are as follows:

	Millions of yen			
	2025		2024	
Deferred income taxes and other assets	¥	6,417	¥	5,956
Other current liabilities		(181)		(194)
Liability for pension and retirement benefits		(6,294)		(5,829)
	¥	(58)	¥	(67)

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2025 and 2024 are as follows:

	Millions of yen			
	2025		2024	
Actuarial loss (gain)	¥	(1,478)	¥	(1,939)
Prior service cost		(814)		(1,101)
	¥	(2,292)	¥	(3,040)

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, 2025 and 2024 included the following components:

	Millions of yen	
	2025	2024
Service cost	¥ 392	¥ 406
Interest cost on projected benefit obligations	658	632
Expected return on plan assets	(764)	(668)
Amortization of actuarial loss or gain	(218)	(168)
Amortization of prior service cost	(364)	(339)
Gains recognized due to partial settlements	(20)	—
Net periodic cost	¥ (316)	¥ (137)

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, 2025 and 2024 are summarized as follows:

	Millions of yen	
	2025	2024
Current year actuarial loss (gain)	¥ 223	¥ (758)
Amortization of actuarial loss or gain	238	168
Current year prior service cost	(77)	—
Amortization of prior service cost	364	339
	¥ 748	¥ (251)

Weighted-average assumptions used to determine accumulated postretirement benefit obligations of the U.S. subsidiaries' plans at March 31, 2025 and 2024 are as follows:

	2025	2024
Discount rate	5.5%	5.4%
Assumed rate of increase in future compensation levels	4.0%	4.0%
Current healthcare cost trend rate	6.4%	6.6%
Ultimate healthcare cost trend rate	5.0%	5.0%
Number of years to reach ultimate healthcare cost trend rate	6	7

Weighted-average assumptions used to determine net periodic cost of the U.S. subsidiaries' plans for the fiscal years ended March 31, 2025 and 2024 are as follows:

	2025	2024
Discount rate	5.4%	5.3%
Assumed rate of increase in future compensation levels	4.0%	4.0%
Expected long-term rate of return on plan assets	6.2%	5.9%
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

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 is 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, 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, 2025 and 2024 by asset class are as follows:

	Millions of yen				
	Level 1	Level 2	Level 3	Investments measured at net asset value	Total
At March 31, 2025					
Plan assets					
Cash	¥ 376	¥ —	¥ —	¥ —	¥ 376
Equity securities					
Foreign equities	3,840	416	—	—	4,256
Debt securities					
Government bonds and municipal bonds	1,140	4,248	—	—	5,388
Corporate bonds	502	1,848	—	—	2,350
Other assets					
Other	—	232	—	—	232
Total	¥ 5,858	¥ 6,744	¥ —	¥ —	¥ 12,602
At March 31, 2024					
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

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, 2026.

(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:

<u>Fiscal year ending March 31</u>	<u>Millions of yen</u>	
2026	¥	1,051
2027		1,025
2028		1,005
2029		1,016
2030		1,041
Through 2031-2035		5,312

Directors of Japanese subsidiaries are primarily covered by unfunded retirement allowance plans. At March 31, 2025 and 2024, 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, 2025 and 2024 are ¥15,166 million and ¥18,360 million, respectively.

13. Komatsu Ltd. Shareholders' Equity

(1) The Company's common shares owned by affiliated companies at March 31, 2025 and 2024 both were 675,000 shares which represent 0.07% of the Company's common shares outstanding.

(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 ¥715,828 million, included in the Company's general books of account as of March 31, 2025 is available for dividends under the Act.

The payment of a cash dividend totaling ¥98,823 million to shareholders of record on March 31, 2025 will be discussed at the Ordinary General Meeting of Shareholders to be held on June 19, 2025. The dividend has not been reflected in the consolidated financial statements as of March 31, 2025. Dividends are reported in the consolidated statements of equity when they are approved.

(3) The Company's Board of Directors resolved the acquisition of treasury stock pursuant to Article 156 of the Companies Act of Japan as modified by Paragraph 3, Article 165 of the Act, and the Company retired repurchased shares pursuant to Article 178 of the Act at the meeting of the Board of Directors held on April 26, 2024. By October 30, 2024, the Company repurchased and retired 22,857,500 shares on the above resolutions. The purchasing and retiring amounts are ¥100,000 million and ¥67,636 million respectively. The difference of the amounts is due to the difference between the purchasing price and moving average book value of the shares.

(4) 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, 2025 and 2024:

	2025		2024	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
		Yen		Yen
Outstanding at beginning of year	56,100	¥ 1	96,700	¥ 1
Exercised	(44,900)	1	(40,600)	1
Forfeited	—	—	—	—
Outstanding at end of year	11,200	1	56,100	1
Exercisable at end of year	11,200	1	56,100	1

The intrinsic values of options exercised were ¥206 million and ¥157 million for the fiscal years ended March 31, 2025 and 2024.

The information for options outstanding and options exercisable at March 31, 2025 is as follows:

Number of shares	Outstanding			Options Exercisable		
	Weighted average exercise price	Intrinsic value	Weighted average remaining contractual life	Weighted average exercise price	Intrinsic value	Weighted average remaining contractual life
	Yen	Millions of yen	Years	Yen	Millions of yen	Years
11,200	¥ 1	¥ 48	0.3	¥ 1	¥ 48	0.3

(5) From the fiscal year ended March 31, 2019, the Company had 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 Komatsu’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-Term Management Plan)

With respect to the period of Komatsu’s mid-term 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-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 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.

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, 2025 and 2024 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, 2025 and 2024:

	2025		2024	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
		Yen		Yen
Outstanding at beginning of year	883,880	¥ 3,210	784,940	¥ 2,648
Granted	—	—	359,690	3,760
Lifted	(219,060)	2,755	(260,750)	2,275
Outstanding at end of year	<u>664,820</u>	3,361	<u>883,880</u>	3,210

(6) In order to realize more stable and more efficient operations of the plan and to further raise the awareness of persons eligible for the plan to contribute to improving profitability and the enhancement of the medium- and long-term corporate value of the Company, a trust-type stock-based remuneration has been introduced in place of the restricted stock compensation system from the fiscal year ending March 31, 2025.

In the plan, the Board Incentive Plan Trust for directors of the Company and affiliated, and the Employee Ownership Plan Trust for eligible employees of the Company (hereinafter the “Both Trusts”) acquires the Company’s shares and delivers the shares or provides the amount of money equivalent to the value of the shares to the Eligible Directors, etc., depending on the degree of achievement of performance targets, etc. The shares held by the Both Trusts are accounted for as treasury stock.

The number of the Company’s shares delivered to the Eligible Directors, etc. is established according to the number of share delivery points (1 point = 1 share) which are calculated as follows.

Stock-Based Remuneration A (Performance-Based Remuneration for a Single Year)

Based on Komatsu’s performance for a single year, the number of points is decided and allotted each business year to the Eligible Directors, etc.

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

For the corresponding period in Komatsu’s mid-term management plan, the Eligible Directors, etc. are allocated single-year points each business year based on their position. After the conclusion of the subject period, the single-year points allocated to the Eligible Directors, etc. are totaled, and this total value is multiplied by the performance-linked coefficient corresponding to the achievement conditions, etc. of the mid-term management plan targets to calculate the number of performance-linked points and to decide the number of points allotted. If the Eligible Directors, etc. who meet the beneficiary requirements retire from their position during the period of the mid-term management plan, where the Company’s shares have been delivered to these Eligible Directors, etc., the total value of single-year points allocated during the subject period is multiplied by the performance-linked coefficient corresponding to the achievement conditions, etc. of the mid-term management plan targets at the point that the Eligible Directors, etc. met the beneficiary requirements to calculate the number of performance-linked points and to decide the number of points allotted.

Where the Eligible Directors, etc. who meet the beneficiary requirements retire, according to the beneficiary determination procedures, a number of the Company’s shares corresponding to the number of share delivery points allotted to such Eligible Directors, etc. up until their retirement will be delivered from the Both Trusts.

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

The Company recognizes compensation expense using the fair value method. The fair values of the share delivery points are measured at grant-date fair value of common shares of the Company. Compensation expense for the fiscal year ended March 31, 2025 was recorded in selling, general and administrative expenses, and was not material to Komatsu’s financial position and results of operations.

The following table summarizes information about the unvested share delivery points activities for the fiscal year ended March 31, 2025:

	2025	
	Number of points	Weighted average exercise price Yen
Outstanding at beginning of year	—	¥ —
Granted	308,990	3,963
Outstanding at end of year	<u>308,990</u>	<u>3,963</u>

14. Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of yen			
	2025			
	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized holding gains (losses) on derivative instruments	Total
Balance, beginning of the year	¥ 479,377	¥ (18,762)	¥ (750)	¥ 459,865
Other comprehensive income (loss) before reclassifications	(45,425)	6,147	(1,934)	(41,212)
Amounts reclassified from accumulated other comprehensive income (loss)	567	953	3,437	4,957
Net other comprehensive income (loss)	(44,858)	7,100	1,503	(36,255)
Less: other comprehensive income (loss) attributable to noncontrolling interests	(3,539)	(17)	(188)	(3,744)
Other comprehensive income (loss) attributable to Komatsu Ltd.	(41,319)	7,117	1,691	(32,511)
Balance, end of the year	¥ 438,058	¥ (11,645)	¥ 941	¥ 427,354

All amounts are net of tax.

	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.

Reclassification out of accumulated other comprehensive income (loss) for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of yen	
	2025	Affected line items in consolidated statements of income
Foreign currency translation adjustments		
Sale	¥ —	Other operating income (expenses), net
Liquidation	(567)	Other income (expenses), net: Other, net
	(567)	Total before tax
	—	Income taxes
	(567)	Net of tax
Pension liability adjustments		
Amortization of actuarial loss or gain	(306)	Other income (expenses), net: Other, net
Amortization of prior service cost	(1,046)	Other income (expenses), net: Other, net
	(1,352)	Total before tax
	399	Income taxes
	(953)	Net of tax
Net unrealized holding gains (losses) on derivative instruments		
Foreign exchange forward contracts	(2,650)	Net sales
	(941)	Cost of sales
	(1,330)	Other income (expenses), net: Other, net
Interest rate swaps and cross-currency swap agreements	9	Cost of sales
	(4,912)	Total before tax
	1,475	Income taxes
	(3,437)	Net of tax
Total reclassification for the year	¥ (4,957)	Net of tax

	Millions of yen		Affected line items in consolidated statements of income
	2024		
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

Tax effects allocated to each component of other comprehensive income (loss) for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		
	2025		
	Before tax amount	Tax (expense) or benefit	Net of tax amount
Foreign currency translation adjustments			
Foreign currency translation adjustments arising during the year	¥ (45,401)	¥ (24)	¥ (45,425)
Less: reclassification adjustment for losses included in net income	567	—	567
Net foreign currency translation adjustments	(44,834)	(24)	(44,858)
Pension liability adjustments			
Pension liability adjustments arising during the year	9,163	(3,016)	6,147
Less: reclassification adjustment for losses included in net income	1,352	(399)	953
Net pension liability adjustments	10,515	(3,415)	7,100
Net unrealized holding gains (losses) on derivative instruments			
Unrealized holding losses arising during the year	(2,928)	994	(1,934)
Less: reclassification adjustment for losses included in net income	4,912	(1,475)	3,437
Net unrealized holding gains	1,984	(481)	1,503
Other comprehensive income (loss)	¥ (32,335)	¥ (3,920)	¥ (36,255)
	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

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, attachments 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 checks, 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 checks, 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 products are sold or delivered, Komatsu repairs the sold products 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, 2025 and 2024 are as follows:

	Millions of yen	
	2025	2024
Revenue recognized from contracts with customers	¥ 3,815,156	¥ 3,594,243
Revenue recognized from other sources	289,239	270,879
Total	¥ 4,104,395	¥ 3,865,122

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, 2025 and 2024 are as follows:

	Millions of yen	
	2025	2024
Receivables *1	¥ 1,793,660	¥ 1,682,474
Contract assets *2	6,390	3,930
Contract liabilities *3	222,993	221,657

*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.

*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.

*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 and others 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, 2025 that was included in the contract liability balance as of March 31, 2024 was ¥137,229 million. 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.

The amounts of revenue recognized during the fiscal years ended March 31, 2025 and 2024 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, 2025 and 2024.

(3) Transaction price allocated to the remaining performance obligations

As of March 31, 2025, the aggregate amount of the transaction price allocated to the remaining performance obligations that have original expected durations greater than one year is ¥368,293 million, of which ¥220,433 million is expected to be recognized as revenue in the fiscal year ending March 31, 2026.

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, 2025 and 2024 are as follows:

	Millions of yen			
	2025		2024	
Income before income taxes and equity in earnings of affiliated companies:				
Japan	¥	216,072	¥	130,390
Foreign		388,766		445,273
	¥	604,838	¥	575,663
Income taxes:				
Current –				
Japan	¥	71,334	¥	46,915
Foreign		103,922		123,929
	¥	175,256	¥	170,844
Deferred –				
Japan	¥	(1,576)	¥	3,585
Foreign		(28,053)		(6,849)
	¥	(29,629)	¥	(3,264)
Total	¥	145,627	¥	167,580

Total income taxes recognized for the fiscal years ended March 31, 2025 and 2024 are applicable to the following:

	Millions of yen			
	2025		2024	
Net income	¥	145,627	¥	167,580
Other comprehensive income (loss):				
Foreign currency translation adjustments		24		453
Pension liability adjustments		3,415		1,570
Net unrealized holding gains (losses) on derivative instruments		481		(345)
Total income taxes	¥	149,547	¥	169,258

Temporary differences and tax loss carryforwards which gave rise to deferred tax assets and liabilities at March 31, 2025 and 2024 are as follows:

	Millions of yen	
	2025	2024
Deferred tax assets:		
Allowances for credit losses	¥ 5,733	¥ 5,294
Inventories	20,853	23,488
Investment securities	2,058	1,825
Property, plant and equipment	2,048	1,437
Operating lease liabilities	19,920	19,714
Accrued expenses	90,859	78,055
Pension and retirement benefits	8,871	13,088
Research and development expenses	3,692	2,044
Net operating loss carryforwards	42,610	40,672
Tax credit carryforwards	9,653	8,063
Other	14,850	5,147
Total gross deferred tax assets	221,147	198,827
Less: valuation allowance	(44,932)	(44,019)
Total deferred tax assets	¥ 176,215	¥ 154,808
Deferred tax liabilities:		
Property, plant and equipment	¥ 32,332	¥ 32,207
Operating lease right-of-use assets	19,340	19,277
Intangible assets	7,551	14,946
Undistributed earnings of foreign subsidiaries and affiliated companies accounted for by the equity method	32,852	30,298
Other	580	437
Total deferred tax liabilities	¥ 92,655	¥ 97,165
Total deferred tax assets	¥ 83,560	¥ 57,643

Net deferred tax assets and liabilities as of March 31, 2025 and 2024 are reflected on the consolidated balance sheets under the following captions:

	Millions of yen	
	2025	2024
Deferred income taxes and other assets	¥ 106,254	¥ 81,146
Deferred income taxes and other liabilities	(22,694)	(23,503)
	¥ 83,560	¥ 57,643

Valuation allowance for deferred tax assets for the fiscal years ended March 31, 2025 and 2024 are comprised of the following:

	Millions of yen			
	2025		2024	
Balance at beginning of year	¥	44,019	¥	37,929
Additions		5,678		5,906
Deductions		4,321		4,300
Other, net		(444)		4,484
Balance at end of year	¥	44,932	¥	44,019

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, 2025 and 2024, 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, 2025, Komatsu had tax credit carryforwards of ¥9,653 million, which will expire within the year ending March 31, 2035.

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, 2025 and 2024. 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, 2025 and 2024 are summarized as follows:

	2025	2024
Japanese statutory tax rate	31.3%	31.3%
Increase (decrease) in tax rates resulting from:		
Change in valuation allowance	0.3	0.5
Nontaxable income and nondeductible expenses for tax purposes, net	0.3	0.9
Income of foreign subsidiaries taxed at lower than Japanese normal rate	(3.7)	(4.1)
Tax credit for research and development expenses	(1.4)	(1.3)
Withholding taxes on dividends from foreign subsidiaries	0.4	0.3
Changes in deferred tax liabilities on undistributed earnings of foreign subsidiaries and affiliated companies accounted for by the equity method	0.1	3.3
Other, net	(3.2)	(1.8)
Effective tax rate	24.1%	29.1%

On March 31, 2025, the National Diet of Japan approved the laws for amendments to the part of the Income Tax Act (Law no. 13). Upon this change in the law, the Company and its Japanese subsidiaries' statutory income tax rate in Japan will be changed to approximately 32.2% for fiscal years beginning on or after April 1, 2026. The Company and its Japanese subsidiaries measure deferred tax assets and liabilities by applying enacted statutory tax rates applicable to future years, during which temporary differences are expected to be recovered or settled. The effects of the tax rate change in Japan were immaterial to Komatsu's consolidated financial statements.

Foreign subsidiaries are subject to income taxes of the countries in which they operate. At March 31, 2025 and 2024, undistributed earnings of foreign subsidiaries amount to ¥1,827,628 million and ¥1,628,411 million, respectively. The Company has a policy to distribute a certain portion of undistributed earnings of foreign subsidiaries. As of March 31, 2025 and 2024, Komatsu recognized deferred tax liabilities of ¥13,219 million and ¥15,879 million, respectively, associated with those earnings. As of March 31, 2025 and 2024, the amount of unrecognized deferred tax liabilities for the portion of undistributed earnings of foreign subsidiaries that the Company intends to reinvest indefinitely were ¥68,916 million and ¥63,864 million, respectively, which were calculated to the extent reasonably practicable.

At March 31, 2025, certain subsidiaries had net operating loss carryforwards aggregating ¥67,096 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:

<u>At March 31, 2025</u>	<u>Millions of yen</u>
Within 5 years	¥ 5,541
6 to 20 years	15,261
Indefinite periods	46,294
Total	<u>¥ 67,096</u>

For other net operating loss carryforwards than the aforementioned amount, at March 31, 2025, some U.S. subsidiaries had net operating loss carryforwards associated with state tax aggregating ¥313,911 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 ¥19,817 million.

The reconciliation of beginning and ending balances of unrecognized tax benefits are as follows:

	<u>Millions of yen</u>	
	<u>2025</u>	<u>2024</u>
Balance at beginning of year	¥ 29,625	¥ 24,565
Additions for tax positions related to current period	3,063	5,927
Additions for tax positions related to prior period	559	1,328
Reductions for tax positions related to prior period	(1,744)	(85)
Reductions for settlements	(1,746)	—
Other	(4,626)	(2,110)
Balance at end of year	<u>¥ 25,131</u>	<u>¥ 29,625</u>

Total net amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate	24,568	29,097
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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, 2025 and 2024, interest and penalties related to unrecognized tax benefits were not material. Based on the information available as of March 31, 2025, 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, 2018 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, 2025 and 2024 are as follows:

	2025	2024
Weighted average remaining lease term	9.1years	9.2years
Weighted average discount rates	3.3%	3.3%

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, 2025 are as follows:

	Millions of yen	
	2025	
2026	¥	21,057
2027		13,723
2028		8,047
2029		5,654
2030		3,793
Thereafter		30,678
Total minimum lease payments	¥	82,952
Less: Imputed interest		(12,847)
Total lease liabilities	¥	70,105

Lease costs for the fiscal years ended March 31, 2025 and 2024 are comprised of the following:

	Millions of yen			
	2025		2024	
Operating lease cost	¥	25,199	¥	23,768
Short term lease cost		7,388		6,614

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, 2025 and 2024 are as follows:

	Millions of yen	
	2025	2024
Cash paid for amount included in the measurement of lease liabilities		
Operating leases		
Cash flows by operating activities	¥ 29,016	¥ 24,220
Noncash activity – Rights of use assets obtained in exchange for lease liabilities		
Operating leases	¥ 27,051	¥ 25,691

Leases that have not yet commenced but that create significant rights and obligations as of March 31, 2025 and 2024 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, 2025 and 2024 are ¥17,619 million and ¥16,553 million.

Net investments in the sales-type leases as of March 31, 2025 and 2024 are comprised of the following:

	Millions of yen	
	2025	2024
Lease receivables	¥ 317,830	¥ 285,178
Unguaranteed residual assets	14,549	13,140
Net investment in the sales-type leases *	¥ 332,379	¥ 298,318
Less: current portion	(130,379)	(117,826)
	¥ 202,000	¥ 180,492

* 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, 2025 are as follows:

	Millions of yen	
	2025	
	Sales-type leases	Operating leases
2026	¥ 130,487	¥ 51,429
2027	95,794	19,299
2028	68,117	12,793
2029	35,612	7,526
2030	17,959	2,550
Thereafter	4,304	312
Total undiscounted lease payments to be received	¥ 352,273	¥ 93,909
Less: Imputed interest	(34,443)	—
Total lease receivables	¥ 317,830	¥ —

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, 2025 and 2024 are as follows:

	Millions of yen	
	2025	2024
Sales-type lease revenue		
Revenue recognized at the commencement date *	¥ 135,105	¥ 129,288
Interest income	14,509	11,247
Total sales-type lease revenue	149,614	140,535
Operating lease revenue	93,694	93,769
Total	¥ 243,308	¥ 234,304

* 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 had 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	
	2025	2024
Net income attributable to Komatsu Ltd.	¥ 439,614	¥ 393,426
Net income attributable to participating securities (restricted stocks)	358	351
Net income attributable to common shareholders	¥ 439,256	¥ 393,075

	Number of shares	
	2025	2024
Weighted average number of common shares outstanding, less treasury stock	928,561,033	945,819,656
Weighted average number of participating securities (restricted stocks)	756,645	843,232
Weighted average number of common shares	927,804,388	944,976,424

	Yen	
	2025	2024
Basic net income attributable to Komatsu Ltd. per share	¥ 473.44	¥ 415.96

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	
	2025	2024
Net income attributable to Komatsu Ltd.	¥ 439,614	¥ 393,426
Net income attributable to participating securities (restricted stocks)	358	351
Net income attributable to common shareholders	¥ 439,256	¥ 393,075

	Number of shares	
	2025	2024
Weighted average number of common shares outstanding, less treasury stock	928,561,033	945,819,656
Dilutive effect of:		
Stock options	28,094	74,260
Weighted average number of participating securities (restricted stocks)	756,645	843,232
Weighted average number of diluted common shares	927,832,482	945,050,684

	Yen	
	2025	2024
Diluted net income attributable to Komatsu Ltd. per share	¥ 473.42	¥ 415.93

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, 2025 and 2024 were ¥13,929 million and ¥17,246 million, respectively. The fair value of the liabilities recognized for Komatsu's obligations as guarantors under those guarantees at March 31, 2025 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, 2025 and 2024 were ¥20,193 million and ¥16,183 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, 2025 and 2024 aggregated approximately ¥67,300 million and approximately ¥46,525 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, 2025 and 2024 are summarized as follows:

	Millions of yen	
	2025	2024
Balance at beginning of year	¥ 57,369	¥ 48,130
Addition	56,129	52,873
Utilization	(51,818)	(47,983)
Other	(899)	4,349
Balance at end of year	¥ 60,781	¥ 57,369

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 the same location as earnings derived from hedged item when the hedged items impact earnings. Approximately ¥653 million of existing loss included in accumulated other comprehensive income (loss) at March 31, 2025 will be reclassified into earnings within twelve months from that date. Cash flow hedges discontinued during the fiscal year ended March 31, 2025 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, 2025 and 2024 are as follows:

	Millions of yen			
	2025		2024	
Foreign exchange forward contracts:				
Sale of foreign currencies	¥	356,941	¥	339,481
Purchase of foreign currencies		195,268		246,773
Interest rate swaps and cross-currency swap agreements		259,721		249,526

Fair value of derivative instruments at March 31, 2025 and 2024 on the consolidated balance sheets are as follows (Refer to Notes 21 and 22):

Millions of yen				
2025				
	Derivative Assets		Derivative Liabilities	
	Location on the consolidated Balance Sheets	Estimated fair value	Location on the consolidated Balance Sheets	Estimated fair value
Derivative instruments designated as hedging instruments				
Foreign exchange forward contracts	Other current assets	¥ 2,212	Other current liabilities	¥ 896
	Deferred income taxes and other assets	3	Deferred income taxes and other liabilities	109
Interest rate swaps and cross-currency swap agreements	Other current assets	575	Other current liabilities	75
	Deferred income taxes and other assets	546	Deferred income taxes and other liabilities	468
Total		¥ 3,336		¥ 1,548
	Derivative Assets		Derivative Liabilities	
	Location on the consolidated Balance Sheets	Estimated fair value	Location on the consolidated Balance Sheets	Estimated fair value
Undesignated derivative instruments				
Foreign exchange forward contracts	Other current assets	¥ 2,258	Other current liabilities	¥ 2,953
	Deferred income taxes and other assets	—	Deferred income taxes and other liabilities	—
Interest rate swaps and cross-currency swap agreements	Other current assets	863	Other current liabilities	1,720
	Deferred income taxes and other assets	204	Deferred income taxes and other liabilities	80
Total		¥ 3,325		¥ 4,753
Total Derivative Instruments		¥ 6,661		¥ 6,301
Millions of yen				
2024				
	Derivative Assets		Derivative Liabilities	
	Location on the consolidated Balance Sheets	Estimated fair value	Location on the consolidated Balance Sheets	Estimated fair value
Derivative instruments designated as hedging instruments				
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	
	Location on the consolidated Balance Sheets	Estimated fair value	Location on the consolidated Balance Sheets	Estimated fair value
Undesignated derivative instruments				
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

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, 2025 and 2024 are as follows:

Derivative instruments designated as cash flow hedging relationships

Millions of yen			
2025			
	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	¥ (2,630)	Net sales	¥ (2,650)
		Cost of sales	(941)
		Other income (expenses), net: Other, net	(1,330)
Interest rate swaps and cross-currency swap agreements	(298)	Cost of sales	9
Total	¥ (2,928)		¥ (4,912)

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)

* OCI stands for other comprehensive income (loss).

Derivative instruments not designated as hedging instruments relationships

Millions of yen		
2025		
	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	¥ (158)
Interest rate swaps and cross-currency swap agreements	Cost of sales	1,860
	Other income (expenses), net: Other, net	(2,941)
Total		¥ (1,239)

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 cross-currency swap agreements	Cost of sales	2,766
	Other income (expenses), net: Other, net	(1,861)
Total		¥ 6,964

21. Fair Values of Financial Instruments

The carrying amounts and the estimated fair values of the financial instruments as of March 31, 2025 and 2024 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				Fair Value Levels
	2025		2024		
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value	
Long-term trade receivables, net, excluding lease receivables	¥ 614,914	¥ 620,041	¥ 515,667	¥ 507,065	Level 2
Long-term debt, including current portion	774,271	761,474	758,751	736,449	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, 2025 and 2024 are as follows:

At March 31, 2025	Millions of yen			
	Level 1	Level 2	Level 3	Total
Assets				
Derivatives				
Foreign exchange forward contracts	¥ —	¥ 4,473	¥ —	¥ 4,473
Interest rate swaps and cross-currency swap agreements	—	2,188	—	2,188
Total	¥ —	¥ 6,661	¥ —	¥ 6,661
Liabilities				
Derivatives				
Foreign exchange forward contracts	¥ —	¥ 3,958	¥ —	¥ 3,958
Interest rate swaps and cross-currency swap agreements	—	2,343	—	2,343
Total	¥ —	¥ 6,301	¥ —	¥ 6,301

At March 31, 2024	Millions of yen			
	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

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, 2025 and 2024, 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, 2025 and 2024 are ¥11,003 million and ¥16,685 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 ¥12,667 million for the fiscal year ending March 31, 2026 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. Komatsu allocates management resources to these three operating segments to enhance growth and profitability.

The profitability of operating segment is emphasized through segment profit and segment profit margin, which are reported regularly to the board of directors, the highest operational decision-making body of the Komatsu, for use in resource allocation and performance assessment.

Segment profit is determined by subtracting the cost of sales and selling, general and administrative expenses from net sales attributed to the operating segment, excludes certain general corporate administration and finance expenses, such as costs of executive management and investor relations. Segment profit also excludes certain charges which may otherwise relate to operating segments, including impairments of long-lived assets and goodwill.

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.

The following tables present financial information regarding Komatsu's operating segments and geographic information at March 31, 2025 and 2024, and for the fiscal years then ended:

Operating segments:

(For the fiscal year ended March 31, 2025)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
External customers	3,787,486	96,220	220,689	4,104,395	—	4,104,395
Intersegment	10,749	26,991	2,911	40,651	(40,651)	—
Total	3,798,235	123,211	223,600	4,145,046	(40,651)	4,104,395
Segment expenses:						
Cost of sales	2,590,371	81,542	157,601	2,829,514	(47,502)	2,782,012
Selling, general and administrative expenses						
Research and development expenses	101,107	—	9,365	110,472	—	110,472
Others	507,883	12,247	29,243	549,373	(989)	548,384
Total	3,199,361	93,789	196,209	3,489,359	(48,491)	3,440,868
Segment profit	598,874	29,422	27,391	655,687	7,840	663,527
Segment profit ratio (%)	15.8	23.9	12.3	—	—	16.2
Assets	4,118,647	1,379,587	273,893	5,772,127	1,396	5,773,523
Depreciation and amortization	126,475	27,064	5,765	159,304	—	159,304
Capital investment	144,334	32,903	6,929	184,166	—	184,166

(For the fiscal year ended March 31, 2024)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
External customers	3,591,378	80,910	192,834	3,865,122	—	3,865,122
Intersegment	23,804	22,636	2,786	49,226	(49,226)	—
Total	3,615,182	103,546	195,620	3,914,348	(49,226)	3,865,122
Segment expenses:						
Cost of sales	2,484,512	70,775	148,675	2,703,962	(49,048)	2,654,914
Selling, general and administrative expenses						
Research and development expenses	94,145	—	9,296	103,441	—	103,441
Others	462,538	8,528	27,370	498,436	2,657	501,093
Total	3,041,195	79,303	185,341	3,305,839	(46,391)	3,259,448
Segment profit	573,987	24,243	10,279	608,509	(2,835)	605,674
Segment profit ratio (%)	15.9	23.4	5.3	—	—	15.7
Assets	3,995,612	1,330,990	249,837	5,576,439	60,217	5,636,656
Depreciation and amortization	121,829	24,431	6,125	152,385	1,343	153,728
Capital investment	127,964	42,412	9,623	179,999	—	179,999

The reconciliation of total segment profit to consolidated income before income taxes and equity in earnings of affiliated companies for the fiscal year ended March 31, 2025 and 2024 are as follows:

	Millions of yen	
	2025	2024
Total segment profit	¥ 655,687	¥ 608,509
Corporate expenses and elimination	7,840	(2,835)
Total	663,527	605,674
Impairment loss on long-lived assets	2,031	6,108
Other operating income (expenses), net	(4,371)	7,628
Operating income	657,125	607,194
Interest and dividend income	27,325	21,146
Interest expense	(57,594)	(54,506)
Other, net	(22,018)	1,829
Consolidated income before income taxes and equity in earnings of affiliated companies	¥ 604,838	¥ 575,663

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, 2025 and 2024 does not include amortization of long-term prepaid expenses of ¥3,489 million and ¥3,054 million, respectively.

Impairment loss on long-lived assets recorded in each segment asset for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of yen	
	2025	2024
Construction, Mining and Utility Equipment	¥ 2,004	¥ 4,784
Retail Finance	—	—
Industrial Machinery and Others	27	1,324
Total	¥ 2,031	¥ 6,108

Geographic information:

Net sales determined by customer location for the fiscal year ended March 31, 2025 are as follows:

	Millions of yen			
	2025			
	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Total
Japan	¥ 329,628	¥ 1,322	¥ 105,655	¥ 436,605
The Americas	1,709,953	68,032	33,224	1,811,209
Europe and CIS	371,912	9,606	13,104	394,622
China	80,171	721	25,723	106,615
Asia (excluding Japan and China) and Oceania	960,036	13,289	42,518	1,015,843
Middle East and Africa	335,786	3,250	465	339,501
Total	¥ 3,787,486	¥ 96,220	¥ 220,689	¥ 4,104,395

Net sales to U.S.A. in the Americas for the fiscal year ended March 31, 2025 were ¥838,207 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, 2025 within the net sales of the Construction, Mining and Utility Equipment operating segment are ¥27,357 million in Japan, ¥58,180 million in the Americas, ¥61,982 million in Europe and CIS, ¥10,780 million in China, ¥18,818 million in Asia (excluding Japan and China) and Oceania, and ¥18,398 million in Middle East and Africa. Net sales of the Retail Finance operating segment for the fiscal year ended March 31, 2025 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, 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 geographic origin for the fiscal years ended March 31, 2025 and 2024, and property, plant and equipment determined based on physical location at March 31, 2025 and 2024 are as follows:

	Millions of yen	
	2025	2024
Net sales:		
Japan	¥ 647,113	¥ 707,097
The Americas	1,790,410	1,713,410
Europe and CIS	457,617	457,122
China	101,547	87,598
Others	1,107,708	899,895
Total	¥ 4,104,395	¥ 3,865,122
Property, plant and equipment:		
Japan	¥ 371,811	¥ 369,349
The Americas	328,175	310,217
Europe and CIS	69,116	77,318
Others	145,181	151,171
Total	¥ 914,283	¥ 908,055

There were no sales to a single major external customer for the fiscal years ended March 31, 2025 and 2024. Property, plant and equipment located in U.S.A. in the Americas at March 31, 2025 and 2024 were ¥168,415 million and ¥178,019 million, respectively.

25. Supplementary Information to Consolidated Balance Sheets

As of March 31, 2025 and 2024, other current assets are comprised of the following:

	Millions of yen	
	2025	2024
Prepaid expenses	¥ 14,981	¥ 17,657
Short-term loans receivable:		
Affiliated companies	4,003	4,495
Other	988	2,452
Total	¥ 4,991	¥ 6,947
Other	211,895	184,169
Total	¥ 231,867	¥ 208,773

As of March 31, 2025 and 2024, other current liabilities are comprised of the following:

	Millions of yen	
	2025	2024
Accrued expenses	¥ 196,674	¥ 185,136
Contract liabilities	140,887	150,078
Other	215,545	200,454
Total	¥ 553,106	¥ 535,668

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, 2025 and 2024. 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	
	2025	2024
Research and development expenses	¥ 110,472	¥ 103,441
Advertising costs	9,241	3,472

Shipping and handling costs included in selling, general and administrative expenses for the fiscal years ended March 31, 2025 and 2024 are as follows:

	Millions of yen	
	2025	2024
Shipping and handling costs	¥ 81,465	¥ 73,443

For the fiscal years ended March 31, 2025 and 2024, Komatsu recognized an impairment loss of ¥2,031 million and ¥6,108 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, 2025 and 2024 are comprised of the following:

	Millions of yen	
	2025	2024
Gain on sale of fixed assets	¥ 1,475	¥ 4,966
Loss on disposal or sale of fixed assets	(5,801)	(5,392)
Other, net	(45)	8,054
Total	¥ (4,371)	¥ 7,628

Other income (expenses), net for the fiscal years ended March 31, 2025 and 2024 are comprised of the following:

	Millions of yen	
	2025	2024
Interest income		
Installment receivables	¥ 318	¥ 468
Other	26,601	20,314
Dividends	406	364
Interest expense	(57,594)	(54,506)
Net gain (loss) on valuation and (impairment loss) of investment securities	(433)	(1,241)
Exchange gain (loss), net	(18,404)	4,257
Other, net	(3,181)	(1,187)
Total	¥ (52,287)	¥ (31,531)

27. Subsequent Events

Komatsu evaluated subsequent events through June 16, 2025, 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 28, 2025 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 40 million shares
(Represents up to 4.3% 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, 2025 to November 28, 2025 |
| 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 | December 29, 2025 |

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, 2024	Six months ended September 30, 2024	Nine months ended December 31, 2024	Fiscal year ended March 31, 2025
Net sales	¥ 959,837	¥ 1,968,066	¥ 2,957,262	¥ 4,104,395
Income before income taxes and equity in earnings of affiliated companies	150,544	278,654	428,195	604,838
Net income attributable to Komatsu Ltd.	109,737	201,729	310,068	439,614
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	116.48	215.93	333.25	473.44
Diluted	116.47	215.92	333.24	473.42

	Yen			
	Three months ended June 30, 2024	Three months ended September 30, 2024	Three months ended December 31, 2024	Three months ended March 31, 2025
Net income attributable to Komatsu Ltd. per share				
Basic	116.48	99.29	117.40	140.38
Diluted	116.47	99.29	117.39	140.37

The Company prepares quarterly financial information for the first and third quarters in accordance with the rules stipulated by the financial instruments exchange, but the financial information was not reviewed during the periods.

2. Non-Consolidated Financial Statements, etc.

(1) Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

(Years ended March 31, 2025 and 2024)

	Millions of yen	
	2025	2024
Assets		
Current assets:		
Cash and deposits	224,642	249,003
Notes receivable-trade	1,494	1,750
Accounts receivable-trade	256,216	202,741
Merchandise and finished goods	57,840	67,118
Work in process	75,135	65,737
Raw materials and supplies	6,603	5,053
Prepaid expenses	8,003	10,217
Short-term loans receivable	11,519	21,386
Accounts receivable-other	76,689	25,496
Other current assets	3,569	3,556
Allowance for doubtful accounts	(375)	(375)
Total current assets	721,340	651,687
Non-current assets:		
Property, plant and equipment:		
Buildings	101,238	101,329
Structures	15,988	15,784
Machinery and equipment	55,628	51,748
Vehicles	926	882
Tools, furniture and fixtures	12,674	12,306
Rental equipment	33,222	37,745
Land	45,962	45,972
Construction in progress	10,935	7,898
Total property, plant and equipment	276,576	273,668
Intangible assets:		
Software	30,334	28,600
Other intangible assets	269	325
Total intangible assets	30,603	28,926
Investments and other assets:		
Investment securities	3,481	3,168
Stocks of subsidiaries and affiliates	410,397	398,097
Investments in capital of subsidiaries and affiliates	41,913	41,913
Long-term loans receivable	18,177	16,833
Long-term prepaid expenses	4,643	3,233
Deferred tax assets	27,271	27,144
Other investments	13,225	10,932
Allowance for doubtful accounts	(889)	(891)
Allowance for investment loss	(64)	(6)
Total investments and other assets	518,155	500,425
Total non-current assets	825,336	803,020
Total assets	1,546,676	1,454,707

	Millions of yen	
	2025	2024
Liabilities		
Current liabilities:		
Accounts payable-trade	104,472	98,112
Short-term loans payable	70,390	8,500
Commercial papers	46,000	40,000
Current portion of bonds	10,000	20,000
Accounts payable-other	13,148	13,751
Accrued expenses	34,742	33,437
Income taxes payable	38,178	18,756
Deposits received	60,024	48,760
Provision for bonuses	13,735	13,851
Provision for directors' bonuses	362	356
Provision for product warranties	8,841	9,192
Other current liabilities	12,179	12,598
Total current liabilities	412,073	317,317
Non-current liabilities:		
Bonds payable	80,000	50,000
Long-term loans payable	38,500	49,500
Long-term income taxes payable	1,178	—
Provision for product warranties	2,603	3,127
Provision for retirement benefits	44,222	44,605
Provision for stock-based remuneration	1,243	—
Asset retirement obligations	632	632
Other long-term liabilities	15,418	17,532
Total non-current liabilities	183,798	165,397
Total liabilities	595,872	482,714
Net Assets		
Shareholders' equity:		
Capital stock	72,795	72,795
Capital surplus:		
Legal capital surplus	142,814	142,814
Other capital surplus	—	446
Total capital surplus	142,814	143,260
Retained earnings:		
Legal retained earnings	18,036	18,036
Other retained earnings:		
Reserve for advanced depreciation of non-current assets	10,484	10,844
General reserve	210,359	210,359
Retained earnings brought forward	577,903	565,443
Total retained earnings	816,783	804,684
Treasury stock	(82,222)	(48,719)
Total shareholders' equity	950,170	972,020
Valuation and translation adjustments:		
Deferred gains or losses on hedges	604	(154)
Total valuation and translation adjustments	604	(154)
Stock acquisition rights	29	127
Total net assets	950,803	971,992
Total liabilities and net assets	1,546,676	1,454,707

Non-Consolidated Statement of Income

(Years ended March 31, 2025 and 2024)

	Millions of yen	
	2025	2024
Net sales	1,143,406	1,161,966
Cost of sales	819,677	858,846
Gross profit	323,729	303,119
Selling, general and administrative expenses		
Haulage expenses	41,881	42,235
Salaries and allowances	54,757	51,979
Provision for bonuses	6,085	6,037
Provision for directors' bonuses	374	378
Retirement benefit expenses	2,212	2,565
Depreciation	11,308	11,809
Research and development expenses	64,982	63,211
Other	(7,617)	(10,007)
Total selling, general and administrative expenses	173,985	168,209
Operating income	149,744	134,910
Non-operating income		
Interest and dividends income	114,267	103,142
Other	887	2,580
Total non-operating income	115,155	105,723
Non-operating expenses		
Interest expenses	1,520	297
Other	13,476	6,635
Total non-operating expenses	14,997	6,932
Ordinary income	249,902	233,701
Extraordinary income		
Gain on sales of land	—	396
Reversal of allowance for investment loss	—	532
Transfer pricing taxation adjustment	*2 50,760	—
Total extraordinary income	50,760	928
Extraordinary losses		
Expenses related to the disaster	*3 866	*3 847
Total extraordinary losses	866	847
Income before income taxes	299,796	233,782
Income taxes - current	54,390	37,204
Income taxes - deferred	(459)	(1,870)
Total income taxes	53,930	35,333
Net income	245,865	198,449

Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2024 to March 31, 2025)

(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 March 31, 2024	72,795	142,814	446	143,260	18,036	10,844	210,359	565,443	804,684
Changes of items during the period									
Reversal of reserve for advanced depreciation of non-current assets						(360)		360	—
Dividends from surplus								(166,564)	(166,564)
Net income								245,865	245,865
Purchase of treasury stock									
Disposal of treasury stock			(12)	(12)					
Cancellation of treasury stock			(433)	(433)				(67,201)	(67,201)
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	(446)	(446)	—	(360)	—	12,459	12,099
Balance at March 31, 2025	72,795	142,814	—	142,814	18,036	10,484	210,359	577,903	816,783

(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 March 31, 2024	(48,719)	972,020	(154)	(154)	127	971,992
Changes of items during the period						
Reversal of reserve for advanced depreciation of non-current assets		—				—
Dividends from surplus		(166,564)				(166,564)
Net income		245,865				245,865
Purchase of treasury stock	(101,250)	(101,250)				(101,250)
Disposal of treasury stock	111	99				99
Cancellation of treasury stock	67,635	—				—
Net changes of items other than shareholders' equity			758	758	(98)	660
Total changes of items during the period	(33,502)	(21,849)	758	758	(98)	(21,188)
Balance at March 31, 2025	(82,222)	950,170	604	604	29	950,803

(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 March 31, 2023	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 March 31, 2024	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 March 31, 2023	(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 March 31, 2024	(48,719)	972,020	(154)	(154)	127	971,992

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.

7) Provision for stock-based remuneration

Recorded based on the projected benefit at the end of the fiscal year in order to provide for stock-based remuneration benefits from trust-type stock-based remuneration system.

(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 accounting treatment, and records deferred tax assets on the balance sheet.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024
Deferred tax assets	27,271	27,144

Other information

(1) Calculation method of the amount recorded in financial statements for the fiscal year ended March 31, 2025

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, 2025

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, and trends of international taxation systems, including transfer pricing taxation and the tariff policy in each country, that could impact taxable income, 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 Standard for Leases (ASBJ Statement No. 34 on September 13, 2024, Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33 on September 13, 2024, Accounting Standards Board of Japan), etc.

(1) Overview

As part of initiatives to align Japanese generally accepted accounting principles (GAAP) with international accounting standards, the Accounting Standards Board of Japan (ASBJ) has conducted deliberations based on the international accounting standards with the aim of developing new accounting standards for leases, by which a lessee recognizes assets and liabilities for all leases. Employing the basic policy of adopting not all stipulations but only key stipulations of IFRS 16, while placing its basis on a single accounting treatment model of IFRS 16, ASBJ released the accounting standard for leases, etc., that are simple and of high convenience, and that also aim to basically eliminate the need for restatements when the stipulations of IFRS 16 are applied to non-consolidated financial statements. With regard to accounting treatment for a lessee, the single accounting treatment model is applied to the cost allocation for leases of a lessee, under which, as under IFRS 16, a lessee is required to record depreciation of right-of-use assets and the amount equivalent to interest for lease liabilities for all leases, whether they are a finance lease transaction or an operating lease transaction.

(2) Planned date of application

The date of commencement of the application is currently under consideration.

(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 Additional information

Trust-type stock-based remuneration system

(1) Overview of transaction

The Company introduced trust-type stock-based remuneration system as a performance-linked stock-based remuneration system from the fiscal year ended March 31, 2025.

The Plan delivers or pays, depending on the degree of achievement of performance targets, etc., the shares of the Company acquired by the Board Incentive Plan Trust for Directors of the Company and Directors of affiliated companies and by the Employee Stock Ownership Plan Trust for eligible employees of the Company and an amount of money equivalent to the converted value of such shares of the Company.

In accounting for the trusts, the gross method is adopted in line with the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015).

(2) The Company’s shares remaining in the Board Incentive Plan Trust and the Employee Stock Ownership Plan Trust

The shares of the Company remaining in the Board Incentive Plan Trust and the Employee Stock Ownership Plan Trust are recorded as Treasury stock under Equity.

The number and book value of such shares were 309,000 shares and JPY 1,224 million at the end of the fiscal year ended March 31, 2025.

In addition, the dividends pertaining to the Treasury stock held by the Board Incentive Plan Trust and Employee Stock Ownership Plan Trust were JPY 25 million for the fiscal year ended March 31, 2025.

Notes to Non-Consolidated Balance Sheet

(Years ended March 31, 2025 and 2024)

1. Receivables from, and debts payable to subsidiaries and affiliates

	Millions of yen	
	2025	2024
Short-term receivables from subsidiaries and affiliates	260,349	180,226
Short-term debts payable to subsidiaries and affiliates	97,401	63,832
Long-term receivables from subsidiaries and affiliates	18,177	16,833

2. Contingency liability

	Millions of yen	
	2025	2024
Balance of guarantees for bonds and debt for borrowings from financial institutions by subsidiaries and affiliates	250,065	260,940
Balance of guarantees for debt for borrowings from financial institutions by employees (home loans)	237	280
Balance of keep-well agreements for the bonds of subsidiaries and affiliates	137,159	177,248
Balance of guarantees for loans financed by subsidiaries and affiliates	3,931	6,431
Balance of guarantees for joint research in which subsidiaries and affiliates have participated	6	3

Notes to Non-Consolidated Statement of Income

(Years ended March 31, 2025 and 2024)

1. Trading with subsidiaries and affiliates

	Millions of yen	
	2025	2024
Sales	940,146	898,721
Purchases	157,334	157,822
Trading other than operating transactions	172,214	109,096

*2. Transfer pricing taxation adjustment

The adjustment made in the amount payable between the Company and Komatsu America Corp. based on the agreements of the prior confirmation applications submitted for approval regarding transfer pricing.

*3. Expenses related to the disaster

They are expenses for support for areas affected by the Noto Peninsula Earthquake in 2024, and others.

Notes to Non-Consolidated Statement of Changes in Net Assets

The 156th Fiscal Year (From April 1, 2024 to March 31, 2025)

(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*	973,810	—	22,857	950,953
Total	973,810	—	22,857	950,953

Note: The 22,857 thousand-share decrease in the number of common stock is due to the cancellation of treasury stock.

(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 19, 2024	Common stock	89,907	95	March 31, 2024	June 20, 2024
Meeting of the Board of Directors held on October 29, 2024	Common stock	76,656	83	September 30, 2024	December 2, 2024

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, 2025.

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, 2025	Common stock	98,823	Retained earnings	107	March 31, 2025	June 20, 2025

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

Securities

Fair values for shares of subsidiaries (carrying amount of ¥408,232 million and ¥392,047 million as of March 31, 2025 (156th fiscal year) and March 31, 2024 (155th fiscal year), respectively) and shares of affiliated companies (carrying amount of ¥2,164 million and ¥6,050 million as of March 31, 2025 (156th fiscal year) and March 31, 2024 (155th 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, 2025 and 2024)

	Millions of yen	
	2025	2024
Deferred tax assets		
Provision for product warranties	3,513	3,757
Inventories	921	1,327
Accrued enterprise tax	2,076	1,451
Provision for bonuses	4,189	4,224
Provision for retirement benefits	10,998	11,740
Investment securities and stocks of subsidiaries and affiliates	4,372	4,283
Excess over depreciation limit	1,360	1,375
Deferred gains or losses on hedges	—	67
Return assets and refund liabilities	1,064	874
Accrued expenses	2,652	3,022
Prepaid expenses	3,514	1,884
Others	4,970	4,920
Subtotal deferred tax assets	39,635	38,929
Less valuation allowance	(5,751)	(5,505)
Total deferred tax assets	33,883	33,423
Deferred tax liabilities		
Reserve for advanced depreciation of non-current assets	(4,846)	(4,819)
Deferred gains or losses on hedges	(265)	—
Others	(1,500)	(1,459)
Total deferred tax liabilities	(6,612)	(6,278)
Net deferred tax assets	27,271	27,144

2. Major components of difference between the statutory tax rate and the effective tax rate after tax effect accounting is applied

	2025	2024
Statutory tax rate	30.5%	30.5%
Adjustments		
Expenses not deductible permanently such as entertainment expenses	0.5	0.6
Income not taxable permanently such as dividend income	(11.0)	(12.8)
Foreign tax credit	(0.4)	(0.4)
Foreign withholding tax	0.9	0.7
Valuation allowance	0.1	0.1
Tax credit for experiment and research expenses	(1.8)	(2.4)
Others	(0.8)	(1.2)
Effective tax rate after tax effect accounting is applied	18.0	15.1

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).

4. Changes in the amounts of deferred tax assets and deferred tax liabilities due to changes in the rates of income taxes

Due to the enactment of the “Act Partially Amending the Income Tax Act” (Act No.13 of 2025) in the Japanese Diet on March 31, 2025, the “Special Corporation Tax for National Defense” will be imposed from the fiscal years beginning on or after April 1, 2026.

Consequently, the deferred tax assets and deferred tax liabilities for which the temporary differences are expected to be reversed from the fiscal years commencing April 1, 2026 are calculated with the effective statutory tax rate changed from 30.50% to 31.38%.

The impact of this change in the amount of deferred tax assets (the amount after deducting deferred tax liabilities) for the fiscal year ended March 31, 2025 is immaterial.

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, attachments 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 checks, 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 checks, 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 products are sold or delivered, the Company repairs the sold products 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 156th fiscal year (From April 1, 2024 to March 31, 2025)

[Share buyback and cancellation of treasury stock]

The note disclosure is omitted as the same information is provided in "1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, 27. Subsequent Events".

Non-consolidated supplementary schedule for the 156th Fiscal Year (From April 1, 2024 to March 31, 2025)

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, 2025	Decrease During the Fiscal Year ended March 31, 2025	Depreciation and amortization during the Fiscal Year ended March 31, 2025	Balance at Fiscal Year-end	Accumulated depreciation and amortization
Property, plant and equipment	Buildings	101,329	7,166	302	6,954	101,238	142,804
	Structures	15,784	1,730	33	1,492	15,988	36,467
	Machinery and equipment	51,748	14,660	816	9,964	55,628	244,190
	Vehicles	882	450	9	397	926	4,099
	Tools, furniture and fixtures	12,306	5,643	428	4,846	12,674	70,837
	Rental equipment	37,745	10,400	7,972 [17]	6,951	33,222	20,990
	Land	45,972	—	10 [10]	—	45,962	—
	Construction in progress	7,898	24,393	21,357	—	10,935	—
	Total	273,668	64,445	30,929 [28]	30,607	276,576	519,390
Intangible assets	Software	28,600	11,549	283	9,531	30,334	—
	Other intangible assets	325	33	—	89	269	—
	Total	28,926	11,582	283	9,621	30,603	—

Notes: 1. The figures in square brackets in the “Decrease During the Fiscal Year ended March 31, 2025” column represent amounts of impairment loss included in the figures above.

2. The increase of rental equipment in the fiscal year ended March 31, 2025 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, 2025 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, 2025	Increase During the Fiscal Year ended March 31, 2025	Decrease During the Fiscal Year ended March 31, 2025	Balance at the End of the Fiscal Year ended March 31, 2025
Allowance for doubtful accounts	1,266	375	377	1,264
Allowance for investment loss	6	58	—	64
Provision for bonuses	13,851	13,735	13,851	13,735
Provision for directors’ bonuses	356	374	369	362
Provision for product warranties	12,319	11,444	12,319	11,444
Provision for stock-based remuneration	—	1,243	—	1,243

(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, 2025 to the filing date of Annual Securities Report.

(1)	Annual Securities Report and Documents Attached, and Confirmation Letter	Business Term (155 th)	From April 1, 2023 To March 31, 2024	Filed with Director-General of the Kanto Local Finance Bureau on June 18, 2024
(2)	Internal Control Report and Documents Attached			Filed with Director-General of the Kanto Local Finance Bureau on June 18, 2024
(3)	Semi-Annual Securities Report and Confirmation Letter	(156 th First Half)	From April 1, 2024 To September 30, 2024	Filed with Director-General of the Kanto Local Finance Bureau on November 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 21, 2024
		Pursuant to Article 19, paragraph 2, item 3 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed with Director-General of the Kanto Local Finance Bureau on August 29, 2024
		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 6, 2025
(5)	Shelf Registration Statement and Documents Attached			Filed with Director-General of the Kanto Local Finance Bureau on November 22, 2024
(6)	Amended Shelf Registration Statement			Filed with Director-General of the Kanto Local Finance Bureau on February 6, 2025
(7)	Report on Share Buyback		From June 1, 2024 to June 30, 2024	Filed with Director-General of the Kanto Local Finance Bureau on July 12, 2024
			From July 1, 2024 to July 31, 2024	Filed with Director-General of the Kanto Local Finance Bureau on August 8, 2024
			From August 1, 2024 to August 31, 2024	Filed with Director-General of the Kanto Local Finance Bureau on September 12, 2024
			From September 1, 2024 to September 30, 2024	Filed with Director-General of the Kanto Local Finance Bureau on October 10, 2024
			From April 1, 2025 to April 30, 2025	Filed with Director-General of the Kanto Local Finance Bureau on May 14, 2025

From May 1, 2025 to May 31, 2025

Filed with Director-General of the Kanto
Local Finance Bureau on June 9, 2025

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 16, 2025

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, 2025, and 2024, 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, 2025, and 2024, 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.

Reasonableness of the Company's estimates of a specific allowance for credit losses on those receivables with the collectibility risk among Retail Finance Receivables	
The key audit matter	How the matter was addressed in our audit
<p>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, 2025 included receivables in the retail finance business (hereinafter, "Retail Finance Receivables") of ¥1,283,602 million, for which an allowance for credit losses of ¥23,788 million has been recorded.</p> <p>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, <i>Financial Instruments-Credit Losses</i>. 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.</p>	<p>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 involved the component auditors of consolidated subsidiaries and performed the audit procedures set out below, including the direction and supervision of the component auditors and the review of its work, among others.</p> <p>(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.</p> <p>(2) Assessment of the reasonableness of the estimates of a specific allowance for credit losses on those receivables</p> <p>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.</p> <p>②Obtained an understanding of management's judgment process by inquiring of management about the following:</p> <ul style="list-style-type: none"> • 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 and tariff policies of each country, 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.

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 and tariff policies of each country
- 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.

③ Assessed 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision, and review of the audit work performed for the purpose 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, 2025, 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, 2025, 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.
- Plan and perform the audit of the internal control report to 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 review of the audit work performed for the purpose 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.

Independent Auditor's Report on the Financial Statements

June 16, 2025

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, 2025 and for the 156th fiscal year from April 1, 2024 to March 31, 2025, 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, 2025, 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
<p>The amount recorded on the Non-Consolidated Balance Sheet of Komatsu Ltd. for Deferred tax assets is ¥27,271 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 ¥39,635 million less the valuation allowance.</p> <p>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.</p> <p>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.</p> <ul style="list-style-type: none"> • 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, such as declining demand in certain regions • The effects of changes in environmental laws and regulations and climate change on demand • Trends of international taxation systems, including transfer pricing taxation and the tariff policy in each country, that could impact taxable income <p>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.</p>	<p>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.</p> <p>(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</p> <p>(2) Assessment of the reasonableness of future taxable income estimates</p> <p>1) Questions to management regarding the basis for future taxable income estimates</p> <p>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</p> <p>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, such as declining demand in certain regions, the effects of changes in environmental laws and regulations and climate change on demand, and trends of international taxation systems, including transfer pricing taxation and the tariff policy in each country, that could impact taxable income, in consideration of the following:</p> <ul style="list-style-type: none"> • 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. <p>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</p>

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 16, 2025
【Company name】	Kabushiki Kaisha Komatsu Seisakusho
【Company name in English】	KOMATSU LTD.
【Title and name of representative】	Takuya Imayoshi, 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. Takuya Imayoshi, 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 its internal control over financial reporting on the base date as of March 31, 2025, 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 quantitative and qualitative impacts, as well as the likelihood of occurrence. 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 selected significant business units considering the relative importance of net sales (after eliminating inter-company transactions) of each business unit in the previous consolidated fiscal year from the perspective of the quantitative impact on the financial reporting, as well as other qualitative reasons (businesses, regional headquarters, importance in accounts closely relating to business objectives other than sales). As a result, the proportion of the assessment scope to the net sales (after eliminating inter-company transactions) of the current consolidated fiscal year was 78.3%.

Since Komatsu Group engages in production, sales, services, and retail financing businesses, the Company evaluated Sales Management Process, Inventory Management Process, Procurement Management Process, and Cost Accounting Process at the selected significant business units, which are business processes related to significant accounts such as net sales, accounts receivables and inventories. Regarding the significant business units with specific functions, business processes that are not closely related to the operations of the significant business units and have a negligible impact on the financial reporting were not subject to the evaluation. Further, not only at selected significant business units, but also at other business units, the Company added business processes related to significant accounts that involve estimates or forecasts and are likely to result in material misstatements, such as deferred income tax assets, allowance for credit losses, goodwill, and retirement benefit obligations, as well as business processes related to retail financing transactions, as significant business processes, considering their impact on the financial reporting.

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, 2025.

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 16, 2025
【Company name】	Kabushiki Kaisha Komatsu Seisakusho
【Company name in English】	KOMATSU LTD.
【Title and name of representative】	Takuya Imayoshi, 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 Takuya Imayoshi, 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 156th fiscal year (from April 1, 2024 to March 31, 2025) was described properly based on the laws and regulations concerning the Financial Instruments and Exchanges Act and Related Regulations.

2. Special Notes

Not applicable.