

(Translation)

This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Semi-annual Report

From April 1, 2025 to September 30, 2025

(First Half of the 157th Fiscal Year)

KOMATSU LTD.

First Half of the 157th Fiscal Year (from April 1, 2025 to September 30, 2025)

Semi-annual Report

Certain References and Information:

1. This is an English translation of the Semi-annual Securities Report (“Hanki 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. Komatsu Ltd. filed its Semi-annual Securities Report for the six months ended September 30, 2025 with the Director-General of the Kanto Local Finance Bureau on November 13, 2025. The Semi-annual Securities Report contains, among other information, Interim Consolidated Financial Statements for the six months ended September 30, 2025. Material information in the Semi-annual Securities Report, other than the Interim Consolidated Financial Statements, has already been reported by Komatsu Ltd. in its press release dated October 29, 2025. Attached is an English translation of Interim Consolidated Financial Statements for the six months ended September 30, 2025.
2. 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 management’s 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.

Financial Information

1. Basis of preparation of the interim consolidated financial statements

The interim 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 6, 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.

In addition, the Company falls under the category of a company listed in the upper column of Item 1 of the table in Article 24-5, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, and has prepared its Type 1 interim consolidated financial statements in accordance with the provisions of Part 1 and Part 3 of the “Regulations Concerning the Terminology, Forms and Preparation Method of Consolidated Financial Statements” the Ordinance of the Ministry of Finance No. 28 of 1976.

2. Audit certification

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan, the interim consolidated financial statements for the interim consolidated accounting period (from April 1, 2025 to September 30, 2025) were reviewed by KPMG AZSA LLC.

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Unaudited)

Komatsu Ltd. and Consolidated Subsidiaries

Six months ended September 30, 2025 and 2024

Consolidated Statements of Income

	Six months ended September 30, 2025		Six months ended September 30, 2024	
	Millions of yen	Ratio(%)	Millions of yen	Ratio(%)
Net sales (Notes 9, 10, 12, 15 and 20)	¥ 1,891,587	100.0	¥ 1,968,066	100.0
Cost of sales (Notes 6, 8, 9, 15 and 20)	1,287,865	68.1	1,338,392	68.0
Selling, general and administrative expenses (Notes 6, 8, 11 and 20)	326,054	17.2	325,764	16.6
Other operating income (expenses), net	(607)	(0.0)	(483)	(0.0)
Operating income	277,061	14.6	303,427	15.4
Other income (expenses), net				
Interest and dividend income	12,031	0.6	14,175	0.7
Interest expense	(26,035)	(1.4)	(30,436)	(1.5)
Other, net (Notes 5, 8, 9 and 15)	(4,672)	(0.2)	(8,512)	(0.4)
Total	(18,676)	(1.0)	(24,773)	(1.3)
Income before income taxes and equity in earnings of affiliated companies	258,385	13.7	278,654	14.2
Income taxes (Note 9)				
Current	74,347		79,034	
Deferred	1,084		(11,618)	
Total	75,431	4.0	67,416	3.4
Income before equity in earnings of affiliated companies	182,954	9.7	211,238	10.7
Equity in earnings of affiliated companies	4,576	0.2	4,688	0.2
Net income	187,530	9.9	215,926	11.0
Less: Net income attributable to noncontrolling interests	11,829	0.6	14,197	0.7
Net income attributable to Komatsu Ltd.	¥ 175,701	9.3	¥ 201,729	10.3

Yen

Per share data (Note 13):

Net income attributable to Komatsu Ltd.:

Basic	¥ 191.80	¥ 215.93
Diluted	¥ 191.80	¥ 215.92

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

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Net income	¥ 187,530	¥ 215,926
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments (Note 9)	40,943	(116,381)
Pension liability adjustments (Notes 8 and 9)	199	561
Net unrealized holding gains (losses) on derivative instruments (Notes 9 and 15)	(1,121)	1,339
Total	40,021	(114,481)
Comprehensive income	227,551	101,445
Less: Comprehensive income attributable to noncontrolling interests	14,678	9,415
Comprehensive income attributable to Komatsu Ltd.	¥ 212,873	¥ 92,030

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

Consolidated Statements of Equity (Unaudited)

Komatsu Ltd. and Consolidated Subsidiaries

Six months ended September 30, 2025

Millions of yen									
	Retained earnings				Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd. shareholders' equity	Non-controlling interests	Total equity
	Common stock	Capital surplus	Appropriated for legal reserve	Un-appropriated					
Balance at March 31, 2025	¥ 70,336	¥ 136,525	¥ 49,421	¥ 2,572,425	¥ 427,354	¥ (82,662)	¥ 3,173,399	¥ 171,454	¥ 3,344,853
Cash dividends (Note 19)				(98,823)			(98,823)	(16,704)	(115,527)
Transfer to retained earnings appropriated for legal reserve			75	(75)			—		—
Other changes		(313)					(313)	310	(3)
Net income				175,701			175,701	11,829	187,530
Other comprehensive income (loss), for the period, net of tax (Note 9)					37,172		37,172	2,849	40,021
Exercise of stock acquisition rights (Note 11)		(29)					(29)		(29)
Purchase of treasury stock						(70,263)	(70,263)		(70,263)
Sales of treasury stock				(6)		159	153		153
Share-based payment (Note 11)	(19)	260				116	357		357
Balance at September 30, 2025	¥ 70,317	¥ 136,443	¥ 49,496	¥ 2,649,222	¥ 464,526	¥ (152,650)	¥ 3,217,354	¥ 169,738	¥ 3,387,092

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

Six months ended September 30, 2024

Millions of yen									
	Retained earnings				Accumulated other comprehensive income (loss)	Treasury stock	Total Komatsu Ltd. shareholders' equity	Non-controlling interests	Total equity
	Common stock	Capital surplus	Appropriated for legal reserve	Un-appropriated					
Balance at March 31, 2024	¥ 70,336	¥ 136,500	¥ 48,979	¥ 2,367,020	¥ 459,865	¥ (49,131)	¥ 3,033,569	¥ 164,883	¥ 3,198,452
Cash dividends (Note 19)				(89,908)			(89,908)	(8,504)	(98,412)
Transfer to retained earnings appropriated for legal reserve			275	(275)			—		—
Other changes		484					484	(486)	(2)
Net income				201,729			201,729	14,197	215,926
Other comprehensive income (loss), for the period, net of tax (Note 9)					(109,699)		(109,699)	(4,782)	(114,481)
Exercise of stock acquisition rights (Note 11)		(72)					(72)		(72)
Purchase of treasury stock						(101,255)	(101,255)		(101,255)
Sales of treasury stock		(9)				83	74		74
Share-based payment (Note 11)		622					622		622
Balance at September 30, 2024	¥ 70,336	¥ 137,525	¥ 49,254	¥ 2,478,566	¥ 350,166	¥ (150,303)	¥ 2,935,544	¥ 165,308	¥ 3,100,852

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

Consolidated Statements of Cash Flows (Unaudited)

Komatsu Ltd. and Consolidated Subsidiaries

Six months ended September 30, 2025 and 2024

	Millions of yen	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Operating activities		
Net income	¥ 187,530	¥ 215,926
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	78,385	81,094
Deferred income taxes	1,084	(11,618)
Impairment loss and net loss (gain) on valuation of investment securities	(103)	645
Net gain on sale of fixed assets	(447)	(318)
Loss on disposal of fixed assets	927	1,494
Pension and retirement benefits, net	(154)	(8,803)
Changes in assets and liabilities:		
Decrease in trade receivables	37,767	5,199
Increase in inventories	(144,199)	(69,788)
Increase (decrease) in trade payables	(37,457)	1,325
Decrease in income taxes payable	(22,246)	(6,967)
Other, net	26,570	9,484
Net cash provided by operating activities	<u>127,657</u>	<u>217,673</u>
Investing activities		
Capital expenditures	(102,612)	(99,760)
Proceeds from sale of fixed assets	8,329	7,416
Purchases of investment securities	(282)	(626)
Acquisition of subsidiaries and businesses, net of cash acquired	(8,118)	(13,500)
Other, net	8,529	2,147
Net cash used in investing activities	<u>(94,154)</u>	<u>(104,323)</u>
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	472,182	328,478
Payment on debt (Original maturities greater than three months)	(437,425)	(264,202)
Short-term debt, net (Original maturities three months or less)	80,458	39,466
Sale (purchase) of treasury stock, net	(70,009)	(101,240)
Dividends paid	(98,823)	(89,908)
Other, net	(17,876)	(9,002)
Net cash used in financing activities	<u>(71,493)</u>	<u>(96,408)</u>
Effect of exchange rate change on cash and cash equivalents	(2,380)	(10,585)
Net increase (decrease) in cash and cash equivalents	<u>(40,370)</u>	<u>6,357</u>
Cash and cash equivalents, beginning of year	385,569	403,178
Cash and cash equivalents, end of period	<u>¥ 345,199</u>	<u>¥ 409,535</u>

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

Komatsu Ltd. and Consolidated Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

1. Basis of Interim Consolidated Financial Statement Presentation and Summary of Significant Accounting Policies

Basis of Interim Consolidated Financial Statement Presentation

The Company prepares and presents the accompanying interim consolidated financial statements in accordance with generally accepted accounting principles in the United States of America (hereinafter “U.S. GAAP”).

The accompanying interim 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 booked on each subsidiary’s and affiliate’s interim financial statements are added to the accompanying interim consolidated financial statements. These adjustments are mainly due to the gaps of accounting principle between Japan and the United States of America. See Note 22 “Terminology, Forms and Preparation Methods of Interim Consolidated Financial Statements”.

Preparation of 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

There is no material change for summary of significant accounting policies stated in annual report for the fiscal year ended March 31, 2025.

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.

2. Supplemental Cash Flow Information

Additional cash flow information for the six months ended September 30, 2025 and 2024 is as follows:

	Millions of yen	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Additional cash flow information:		
Interest paid	¥ 25,666	¥ 31,001
Income taxes paid, net	102,697	88,131

3. 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 six months ended September 30, 2025.

Changes in the allowance for credit losses by segments for the six months ended September 30, 2025 and 2024 are as follows:

Millions of yen					
Six months ended September 30, 2025					
	Construction, Mining and Utility Equipment		Retail Finance		Industrial Machinery and Others
Allowance for Credit Losses:					
Balance at beginning of year	¥	12,468	¥	23,788	¥ 202
Provision		930		2,436	—
Write-offs		(238)		(3,421)	—
Other		(39)		1,773	—
Balance at end of period	¥	13,121	¥	24,576	¥ 202
Receivables (before deducting allowance for credit losses):					
Balance at end of period	¥	731,145	¥	1,323,040	¥ 49,791

Millions of yen					
Six months ended September 30, 2024					
	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		707		2,688	13
Write-offs		(158)		(2,239)	—
Other		(226)		(341)	(2)
Balance at end of period	¥	13,617	¥	20,698	¥ 206
Receivables (before deducting allowance for credit losses):					
Balance at end of period	¥	650,736	¥	1,198,202	¥ 49,660

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 September 30, 2025 and March 31, 2025 are as follows:

		Millions of yen												
		September 30, 2025												
Region		Origination fiscal year ending March 31												
Past due date		2026	2025	2024	2023	2022	Prior	Total						
Japan														
Within due and 30 days or less past due	¥	6,987	¥	14,595	¥	10,411	¥	5,795	¥	3,177	¥	1,120	¥	42,085
31-90 days past due		—	—	—	1	—	—	—	1					
Over 90 days past due		—	—	—	4	—	—	4						
Total		6,987	14,595	10,411	5,800	3,177	1,120	42,090						
North America														
Within due and 30 days or less past due		312,409	348,835	161,859	62,430	13,924	5,778	905,235						
31-90 days past due		70	174	213	156	168	41	822						
Over 90 days past due		6	45	166	114	192	330	853						
Total		312,485	349,054	162,238	62,700	14,284	6,149	906,910						
Latin America														
Within due and 30 days or less past due		21,937	33,324	13,906	5,807	3,872	1,074	79,920						
31-90 days past due		68	218	219	261	55	9	830						
Over 90 days past due		—	142	131	162	139	6,508	7,082						
Total		22,005	33,684	14,256	6,230	4,066	7,591	87,832						
Europe														
Within due and 30 days or less past due		31,122	42,118	33,554	18,522	6,662	1,282	133,260						
31-90 days past due		4	9	14	4	11	6	48						
Over 90 days past due		4	17	15	27	56	47	166						
Total		31,130	42,144	33,583	18,553	6,729	1,335	133,474						
Oceania														
Within due and 30 days or less past due		22,295	36,552	20,629	15,227	2,640	604	97,947						
31-90 days past due		—	—	—	—	—	—	—						
Over 90 days past due		—	—	—	20	13	—	33						
Total		22,295	36,552	20,629	15,247	2,653	604	97,980						
Others														
Within due and 30 days or less past due		14,235	13,654	20,043	2,095	1,367	72	51,466						
31-90 days past due		45	313	337	388	141	27	1,251						
Over 90 days past due		28	266	555	410	311	467	2,037						
Total		14,308	14,233	20,935	2,893	1,819	566	54,754						
Totals by Aging Category														
Within due and 30 days or less past due		408,985	489,078	260,402	109,876	31,642	9,930	1,309,913						
31-90 days past due		187	714	783	810	375	83	2,952						
Over 90 days past due		38	470	867	737	711	7,352	10,175						
Total	¥	409,210	¥	490,262	¥	262,052	¥	111,423	¥	32,728	¥	17,365	¥	1,323,040

		Millions of yen												
		March 31, 2025												
Region		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

Gross write-offs by origination fiscal year for the six months ended September 30, 2025 and 2024 are as follows:

Fiscal year ending March 31	Millions of yen		Fiscal year ending March 31	Millions of yen	
	Six months ended September 30, 2025			Six months ended September 30, 2024	
2026	¥	9	2025	¥	—
2025		448	2024		732
2024		1,485	2023		563
2023		1,188	2022		441
2022		72	2021		307
Prior		229	Prior		196
Total	¥	3,431	Total	¥	2,239

(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 six months ended September 30, 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 September 30, 2025 and March 31, 2025 are as follows:

	Millions of yen			
	September 30, 2025			
	Non-accrual with an allowance	Non-accrual without an allowance	Over 90 days past due still accruing	
Japan	¥	—	¥	4
North America		—		853
Latin America		6,849		233
Europe		—		166
Oceania		—		33
Others		864		1,173
Total	¥	7,713	¥	2,462

	Millions of yen			
	March 31, 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

(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 six months ended September 30, 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 six months ended September 30, 2025 and 2024.

4. Inventories

At September 30, 2025 and at March 31, 2025, inventories comprise the following:

	Millions of yen	
	September 30, 2025	March 31, 2025
Finished products, including finished parts held for sale	¥ 1,149,729	¥ 1,003,169
Work in process	304,261	278,445
Materials and supplies	125,361	125,044
Total	¥ 1,579,351	¥ 1,406,658

5. 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 six months ended September 30, 2025 and 2024 are as follows:

	Millions of yen	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Net gains and losses recognized during the period on equity securities	¥ 103	¥ (645)
Less: net gains and losses recognized during the period on equity securities sold during the period	—	—
Unrealized gains and losses recognized during the period on equity securities still held as of September 30, 2025 and 2024	¥ 103	¥ (645)

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 September 30, 2025 and as of March 31, 2025, the carrying amounts of these investments were ¥10,961 million and ¥10,636 million, respectively. Any impairment or any adjustment relating to observable price changes recorded until September 30, 2025 and until March 31, 2025 were not material.

6. Other Intangible Assets

Other intangible assets at September 30, 2025 and at March 31, 2025 are as follows:

	Millions of yen					
	September 30, 2025			March 31, 2025		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:						
Software	¥ 117,864	¥ (65,037)	¥ 52,827	¥ 110,986	¥ (60,268)	¥ 50,718
Leasehold	6,749	(1,996)	4,753	6,656	(2,013)	4,643
Trademarks	78,132	(42,333)	35,799	78,311	(40,114)	38,197
Customer relationships	79,277	(41,277)	38,000	80,238	(41,319)	38,919
Technology assets	46,893	(22,762)	24,131	47,024	(21,516)	25,508
Other	7,566	(4,810)	2,756	10,036	(6,421)	3,615
Total	336,481	(178,215)	158,266	333,251	(171,651)	161,600
Other intangible assets not subject to amortization			8,657			8,353
Total other intangible assets			<u>¥ 166,923</u>			<u>¥ 169,953</u>

The aggregate amortization expense of other intangible assets subject to amortization during the six months ended September 30, 2025 and 2024 were ¥14,555 million and ¥15,053million, respectively.

7. 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 September 30, 2025 and at March 31, 2025 are ¥19,513 million and ¥25,963 million, respectively, and are included in trade notes, bills and accounts payable in the accompanying consolidated balance sheets.

Changes in the liabilities under supplier finance programs for the six months ended September 30, 2025 and 2024 are as follows:

	Millions of yen	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Balance at beginning of year	¥ 25,963	¥ 36,514
Increase	54,170	70,651
Decrease	(60,620)	(77,511)
Balance at end of period	<u>¥ 19,513</u>	<u>¥ 29,654</u>

8. Cost of Retirement Benefits

Net periodic cost of Komatsu's defined benefit plans for the six months ended September 30, 2025 and 2024 consisted of the following components:

	Millions of yen	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Service cost	¥ 3,757	¥ 4,158
Interest cost on projected benefit obligations	6,148	6,377
Expected return on plan assets	(6,342)	(6,913)
Amortization of actuarial loss or gain	245	191
Amortization of prior service cost	499	583
Gains recognized due to partial settlements	—	(2,119)
Net periodic cost	¥ 4,307	¥ 2,277

Net periodic cost of the other postretirement benefit plans for the six months ended September 30, 2025 and 2024 included the following components:

	Millions of yen	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Service cost	¥ 183	¥ 197
Interest cost on projected benefit obligations	301	324
Expected return on plan assets	(370)	(385)
Amortization of actuarial loss or gain	(77)	(104)
Amortization of prior service cost	(180)	(184)
Net periodic cost	¥ (143)	¥ (152)

Net periodic cost components other than the service cost of Komatsu's defined benefit plans and the other postretirement benefit plans are recorded in other income (expenses), net in the accompanying consolidated statements of income.

9. Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the six months ended September 30, 2025 and 2024 are as follows:

	Millions of yen			
	Six months ended September 30, 2025			
	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized holding gains (losses) on derivative instruments	Total
Balance, beginning of the year	¥ 438,058	¥ (11,645)	¥ 941	¥ 427,354
Other comprehensive income (loss) before reclassifications	40,943	(162)	89	40,870
Amounts reclassified from accumulated other comprehensive income (loss)	—	361	(1,210)	(849)
Net other comprehensive income (loss)	40,943	199	(1,121)	40,021
Less: other comprehensive income (loss) attributable to noncontrolling interests	2,875	—	(26)	2,849
Other comprehensive income (loss) attributable to Komatsu Ltd.	38,068	199	(1,095)	37,172
Balance, end of the period	¥ 476,126	¥ (11,446)	¥ (154)	¥ 464,526

	Millions of yen			
	Six months ended September 30, 2024			
	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	(116,381)	139	1,336	(114,906)
Amounts reclassified from accumulated other comprehensive income (loss)	—	422	3	425
Net other comprehensive income (loss)	(116,381)	561	1,339	(114,481)
Less: other comprehensive income (loss) attributable to noncontrolling interests	(4,607)	—	(175)	(4,782)
Other comprehensive income (loss) attributable to Komatsu Ltd.	(111,774)	561	1,514	(109,699)
Balance, end of the period	¥ 367,603	¥ (18,201)	¥ 764	¥ 350,166

Reclassification out of accumulated other comprehensive income (loss) for the six months ended September 30, 2025 and 2024 are as follows:

	Millions of yen	
	Six months ended September 30, 2025	Affected line items in consolidated statements of income
Pension liability adjustments		
Amortization of actuarial loss or gain and prior service cost	(485)	Other income (expenses), net: Other, net
	(485)	Total before tax
	124	Income taxes
	(361)	Net of tax
Net unrealized holding gains (losses) on derivative instruments		
Foreign exchange forward contracts, Interest rate swaps and cross-currency swap agreements	470	Net sales
	(110)	Cost of sales
	1,448	Other income (expenses), net: Other, net
	1,808	Total before tax
	(598)	Income taxes
	1,210	Net of tax
Total reclassification for the period	¥ 849	Net of tax

	Millions of yen	
	Six months ended September 30, 2024	Affected line items in consolidated statements of income
Pension liability adjustments		
Amortization of actuarial loss or gain and prior service cost	(578)	Other income (expenses), net: Other, net
	(578)	Total before tax
	156	Income taxes
	(422)	Net of tax
Net unrealized holding gains (losses) on derivative instruments		
Foreign exchange forward contracts, Interest rate swaps and cross-currency swap agreements	(1,226)	Net sales
	(447)	Cost of sales
	1,642	Other income (expenses), net: Other, net
	(31)	Total before tax
	28	Income taxes
	(3)	Net of tax
Total reclassification for the period	¥ (425)	Net of tax

Tax effects allocated to each component of other comprehensive income (loss) for the six months ended September 30, 2025 and 2024 are as follows:

	Millions of yen		
	Six months ended September 30, 2025		
	Before tax amount	Tax (expense) or benefit	Net of tax amount
Foreign currency translation adjustments			
Foreign currency translation adjustments arising during the period	¥ 41,188	¥ (245)	¥ 40,943
Less: reclassification adjustment for gains included in net income	—	—	—
Net foreign currency translation adjustments	41,188	(245)	40,943
Pension liability adjustments			
Pension liability adjustments arising during the period	(227)	65	(162)
Less: reclassification adjustment for losses included in net income	485	(124)	361
Net pension liability adjustments	258	(59)	199
Net unrealized holding gains (losses) on derivative instruments			
Unrealized holding gains arising during the period	262	(173)	89
Less: reclassification adjustment for gains included in net income	(1,808)	598	(1,210)
Net unrealized holding losses	(1,546)	425	(1,121)
Other comprehensive income (loss)	¥ 39,900	¥ 121	¥ 40,021

	Millions of yen		
	Six months ended September 30, 2024		
	Before tax amount	Tax (expense) or benefit	Net of tax amount
Foreign currency translation adjustments			
Foreign currency translation adjustments arising during the period	¥ (116,434)	¥ 53	¥ (116,381)
Less: reclassification adjustment for gains included in net income	—	—	—
Net foreign currency translation adjustments	(116,434)	53	(116,381)
Pension liability adjustments			
Pension liability adjustments arising during the period	195	(56)	139
Less: reclassification adjustment for losses included in net income	578	(156)	422
Net pension liability adjustments	773	(212)	561
Net unrealized holding gains (losses) on derivative instruments			
Unrealized holding gains arising during the period	1,954	(618)	1,336
Less: reclassification adjustment for losses included in net income	31	(28)	3
Net unrealized holding gains	1,985	(646)	1,339
Other comprehensive income (loss)	¥ (113,676)	¥ (805)	¥ (114,481)

10. Revenue

(1) Disaggregation of revenue

The disaggregation of revenue by operating segment and geographic region are described in Note 20.

(2) Contract balances

Contract balances arising from contracts with customers at September 30, 2025 and at March 31, 2025 are as follows:

	Millions of yen	
	September 30, 2025	March 31, 2025
Receivables *1	¥ 1,753,012	¥ 1,793,660
Contract assets *2	4,711	6,390
Contract liabilities *3	234,497	222,993

*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 and long-term trade receivables, 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.

Revenue recognized for the six months ended September 30, 2025 that was included in the contract liability balance as of March 31, 2025 was ¥86,286 million. Revenue recognized for the six months ended September 30, 2024 that was included in the contract liability balance as of March 31, 2024 was ¥85,587 million.

The amounts of revenue recognized during the six months ended September 30, 2025 and 2024 from performance obligations satisfied or partially satisfied in previous periods were immaterial.

(3) Transaction price allocated to the remaining performance obligations

As of September 30, 2025, the aggregate amount of the transaction price allocated to the remaining performance obligations that have original expected durations greater than one year is ¥364,321 million, of which ¥205,690 million is expected to be recognized as revenue in the twelve months following September 30, 2025.

11. Stock-Based Remuneration

The Company had a stock option plan which transfers the Company's shares to directors, certain employees and certain representative directors of major subsidiaries under an agreement granting the right for them to request such transfers at a predetermined price until the fiscal year ended March 31, 2018.

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 with medium- to long-term incentives and advance in sharing value between the directors and shareholders of the Company.

However, 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 subsidiaries, and the Employee Ownership Plan Trust for eligible employees of the Company acquires the Company's shares and delivers the shares or provides the amount of money equivalent to the value of the shares to eligible directors, etc., depending on the degree of achievement of performance targets, etc.

Compensation expenses during the six months ended September 30, 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 Company recognizes share-based compensation expense using the fair value method.

12. Leases

Revenues from sales-type and operating leases as a lessor, included in net sales on the consolidated statement of income, for the six months ended September 30, 2025 and 2024 are as follows:

	Millions of yen	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Sales-type lease revenue		
Revenue recognized at the commencement date *	¥ 70,013	¥ 80,511
Interest income	7,290	7,278
Total sales-type lease revenue	77,303	87,789
Operating lease revenue	44,103	47,624
Total	¥ 121,406	¥ 135,413

* The revenue recognized at the commencement date is included in net sales of the Construction, Mining and Utility Equipment operating segment.

13. 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	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Net income attributable to Komatsu Ltd.	¥ 175,701	¥ 201,729
Net income attributable to participating securities (restricted stocks)	118	183
Net income attributable to common shareholders	¥ 175,583	¥ 201,546

	Number of shares	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Weighted average number of common shares outstanding, less treasury stock	916,046,493	934,247,913
Weighted average number of participating securities (restricted stocks)	613,877	847,969
Weighted average number of common shares	915,432,616	933,399,944

	Yen	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Basic net income attributable to Komatsu Ltd. per share	¥ 191.80	¥ 215.93

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	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Net income attributable to Komatsu Ltd.	¥ 175,701	¥ 201,729
Net income attributable to participating securities (restricted stocks)	118	183
Net income attributable to common shareholders	¥ 175,583	¥ 201,546

	Number of shares	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Weighted average number of common shares outstanding, less treasury stock	916,046,493	934,247,913
Dilutive effect of:		
Stock options	5,328	37,266
Weighted average number of participating securities (restricted stocks)	613,877	847,969
Weighted average number of diluted common shares	915,437,944	933,437,210

	Yen	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Diluted net income attributable to Komatsu Ltd. per share	¥ 191.80	¥ 215.92

14. 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 September 30, 2025 and at March 31, 2025 were ¥16,766 million and ¥13,929 million, respectively. The fair value of the liabilities recognized for Komatsu's obligations as guarantors under those guarantees at September 30, 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 September 30, 2025 and at March 31, 2025 were ¥19,827 million and ¥20,193 million, respectively.

Management of the Company believes that losses from those contingent liabilities, if any, would not have a material effect on the interim consolidated financial statements.

(2) 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.

(3) 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.

15. Derivative Financial Instruments

Notional principal amounts of derivative financial instruments outstanding at September 30, 2025 and at March 31, 2025 are as follows:

	Millions of yen	
	September 30, 2025	March 31, 2025
Foreign exchange forward contracts:		
Sale of foreign currencies	¥ 289,103	¥ 356,941
Purchase of foreign currencies	205,050	195,268
Interest rate swaps and cross-currency swap agreements	287,083	259,721

Fair value of derivative instruments at September 30, 2025 and at March 31, 2025 on the consolidated balance sheets are as follows (Refer to Notes 16 and 17):

	Millions of yen			
	September 30, 2025			
	Derivative Assets		Derivative Liabilities	
Derivative instruments designated as hedging instruments	Location on the consolidated Balance Sheets	Estimated fair value	Location on the consolidated Balance Sheets	Estimated fair value
Foreign exchange forward contracts	Other current assets	¥ 195	Other current liabilities	¥ 1,369
	Deferred income taxes and other assets	1	Deferred income taxes and other liabilities	241
Interest rate swaps and cross-currency swap agreements	Other current assets	152	Other current liabilities	701
	Deferred income taxes and other assets	83	Deferred income taxes and other liabilities	1,853
Total		¥ 431		¥ 4,164
Undesignated derivative instruments	Location on the consolidated Balance Sheets	Estimated fair value	Location on the consolidated Balance Sheets	Estimated fair value
Foreign exchange forward contracts	Other current assets	¥ 1,790	Other current liabilities	¥ 1,952
	Deferred income taxes and other assets	43	Deferred income taxes and other liabilities	37
Interest rate swaps and cross-currency swap agreements	Other current assets	697	Other current liabilities	2,218
	Deferred income taxes and other assets	155	Deferred income taxes and other liabilities	1,844
Total		¥ 2,685		¥ 6,051
Total Derivative Instruments		¥ 3,116		¥ 10,215

Millions of yen

March 31, 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
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

The effects of derivative instruments on the consolidated statements of income and the consolidated statements of comprehensive income for the six months ended September 30, 2025 and 2024 are as follows:

Derivative instruments designated as cash flow hedging relationships

Millions of yen			
Six months ended September 30, 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	¥ 599	Net sales	¥ 470
		Cost of sales	(129)
		Other income (expenses), net: Other, net	1,448
Interest rate swaps and cross-currency swap agreements	(337)	Cost of sales	19
Total	¥ 262		¥ 1,808

Millions of yen			
Six months ended September 30, 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	¥ 2,290	Net sales	¥ (1,226)
		Cost of sales	(455)
		Other income (expenses), net: Other, net	1,642
Interest rate swaps and cross-currency swap agreements	(336)	Cost of sales	8
Total	¥ 1,954		¥ (31)

* OCI stands for other comprehensive income (loss).

Derivative instruments not designated as hedging instruments relationships

Millions of yen		
Six months ended September 30, 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	¥ 3,804
Interest rate swaps and cross-currency swap agreements	Cost of sales	125
	Other income (expenses), net: Other, net	(2,127)
Total		¥ 1,802

Millions of yen		
Six months ended September 30, 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	¥ (5,056)
Interest rate swaps and cross-currency swap agreements	Cost of sales	1,243
	Other income (expenses), net: Other, net	(1,562)
Total		¥ (5,375)

16. Fair Values of Financial Instruments

The carrying amounts and the estimated fair values of the financial instruments as of September 30, 2025 and March 31, 2025 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 3)

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 15 and 17)

The fair values of derivative financial instruments are stated in Note 17 and therefore are not included in the table below.

	Millions of yen				Fair Value Levels
	September 30, 2025		March 31, 2025		
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value	
Long-term trade receivables, net, excluding lease receivables	607,601	619,540	614,914	620,041	Level 2
Long-term debt, including current portion	786,517	773,628	774,271	761,474	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 17.

17. Fair Value Measurements

Financial Accounting Standards Board Accounting Standards Codification™ (hereinafter “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 September 30, 2025 and at March 31, 2025 are as follows:

		Millions of yen			
<u>At September 30, 2025</u>		Level 1	Level 2	Level 3	Total
Assets					
Derivatives					
Foreign exchange forward contracts	¥	—	¥ 2,029	¥	¥ 2,029
Interest rate swaps and cross-currency swap agreements		—	1,087	—	1,087
Total	¥	—	¥ 3,116	¥	¥ 3,116
Liabilities					
Derivatives					
Foreign exchange forward contracts	¥	—	¥ 3,599	¥	¥ 3,599
Interest rate swaps and cross-currency swap agreements		—	6,616	—	6,616
Total	¥	—	¥ 10,215	¥	¥ 10,215
		Millions of yen			
<u>At March 31, 2025</u>		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

Derivatives (Notes 15 and 16)

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

During the six months ended September 30, 2025 and 2024, assets and liabilities that were measured at fair value on a non-recurring basis were not material.

18. Committed Credit Lines

The Company and certain consolidated subsidiaries have entered into contracts with certain financial institutions for committed credit lines. These total amounts of committed credit lines at September 30, 2025 and at March 31, 2025 were ¥341,811 million and ¥342,827 million, respectively. These total amounts of unused committed credit lines available for full and immediate borrowings at September 30, 2025 and at March 31, 2025 were ¥302,655 million and ¥305,239 million, respectively.

19. Dividends

Six months ended September 30, 2025

(1) Payment amount of dividends

Resolution	Type of stock	Aggregate amount of dividends (Millions of yen)	Resource of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 19, 2025	Common stock	¥98,823	Retained earnings	¥107	March 31, 2025	June 20, 2025

Note: The amount is rounded down to nearest million yen.

(2) Dividends to be paid for the six months ended September 30, 2025, of which effective date is after September 30, 2025

Resolution	Type of stock	Aggregate amount of dividends (Millions of yen)	Resource of dividends	Dividend per share (Yen)	Record date	Effective date
Board of Directors held on October 29, 2025	Common stock	¥86,318	Retained earnings	¥95	September 30, 2025	December 1, 2025

Note: The amount is rounded down to nearest million yen.

Six months ended September 30, 2024

(1) Payment amount of dividends

Resolution	Type of stock	Aggregate amount of dividends (Millions of yen)	Resource of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 19, 2024	Common stock	¥89,907	Retained earnings	¥95	March 31, 2024	June 20, 2024

Note: The amount is rounded down to nearest million yen.

(2) Dividends to be paid for the six months ended September 30, 2024, of which effective date is after September 30, 2024

Resolution	Type of stock	Aggregate amount of dividends (Millions of yen)	Resource of dividends	Dividend per share (Yen)	Record date	Effective date
Board of Directors held on October 29, 2024	Common stock	¥76,656	Retained earnings	¥83	September 30, 2024	December 2, 2024

Note: The amount is rounded down to nearest million yen.

20. 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 interim consolidated financial statements of the Company.

Operating segments:

(For Six Months ended September 30, 2025)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
External customers	1,737,242	48,372	105,973	1,891,587	—	1,891,587
Intersegment	4,953	12,618	948	18,519	(18,519)	—
Total	1,742,195	60,990	106,921	1,910,106	(18,519)	1,891,587
Segment expenses:						
Cost of sales	1,199,715	38,484	70,885	1,309,084	(21,219)	1,287,865
Selling, general and administrative expenses						
Research and development expenses	49,272	—	4,845	54,117	—	54,117
Others	251,245	5,619	14,591	271,455	482	271,937
Total	1,500,232	44,103	90,321	1,634,656	(20,737)	1,613,919
Segment profit	241,963	16,887	16,600	275,450	2,218	277,668
Segment profit ratio (%)	13.9	27.7	15.5	—	—	14.7

(For Six Months ended September 30, 2024)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
External customers	1,824,477	47,817	95,772	1,968,066	—	1,968,066
Intersegment	5,701	13,984	978	20,663	(20,663)	—
Total	1,830,178	61,801	96,750	1,988,729	(20,663)	1,968,066
Segment expenses:						
Cost of sales	1,250,612	41,623	70,257	1,362,492	(24,100)	1,338,392
Selling, general and administrative expenses						
Research and development expenses	48,734	—	4,409	53,143	—	53,143
Others	252,850	5,358	14,258	272,466	155	272,621
Total	1,552,196	46,981	88,924	1,688,101	(23,945)	1,664,156
Segment profit	277,982	14,820	7,826	300,628	3,282	303,910
Segment profit ratio (%)	15.2	24.0	8.1	—	—	15.4

The reconciliation of total segment profit to consolidated income before income taxes and equity in earnings of affiliated companies for the six months ended September 30, 2025 and 2024 are as follows:

	Millions of yen	
	Six months ended September 30, 2025	Six months ended September 30, 2024
Total segment profit	¥ 275,450	¥ 300,628
Corporate expenses and elimination	2,218	3,282
Total	277,668	303,910
Other operating income (expenses), net	(607)	(483)
Operating income	277,061	303,427
Interest and dividend income	12,031	14,175
Interest expense	(26,035)	(30,436)
Other, net	(4,672)	(8,512)
Consolidated income before income taxes and equity in earnings of affiliated companies	¥ 258,385	¥ 278,654

Business categories and principal products & services included in each operating segment are as follows:

a) Construction, Mining and Utility Equipment operating segment:

Excavating equipment, loading equipment, grading & roadbed preparation equipment, hauling equipment, forestry equipment, tunneling machines, underground mining equipment, recycling equipment, industrial vehicles, other equipment, engines & components, casting products, logistics, and solution business

b) Retail Finance operating segment:

Retail Financing

c) Industrial Machinery and Others operating segment:

Metal forging & 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.

Geographic information:

Net sales determined by customer location for the six months ended September 30, 2025 and 2024 are as follows:

	Millions of yen			
	Six months ended September 30, 2025			
	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Total
The Americas	¥ 799,064	¥ 34,383	¥ 20,461	¥ 853,908
Europe, Africa & Middle East	339,511	6,514	6,365	352,390
Oceania, Asia* & CIS	457,084	6,747	36,286	500,117
Japan	141,583	728	42,861	185,172
Total	¥ 1,737,242	¥ 48,372	¥ 105,973	¥ 1,891,587

* Excluding Japan

	Millions of yen			
	Six months ended September 30, 2024			
	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Total
The Americas	¥ 835,113	¥ 33,810	¥ 16,287	¥ 885,210
Europe, Africa & Middle East	311,676	6,255	5,747	323,678
Oceania, Asia* & CIS	526,267	7,111	28,446	561,824
Japan	151,421	641	45,292	197,354
Total	¥ 1,824,477	¥ 47,817	¥ 95,772	¥ 1,968,066

* Excluding Japan

Net sales determined by geographic origin for the six months ended September 30, 2025 and 2024 are as follows:

	Millions of yen	
	Six months ended September 30, 2025	Six months ended September 30, 2024
The Americas	¥ 833,281	¥ 883,850
Europe, Africa & Middle East	349,300	312,324
Oceania, Asia* & CIS	429,726	484,410
Japan	279,280	287,482
Total	¥ 1,891,587	¥ 1,968,066

* Excluding Japan

There were no sales to a single major external customer for the six months ended September 30, 2025 and 2024.

21. Subsequent Events

Not applicable.

Komatsu evaluated subsequent events through November 13, 2025, the issue date of its interim consolidated financial statements.

22. Terminology, Forms and Preparation Methods of Interim Consolidated Financial Statements

The terminology, forms and preparation methods of the Company's interim consolidated financial statements are in accordance with U.S. GAAP.

The main differences between interim 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 Interim Consolidated Financial Statements of Japan (hereinafter "J. GAAP") are as follows.

(1) Scope of consolidation

For interim consolidated financial statements in accordance with J. GAAP, the scope of consolidation is determined on an effective control and influence basis. For interim 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 interim 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 interim 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 interim consolidated financial statements, the Company recognizes right-of-use assets and lease liabilities for lessee that are classified as operating leases on its interim 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 interim 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 interim consolidated financial statements.