

May 28, 2024

Dear Shareholders:

Notice of Convocation of the
155th Ordinary General Meeting of Shareholders
of Komatsu Ltd.

Komatsu Ltd.

(Translation)

- Notes: 1. This document has been translated from the Japanese original for the convenience of non-Japanese shareholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.
2. Regarding nonresident shareholders, if you wish to exercise your voting rights, please instruct your custodians, nominees or brokers accordingly in advance of the date of the Ordinary General Meeting of Shareholders.

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* Parts of the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements have been posted separately on our website (<https://www.komatsu.jp/ja/ir>).
Information in English has been posted on our English website (<https://www.komatsu.jp/en/ir>).

To All Our Shareholders



President

A handwritten signature in black ink that reads "H. Ogawa". The signature is written in a cursive, flowing style.

Thank you for your continuous support of the business of the Komatsu Group. First, I express my deepest sympathies to all who were affected by frequent natural disasters including the Noto Peninsula Earthquake, and sincerely wish them a swift recovery. I hereby provide notice of convocation of the 155th Ordinary General Meeting of Shareholders, which is to be held on June 19, 2024.

In fiscal year 2023, while demand for construction equipment slowed down mainly in Latin America, Europe and Asia, demand for mining equipment remained strong. Supported in part by expanded parts sales and service revenues, reflecting high machine utilization rates, especially for mining equipment, improved selling prices in most regions of the world, and the depreciation of the Japanese yen, we recorded net sales of JPY 3,865.1 billion and operating income of JPY 607.2 billion, achieving the highest net sales and operating income in our history.

For fiscal year 2024, which is the final fiscal year of the three-year, mid-term management plan, “DANTOTSU Value – Together, to *‘The Next’* for sustainable growth,” we will emphasize sustainability management which aims for sustainable growth through a positive cycle for improvement of earnings and resolution of social issues through core business based on three pillars of growth strategies of 1) Accelerate growth by means of innovation, 2) Maximize earnings power, and 3) Enhance corporate resilience, and continue to work to build a business structure that is resilient to changes in demand.

For the focused activities for the “Accelerate growth by means of innovation” strategy, we will advance technological development on the hardware side such as electrification, automation, autonomous operation and remote control of construction equipment, and at the same time, also work on development of platforms and applications to optimize construction at customer workplaces, aiming to realize DX and decarbonization on both aspects of “products” and “solutions.” During fiscal year 2023, we introduced four electrified models each in the Japanese market and the European market. In addition, we will continue to move forward steadily toward achieving carbon neutrality through development of batteries optimized for construction and mining equipment, hydrogen fuel cells and hydrogen engines, and other measures.

For the “Maximize earnings power” strategy, the sales volume has been increasing in Asia and other strategic markets due to the expansion of models and regions of the 2-line model strategy. The aftermarket business grew substantially through expansion of the extended warranties with maintenance plans, online parts sales and reman/rebuild businesses, and other means. Moreover, in order to improve workplace safety and productivity of customers, we work to reinforce a fleet management system (FMS*) for construction and mining equipment through M&A, and introduce a safety automatic detection support system using AI.

* FMS: Fleet Management System

Regarding the “Enhance corporate resilience” strategy, we also steadily implement activities toward making our supply chain highly resilient to changes in production volumes to strengthen risk management. In addition, we strive to develop human resources who embody Komatsu’s values “Ambition, Perseverance, Collaboration, Authenticity” by enhancing diversity and inclusion and human capital investment. Furthermore, we will deploy a global brand strategy and promote the enhancement of the corporate brand power in order to improve internal and external brand engagement.

What the Komatsu Group aspires to do through our mid-term management plan is to “develop safe, highly productive, smart and clean workplaces of the future with customers” through “manufacturing and

technology innovation” and “commitment to Quality and Reliability.” Based on the roadmap toward workplaces of the future, and carbon neutrality, we will make a strategic move which will become a cornerstone for future growth to achieve sustainable growth.

Finally, I would like to take the opportunity to ask our shareholders for your kind and continuous support.

May 2024

**NOTICE OF CONVOCATION OF THE
ONE HUNDRED AND FIFTY-FIFTH (155TH)
ORDINARY GENERAL MEETING OF SHAREHOLDERS
OF KOMATSU LTD.**

Securities Code: 6301

May 28, 2024

(Date of disclosure for electronic provision: May 22, 2024)

Dear Shareholders:

Please be advised that the 155th Ordinary General Meeting of Shareholders of Komatsu Ltd. (hereinafter the “Company”) will be held in accordance with the particulars indicated in the attachment hereto.

When convening the General Meeting of Shareholders, the Company takes measures for providing information in electronic format, and posts the items subject to measures for electronic provision on the following websites:

The Company’s website

<https://www.komatsu.jp/en/ir/>

(From the above website, select “Stock, rating information,” and then “General meeting of shareholders.”)

TSE website

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(On the TSE website, enter “Komatsu Ltd.” in “Issue name (company name)” or the Company’s securities code “6301” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.”)

Website for posted informational materials for the general meeting of shareholders

<https://d.sokai.jp/6301/teiji/> (in Japanese only)

If you are unable to attend the meeting in person, you may exercise your voting rights in advance by conventional postal delivery or via the Internet. We accordingly ask that you exercise your voting rights by 5:45 p.m. on Tuesday, June 18, 2024 (Japan time), upon having reviewed the “Reference Documents for the General Meeting of Shareholders” among the items subject to measures for electronic provision.

Sincerely,

Hiroyuki Ogawa

President

Komatsu Ltd.

2-20, Kaigan 1-chome, Minato-ku, Tokyo

Details

1. Date and Time: Wednesday, June 19, 2024 at 10:00 a.m. (Japan time)

2. Place: “Kujaku-no-ma,” (main venue), 2nd floor of the Main Building,
Imperial Hotel Tokyo
1-1, Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo

3. Purpose:

Items to Be Reported

- (1) The Business Report and the Consolidated Financial Statements for the 155th fiscal year (April 1, 2023 – March 31, 2024), as well as the Audit Results Report of the Accounting Auditors and the Audit & Supervisory Board on the Consolidated Financial Statements
- (2) The Non-Consolidated Financial Statements for the 155th fiscal year (April 1, 2023 – March 31, 2024)

Items to Be Resolved

- Item 1:** Appropriation of Surplus
- Item 2:** Election of Nine (9) Directors
- Item 3:** Election of One (1) Audit & Supervisory Board Member
- Item 4:** Revision of the Amount of Remuneration for Directors and Audit & Supervisory Board Members
- Item 5:** Revision of Performance-Linked Stock-Based Remuneration System for Directors

Guidance on Methods for Exercise of Voting Rights

Exercise of voting rights in advance

By conventional postal delivery	
Deadline for exercising voting rights:	To arrive at the Company by 5:45 p.m. on Tuesday, June 18, 2024 (Japan time)
Please indicate “for” or “against” for each agenda item shown on the enclosed Card for Exercising Voting Rights and return it via the conventional postal delivery system.	

Via the Internet*	
Deadline for exercising voting rights:	To be performed by 5:45 p.m. on Tuesday, June 18, 2024 (Japan time)
Website designated by the Company:	https://evote.tr.mufg.jp/
Please indicate “for” or “against” for each agenda item.	

- Institutional investors can utilize the electronic platform for exercising voting rights, which is operated by ICJ, Inc.
**Voting via the Internet other than through the ICJ platform is only available for registered shareholders in Japan and only in the Japanese language. The ICJ platform is an electronic voting platform for institutional investors available via the ProxyEdge® system of Broadridge. For further details, please consult with your custodian(s), nominee(s) and/or broker(s).*

Physically attending on the day of the General Meeting of Shareholders

Attendance at the General Meeting of Shareholders	
Date and time:	Wednesday, June 19, 2024 at 10:00 a.m. (Japan time)
The reception desk is scheduled to open at 9:00 a.m.	
Please bring the enclosed Card for Exercising Voting Rights and submit it at reception.	

- If you physically attend on the day, your votes exercised beforehand will be nullified.

4. Handling of Votes

- (1) If neither approval nor disapproval of each proposal is indicated on the Card for Exercising Voting Rights, the Company will deem that you indicated your approval of the proposal.
- (2) If you exercise your voting rights twice, both by conventional postal delivery and via the Internet, the voting via the Internet shall prevail regardless of the arrival date of the mailed vote.
In the case of multiple votes via the Internet, etc., the last votes shall prevail.
- (3) If you diversely exercise your voting rights, you are required to notify the Company of the details and the reasons for this in writing or via the Internet.

End

- If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the websites mentioned on page 1.
**Information in English has been posted on our English website (<https://www.komatsu.jp/en/ir>).*
- Paper-based documents stating items subject to measures for electronic provision are sent to shareholders who have requested the delivery of paper-based documents. However, those documents do not include the following matters in accordance with the provisions of laws and regulations and the Company's Articles of Incorporation.

1	Business Report	Financial Position and Profit/Loss Trends Major Lines of Business Principal Offices and Plants Employees Main Lenders Matters Regarding Stock Acquisition Rights of the Company, etc. Systems for Ensuring the Properness of Operations and Outline of Management of such Systems Status of Accounting Auditors
2	Consolidated Financial Statements	Consolidated Statement of Equity Notes to Consolidated Financial Statements
3	Non-Consolidated Financial Statements	Non-Consolidated Balance Sheet Non-Consolidated Statement of Income Non-Consolidated Statement of Changes in Net Assets Notes to Non-Consolidated Financial Statements
4	Auditors' Report	Independent Auditor's Report on Non-Consolidated Financial Statements

The paper-based documents sent to shareholders who have requested the delivery thereof represent part of the documents audited by the Audit & Supervisory Board Members and the Accounting Auditor in preparing their respective audit reports.

Reference Documents for the General Meeting of Shareholders

Proposed Items to Be Resolved and Reference Information:

Item 1: Appropriation of Surplus

The Company is establishing a sound financial position and strengthening its competitiveness to sustainably increase its corporate value. Concerning cash dividends to shareholders, the Company maintains the policy of striving to continue stable dividends by comprehensively considering consolidated business results, future investment plans, cash flows and other related factors.

For the 155th fiscal year, based on the dividend policy of a consolidated payout ratio of 40% or higher, as well as in consideration of the Company's business performance for this fiscal year and future business developments, the Company proposes to pay a year-end dividend of surplus as follows.

(1) Type of the dividend assets	Cash
(2) Matters concerning allotment and total amount of the dividend assets	JPY 95 per one (1) common share of the Company (an increase of JPY 20 per one (1) common share of the Company over the previous fiscal year) Total amount of the dividend assets: JPY 89,907,935,305
(3) Effective date of dividends of surplus	Thursday, June 20, 2024

Accordingly, combined with the interim dividend of JPY 72 per one (1) common share of the Company, the annual dividend will be JPY 167 per one (1) common share of the Company for this fiscal year, an increase of JPY 28 per one (1) common share of the Company over the previous fiscal year. The consolidated payout ratio is 40.1%.

Item 2: Election of Nine (9) Directors

The terms of office of all of the nine (9) Directors will expire as of the close of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes that nine (9) Directors (including four (4) Outside Directors) be elected.

The candidates for the positions are as follows:

No. of Candidate	Name	(Reference)	
		Position and in Charge, etc. at the Company (As of May 16, 2024)	Attendance rate of the Meetings of the Board of Directors held during the fiscal year ended March 31, 2024
1	Reelection Mr. Tetsuji Ohashi	Chairman of the Board Member of Human Resources Advisory Committee Member of Compensation Advisory Committee	100%
2	Reelection Mr. Hiroyuki Ogawa	President and Representative Director Chief Executive Officer (CEO) Member of Human Resources Advisory Committee	100%
3	Reelection Mr. Takeshi Horikoshi	Representative Director and Senior Executive Officer Chief Financial Officer (CFO)	100%
4	Reelection Ms. Mitsuko Yokomoto	Director and Senior Executive Officer Supervising Human Resources, Education and Sustainability	100%
5	Reelection Outside Director Independent Mr. Takeshi Kunibe	Director Chairman of Human Resources Advisory Committee Chairman of Compensation Advisory Committee	100%
6	Reelection Outside Director Independent Mr. Arthur M. Mitchell	Director Member of Human Resources Advisory Committee Member of Compensation Advisory Committee	93%
7	Reelection Outside Director Independent Ms. Naoko Saiki	Director Member of Human Resources Advisory Committee Member of Compensation Advisory Committee	100%
8	Reelection Outside Director Independent Mr. Michitaka Sawada	Director Member of Human Resources Advisory Committee Member of Compensation Advisory Committee	100%
9	New Candidate Mr. Takuya Imayoshi	Senior Executive Officer Supervising Business Coordination Responsible for the Mid-Term Management Plan	–

Outside Director: Candidate for Outside Director


Independent: Candidate for Director who meets the Company's independence standards and for whom the Company has submitted an Independent Directors Notification to the Tokyo Stock Exchange (*the Japanese stock exchange on which the Company's shares are listed*).

<Reference> Policies and Procedures for Nominating Directors and Audit & Supervisory Board Members of the Company

The policy of the Board of Directors of the Company is to elect multiple members with abundant experience, sophisticated knowledge and expertise from inside and outside the Company to carry out appropriate decision-making and management supervision. Moreover, taking into consideration diversity, such as in gender and nationality, and in order to increase the objectivity and transparency of its judgment in deciding on its selection of candidates as Directors and Audit & Supervisory Board Members, the Board of Directors made the selection based upon discussions and resolutions of, and upon the recommendation from, the Human Resources Advisory Committee, consisting of four (4) Outside Directors (one (1) of whom is Chairman of the Committee), the Chairman of the Board and the President. The Human Resources Advisory Committee also discusses appointments and removals of the President (CEO) and executive officers and the human resource development policy.

When judging whether or not to accept the proposal for the selection of Directors and Audit & Supervisory Board Members who are appointed from within the Company, candidates' knowledge and expertise cultivated over their careers as well as their accumulated experience is taken into account. As such, short summaries of their careers are provided.

The Company emphasizes independence when selecting Outside Directors and Outside Audit & Supervisory Board Members and has therefore established its own "Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members." Details are given in "<Reference> The Company's Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members."

	1. Reelection	Tetsuji Ohashi	(March 23, 1954)
	▶ Number of Year(s) in Office:	15 years	
	▶ Attendance of the Meetings of the Board of Directors:	16/16 (100%)	
	▶ Number of Shares of the Company Held:	232,600 shares	
	▶ Important Concurrent Positions Held in Other Organizations:	Outside Director of Yamaha Motor Co., Ltd. Outside Member of the Board of Nomura Research Institute, Ltd. Outside Director of Asahi Group Holdings, Ltd.	
	▶ Special Interests between the Candidate and the Company:	None	


Career summary and positions

4/1977	Joined the Company Product Control Section, Planning & Coordination Department of Awazu Plant
6/1982	Graduate School, Stanford University, U.S. (until 6/1984)
10/1998	General Manager of Planning & Cooperation Department of Awazu Plant, Production Division
10/2001	Plant Manager of Moka Plant, Production Division
1/2004	President and Chief Operating Officer (COO) of Komatsu America Corp.
4/2007	Took office as Executive Officer President of Production Division
4/2008	Took office as Senior Executive Officer
6/2009	Took office as Director and Senior Executive Officer
4/2012	Took office as Director and Senior Executive Officer
4/2013	Took office as President, Representative Director and CEO
4/2019	Took office as Chairman of the Board and Representative Director
4/2022	Took office as Chairman of the Board (current)

Reason for nomination as candidate for Director

Mr. Tetsuji Ohashi has served in important positions in the production departments and as President of a subsidiary in the U.S. During the six years from April 2013, he attained significant achievements for the increase of corporate value as President and CEO of the Company. Currently, he takes on the management supervision as Chairman and contributes to corporate governance as Chairman of the Board of Directors and member of the Human Resources Advisory Committee and the Compensation Advisory Committee.

Based on his abundant experience in the Company's business and considerable knowledge regarding corporate management, the Company has deemed him appropriate as a member of the Board of Directors of the Company. Therefore, the Company nominates him as a candidate for Director.

	2. Reelection	Hiroyuki Ogawa	(March 23, 1961)
	▶ Number of Year(s) in Office:	6 years	
	▶ Attendance of the Meetings of the Board of Directors:	16/16 (100%)	
	▶ Number of Shares of the Company Held:	139,900 shares	
	▶ In Charge at the Company:	Chief Executive Officer (CEO)	
	▶ Important Concurrent Positions Held in Other Organizations:	None	
	▶ Special Interests between the Candidate and the Company:	None	


Career summary and positions

4/1985	Joined the Company Production Engineering Section, Production Engineering Department of Kawasaki Plant
4/2004	Plant Manager of Chattanooga Manufacturing Operation, Komatsu America Corp.
4/2007	General Manager of Planning & Coordination Department of Osaka Plant, Production Division
4/2010	Took office as Executive Officer Plant Manager of Ibaraki Plant, Production Division
4/2013	President of Procurement Division in Production Division
4/2014	Representative of All Indonesia Operations Chairman of PT Komatsu Marketing & Support Indonesia (until 3/2016)
4/2015	Took office as Senior Executive Officer
4/2016	President of Production Division
4/2018	Took office as Senior Executive Officer
6/2018	Took office as Director and Senior Executive Officer
4/2019	Took office as President and Representative Director (current) CEO (current)

Reason for nomination as candidate for Director

Mr. Hiroyuki Ogawa has served in important positions in the production departments and as Representative of All Indonesia Operations. Since April 2019, he has been promoting digital transformation and carbon neutrality at construction sites, responding to ESG issues and demonstrating leadership with regard to business continuation, etc. during the COVID-19 pandemic as President and CEO.

Based on his abundant experience regarding the Company's business and considerable insight as a manager, the Company has deemed him appropriate as a member of the Board of Directors of the Company. Therefore, the Company nominates him as a candidate for Director.

	3. Reelection Takeshi Horikoshi (August 1, 1961)
	▶ Number of Year(s) in Office: 3 years
	▶ Attendance of the Meetings of the Board of Directors: 16/16 (100%)
	▶ Number of Shares of the Company Held: 50,400 shares
	▶ In Charge at the Company: Chief Financial Officer (CFO)
	▶ Important Concurrent Positions Held in Other Organizations: None
	▶ Special Interests between the Candidate and the Company: None


Career summary and positions

4/1985	Joined the Company Accounting Section, Administration Department of Osaka Plant
2/1996	Komatsu UK Ltd.
9/1998	Komatsu France S.A.S (until 5/2003)
11/2008	Komatsu Europe International N.V. (until 11/2011)
6/2012	General Manager of Finance & Treasury Department
5/2016	General Manager of Corporate Controlling Department
4/2017	Took office as Executive Officer
4/2018	CFO (current)
4/2020	Took office as Senior Executive Officer
6/2021	Took office as Director and Senior Executive Officer
4/2023	Took office as Director and Senior Executive Officer
4/2024	Took office as Representative Director and Senior Executive Officer (current)

Reason for nomination as candidate for Director

Mr. Takeshi Horikoshi has served in important positions in accounting and finance related departments and is well versed in the operations of performance management, M&A, corporate planning, etc. Since April 2018, he has assumed significant responsibility in the fields of overall accounting, information disclosure, corporate governance, internal control, risk management, etc. as CFO.

Based on his abundant experience and knowledge regarding the Company's business, the Company has deemed him appropriate as a member of the Board of Directors of the Company. Therefore, the Company nominates him as a candidate for Director.

	4. Reelection Mitsuko Yokomoto (January 6, 1963)
	▶ Number of Year(s) in Office: 1 year
	▶ Attendance of the Meetings of the Board of Directors: 12/12 (100%)
	▶ Number of Shares of the Company Held: 30,800 shares
	▶ In Charge at the Company: Supervising Human Resources, Education and Sustainability
	▶ Important Concurrent Positions Held in Other Organizations: None
	▶ Special Interests between the Candidate and the Company: None


Career summary and positions

4/1985	Joined the Company Human Resources Section, Human Resources Department
4/2011	General Manager of General Affairs Department of Gigaphoton Inc.
5/2015	General Manager of General Affairs Department of Shonan Plant, Production Division
4/2018	General Manager of General Affairs Department
4/2019	Took office as Executive Officer (Responsible for Risk Management)
4/2021	Took office as Senior Executive Officer (current) President of Sustainability Promotion Division
4/2023	Senior Executive Officer (Supervising Human Resources, Education and Sustainability) (current)
6/2023	Took office as Director and Senior Executive Officer (current)

Reason for nomination as candidate for Director

Ms. Mitsuko Yokomoto has held key positions in the human resources and general affairs departments, serving as General Manager of the General Affairs Department, and Executive Officer responsible for risk management. Since April 2021, she has served as President of the Sustainability Promotion Division, and since April 2023 she has assumed important responsibilities in promoting sustainable management of the Company as the Executive Officer supervising human resources, education, and sustainability.

Based on her abundant experience and knowledge regarding the Company's business, the Company has deemed her appropriate as a member of the Board of Directors of the Company. Therefore, the Company nominates her as a candidate for Director.

Outside Director Independent	5. Reelection	Takeshi Kunibe	(March 8, 1954)
	▶ Number of Year(s) in Office:	4 years	
	▶ Attendance of the Meetings of the Board of Directors:	16/16 (100%)	
	▶ Number of Shares of the Company Held:	0 shares	
	▶ Important Concurrent Positions Held in Other Organizations:	Chairman of the Board of Sumitomo Mitsui Financial Group, Inc. Outside Member of the Board of TAISHO PHARMACEUTICAL HOLDINGS CO., LTD. Outside Director/Audit & Supervisory Committee Member of Nankai Electric Railway Co., Ltd.	
	▶ Special Interests between the Candidate and the Company:	None	

Career summary and positions

4/1976	Joined The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation, hereinafter "SMBC")
6/2003	Took office as Executive Officer of SMBC
10/2006	Took office as Managing Executive Officer of SMBC
4/2007	Took office as Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc. (hereinafter "SMFG")
6/2007	Took office as Director of SMFG
4/2009	Took office as Director and Senior Managing Executive Officer of SMBC
4/2011	Took office as Representative Director, President and Chief Executive Officer of SMBC
4/2017	Took office as Representative Director and President of SMFG Retired from Director of SMBC
6/2017	Took office as Director President and Representative Executive Officer of SMFG
4/2019	Took office as Chairman of the Board of SMFG (current)
6/2020	Took office as Director of the Company (current)
10/2021	Took office as Chairman of the Board of SMBC
4/2023	Retired from Director of SMBC

Reason for nomination as candidate for Outside Director and overview of the role expected

Mr. Takeshi Kunibe has considerable knowledge and rich experience in the business world, including the fields of finance and group company management, etc., having served as Representative Director, President and Chief Executive Officer of SMBC, as well as Representative Director and President, Director President, Representative Executive Officer and Chairman of the Board of SMFG.

Utilizing this knowledge and experience, his recommendations concerning the overall management of the Company are expected to contribute to sustaining and improving transparency and soundness of management as well as enhancing corporate governance. Therefore, the Company nominates him as a candidate for Outside Director.

Matters regarding independence


Mr. Takeshi Kunibe is unlikely to have a conflict of interest with general shareholders. For this reason, the Company considers him as an Independent Director and has submitted the relevant notification to the Tokyo Stock Exchange.

Mr. 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 JPY 223.3 billion, which was 18.6% of the balance of interest-bearing debt.

Facts in violation of laws and regulations or the Articles of Incorporation or facts of any other unreasonable execution of business at other corporations

Mr. Takeshi Kunibe serves as Director of Sumitomo Mitsui Financial Group, Inc., and served as Director of Sumitomo Mitsui Banking Corporation. In October 2022, administrative actions under the Financial Instruments and Exchange Act of Japan were imposed on Sumitomo Mitsui Financial Group, Inc. and SMBC Nikko Securities Inc. by the Financial Services Agency with regard to the violation of Article 159, Paragraph 3 of the Financial Instruments

and Exchange Act of Japan (illegal stabilization transactions) by former executive officers and employees of SMBC Nikko Securities Inc. In addition, SMBC Nikko Securities Inc. was convicted by the Tokyo District Court in relation to this incident in February 2023, and this ruling was finalized. Furthermore, in October 2022, administrative actions under the Financial Instruments and Exchange Act of Japan were imposed on SMBC Nikko Securities Inc. by the Financial Services Agency with regard to the exchange of non-disclosure information between executive officers and employees of the said company and those of Sumitomo Mitsui Banking Corporation, and Sumitomo Mitsui Financial Group, Inc. and Sumitomo Mitsui Banking Corporation received orders to submit a report under the Financial Instruments and Exchange Act and the Banking Act of Japan from the Financial Services Agency in relation to this incident. Although Mr. Takeshi Kunibe was unaware of the incidents, he has constantly stated the importance of legal compliance, appropriateness of business operations, risk management, etc. at meetings of the Board of Directors and each committee and at other opportunities and made recommendations on strict implementation thereof. After the incidents were discovered, he has also promoted initiatives for development and implementation of effective recurrence prevention measures, further strengthening of the SMBC Group's legal compliance and internal management systems, and creation of sound corporate culture through deliberations at meetings of the Board of Directors and each committee and at other opportunities, etc.

<p>Outside Director Independent</p> 	<p>6. Reelection Arthur M. Mitchell (July 23, 1947)</p>
	<p>▶ Number of Year(s) in Office: 4 years</p>
	<p>▶ Attendance of the Meetings of the Board of Directors: 15/16 (93%)</p>
	<p>▶ Number of Shares of the Company Held: 0 shares</p>
	<p>▶ Important Concurrent Positions Held in Other Organizations: None</p>
	<p>▶ Special Interests between the Candidate and the Company: None</p>

Career summary and positions

7/1976	Registered as attorney at law in New York State, U.S. (current)
1/2003	Took office as General Counsel of Asian Development Bank
9/2007	Joined White & Case LLP
1/2008	Registered as registered foreign lawyer in Japan (current) Registered foreign lawyer of White & Case LLP (current)
6/2020	Took office as Director of the Company (current)

Reason for nomination as candidate for Outside Director and overview of the role expected

Mr. Arthur M. Mitchell has worked for many years as a New York state attorney and foreign law attorney in Japan and has considerable knowledge and rich experience in the field of international legal affairs.

Utilizing this knowledge and experience, his recommendations concerning the overall management of the Company are expected to contribute to the mitigation and avoidance of risk in the Company's global business operations and to the enhancement of the Company's medium- and long-term corporate value. Therefore, the Company nominates him as a candidate for Outside Director.


Although Mr. Mitchell has no experience in participating in the management of other companies directly, the Company judged that he would be able to execute the duties of Outside Director adequately because of the reasons above.

Matters regarding independence

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.

Facts in violation of laws and regulations or the Articles of Incorporation or facts of any other unreasonable execution of business at other corporations

From June 2015 to June 2023, Mr. Arthur M. Mitchell served as Outside Director of Sumitomo Mitsui Financial Group, Inc. In October 2022, administrative actions under the Financial Instruments and Exchange Act of Japan were imposed on Sumitomo Mitsui Financial Group, Inc. and SMBC Nikko Securities Inc. by the Financial Services Agency with regard to the violation of Article 159, Paragraph 3 of the Financial Instruments and Exchange Act of Japan (illegal stabilization transactions) by former executive officers and employees of SMBC Nikko Securities Inc. In addition, SMBC Nikko Securities Inc. was convicted by the Tokyo District Court in relation to this incident in February 2023, and this ruling was finalized. Furthermore, in October 2022, administrative actions under the Financial Instruments and Exchange Act of Japan were imposed on SMBC Nikko Securities Inc. by the Financial Services Agency with regard to the exchange of non-disclosure information between executive officers and employees of the said company and those of Sumitomo Mitsui Banking Corporation, and Sumitomo Mitsui Financial Group, Inc. and Sumitomo Mitsui Banking Corporation received orders to submit a report under the Financial Instruments and Exchange Act and the Banking Act of Japan from the Financial Services Agency in relation to this incident. Although Mr. Arthur M. Mitchell was unaware of the incidents, he had constantly stated the importance of legal compliance, appropriateness of business operations, risk management, etc. at meetings of the Board of Directors and each committee and at other opportunities and made recommendations on strict implementation thereof. After the incidents were discovered, he had also promoted initiatives for development and implementation of effective recurrence prevention measures, further strengthening of the SMBC Group's legal compliance and internal management systems, and creation of sound corporate culture through deliberations at meetings of the Board of Directors and each committee and other opportunities, etc.

<p>Outside Director Independent</p> 	7. Reelection	Naoko Saiki	(October 11, 1958)
	▶ Number of Year(s) in Office:	3 years	
	▶ Attendance of the Meetings of the Board of Directors:	16/16 (100%)	
	▶ Number of Shares of the Company Held:	0 shares	
	▶ Important Concurrent Positions Held in Other Organizations:	Outside Director of Sojitz Corporation Outside Member of the Board of Directors of Development Bank of Japan Inc. Outside Director of Sankyu Inc.	
▶ Special Interests between the Candidate and the Company:	None		

Career summary and positions

4/1982	Joined the Ministry of Foreign Affairs (hereinafter “MOFA”)
7/2014	Took office as Director-General, Economic Affairs Bureau, MOFA and Councillor, Cabinet Secretariat
10/2015	Took office as Director-General, International Legal Affairs Bureau, MOFA
7/2017	Took office as Director-General, Foreign Service Training Institute, MOFA
1/2019	Retired from MOFA
4/2020	Took office as Visiting Professor, Graduate School of Public Policy, The University of Tokyo
6/2021	Took office as Director of the Company (current)
4/2023	Special Assistant to the Minister for Foreign Affairs (current)

Reason for nomination as candidate for Outside Director and overview of the role expected


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 the Economic Affairs Bureau and Director-General of the 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.

Although Ms. Saiki has no experience in participating in the management of other companies directly, the Company judged that she would be able to execute the duties of Outside Director adequately because of the reasons above.

Matters regarding independence

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.

<p>Outside Director Independent</p> 	<p>8. Reelection Michitaka Sawada (December 20, 1955)</p>
	<p>▶ Number of Year(s) in Office: 2 years</p>
	<p>▶ Attendance of the Meetings of the Board of Directors: 16/16 (100%)</p>
	<p>▶ Number of Shares of the Company Held: 0 shares</p>
	<p>▶ Important Concurrent Positions Held in Other Organizations: Outside Director of Panasonic Holdings Corporation Outside Director of Nitto Denko Corporation</p>
	<p>▶ Special Interests between the Candidate and the Company: None</p>

Career summary and positions

4/1981	Joined Kao Soap Co., Ltd. (currently Kao Corporation)
6/2006	Took office as Executive Officer of Kao Corporation
6/2008	Took office as Director, Executive Officer of Kao Corporation
6/2012	Took office as Representative Director, President and Chief Executive Officer of Kao Corporation
1/2021	Took office as Director, Chair of Kao Corporation
6/2022	Took office as Director of the Company (current)
3/2024	Retired from Director of Kao Corporation Took office as Executive Advisor of Kao Corporation (current)


Reason for nomination as candidate for Outside Director and overview of the role expected

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.

Matters regarding independence

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.

	9. New Candidate	Takuya Imayoshi (November 14, 1963)
	▶ Number of Shares of the Company Held:	30,200 shares
	▶ In Charge at the Company:	Supervising Business Coordination Responsible for the Mid-Term Management Plan
	▶ Important Concurrent Positions Held in Other Organizations:	None
	▶ Special Interests between the Candidate and the Company:	None

Career summary and positions

4/1987	Joined the Company Accounting Section, Administration Department of Awazu Plant
8/1998	Komatsu America Corp. (until 7/2004)
6/2010	Komatsu (China) Ltd. (until 8/2013)
5/2016	General Manager of Finance & Treasury Department
4/2017	General Manager of Finance & Treasury Department and President of Global Retail Finance Business Division
4/2018	Took office as Executive Officer General Manager of Business Coordination Department
4/2021	Took office as Senior Executive Officer Representative of All China Operations and Chairman of Komatsu (China) Ltd.
4/2024	Took office as Senior Executive Officer (Supervising Business Coordination, Responsible for the Mid-Term Management Plan) (current)

Reason for nomination as candidate for Director

Mr. Takuya Imayoshi served in important positions in the accounting, finance, and business coordination departments, as well as serving as General Manager of Finance & Treasury Department and as President of Global Retail Finance Business Division. Since April 2018, he has been involved in business strategy, formulation of the mid-term management plan, M&A and other matters as General Manager of the Business Coordination Department, and since April 2021, he has assumed significant responsibility within the Company, such as by leading structural reforms of the Chinese business as the Representative of All China Operations. Having been stationed in the United States and in China, he also has hands-on experience and wide-ranging knowledge at the global level.

Based on his abundant experience and knowledge regarding the Company's business, the Company has deemed him appropriate as a member of the Board of Directors of the Company. Therefore, the Company nominates him as a candidate for Director.

Notes:

1. Meeting attendance above shows attendance of the meetings of the Board of Directors held during the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024). As Ms. Mitsuko Yokomoto was elected at the 154th Ordinary General Meeting of Shareholders held in June 2023, her maximum number of meetings of attendance is different from that of the other Directors.
2. The names of divisions and other bodies in the Company in "Career summary and positions" above show those that were applicable at each relevant time period.
3. The Company has entered into an agreement with Mr. Takeshi Kunibe, Mr. Arthur M. Mitchell, Ms. Naoko Saiki and Mr. Michitaka Sawada that limits their liability for damages caused by their negligence of duty under Article 423, Paragraph 1 of the Companies Act of Japan, in accordance with Article 427, Paragraph 1 of the same and the Articles of Incorporation of the Company. If their reelections are approved, the Company intends to continue the aforesaid agreement. The maximum liability amount specified in this agreement shall be equivalent to the amount stipulated by laws and regulations.
4. The Company has entered into a company indemnification agreement with its incumbent Directors in accordance with the provisions of Article 430-2, Paragraph 1 of the Companies Act of Japan, 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. If the reelections of the candidates who are incumbent Directors are approved, the Company intends to continue the aforesaid agreements. If the election of new candidate Mr. Takuya Imayoshi is approved, the Company intends to enter into the same company indemnification agreement with him.
5. 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. This policy covers amounts of indemnification and litigation expenses, etc. borne by the insured person that are incurred through a shareholders' derivative suit, company lawsuit or third-party lawsuit. If this item is approved, all candidates for Director are included as insured persons in this policy. In addition, when the policy is renewed, the Company plans to renew the policy on the same terms.


Item 3: Election of One (1) Audit & Supervisory Board Member

The term of office of Mr. Terumi Sasaki as Audit & Supervisory Board Member will expire as of the close of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes that one (1) Audit & Supervisory Board Member be elected. If this item is approved, the Company's Audit & Supervisory Board will consist of five (5) members (including three (3) Outside Audit & Supervisory Board Members).

This item for resolution was reviewed and approved by the Audit & Supervisory Board.

The candidate for the position is as follows:

	New Candidate	Mitsuo Nakao	(May 16, 1968)
	▶ Number of Shares of the Company Held:		12,900 shares
	▶ Important Concurrent Positions Held in Other Organizations:		None
	▶ Special Interests between the Candidate and the Company:		None

Career summary and positions

4/1992	Joined the Company Accounting Section, Corporate Controlling Department, Corporate Planning Division
12/2002	Komatsu Mining Germany GmbH (until 8/2008)
5/2012	Komatsu do Brasil Ltda. (until 5/2016)
4/2018	General Manager of Finance & Treasury Department
4/2020	Group Manager of IR Group, Business Coordination Department
5/2023	General Manager of Corporate Controlling Department
5/2024	Advisor to President (current)

Reason for nomination as candidate for Audit & Supervisory Board Member

Mr. Mitsuo Nakao has specialist knowledge gained from his many years engaged in operations and serving in important positions related to accounting, finance and investor relations, as well as hands-on experience at the global level derived from being stationed in Europe and Latin America.

Based on his rich experience and knowledge regarding the Company's business, the Company has deemed that he will be able to execute his duties as an Audit & Supervisory Board Member. Therefore, the Company nominates him as a candidate for Audit & Supervisory Board Member.

Notes:

1. The names of divisions and other bodies in the Company in “Career summary and positions” above show those that were applicable at each relevant time period.
2. The Company intends to enter into an agreement with Mr. Mitsuo Nakao that limits his liability for damages caused by his negligence of duty under Article 423, Paragraph 1 of the Companies Act of Japan, in accordance with Article 427, Paragraph 1 of the same and the Articles of Incorporation of the Company if his election is approved. The maximum liability amount specified in this agreement shall be equivalent to the amount stipulated by laws and regulations.
3. The Company has entered into a company indemnification agreement with its incumbent Audit & Supervisory Board Members in accordance with the provisions of Article 430-2, Paragraph 1 of the Companies Act of Japan, 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. If the election of new candidate Mr. Mitsuo Nakao is approved, the Company intends to enter into the same company indemnification agreement with him.
4. 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. This policy covers amounts of indemnification and litigation expenses, etc. borne by the insured person that are incurred through a shareholders’ derivative suit, company lawsuit or third-party lawsuit. If this item is approved, the candidate for Audit & Supervisory Board Member is included as an insured person in this policy. In addition, when the policy is renewed, the Company plans to renew the policy on the same terms.

<Reference> Composition of the Company's Audit & Supervisory Board

If Item 3 is approved and adopted the composition of the Company's Audit & Supervisory Board will be as follows.

Name	Position, etc., at the Company (As of May 16, 2024)	Attendance rate of the Meetings of the Board of Directors held during the fiscal year ended March 31, 2024	Attendance rate of the Meetings of the Audit & Supervisory Board held during the fiscal year ended March 31, 2024
Mr. Yasuhiro Inagaki	Standing Audit & Supervisory Board Member	100%	100%
New Candidate Mr. Mitsuo Nakao	Advisor to President	–	–
Outside Audit & Supervisory Board Member Independent Mr. Kotaro Ohno	Audit & Supervisory Board Member Member of Compensation Advisory Committee	100%	100%
Outside Audit & Supervisory Board Member Independent Mr. Tatsuro Kosaka	Audit & Supervisory Board Member	100%	100%
Outside Audit & Supervisory Board Member Independent Ms. Mariko Matsumura	Audit & Supervisory Board Member	100%	100%

Independent: Audit & Supervisory Board Member who meets the Company's independence standards and for whom the Company has submitted an Independent Audit & Supervisory Board Member Notification to the Tokyo Stock Exchange (*the Japanese stock exchange on which the Company's shares are listed*).

<Reference>

In order to achieve the growth strategies set out in the mid-term management plan, the following seven topics are defined as areas for focus and supervision by the Directors and Audit & Supervisory Board Members with respect to management of the Company.

Three pillars of growth strategies of the mid-term management plan	Growth Strategies Creating DANTOTSU Value					
	Value creation		Core business		Management foundation	
	1. Accelerate growth by means of innovation		2. Maximize earnings power		3. Enhance corporate resilience	
Topics on which Directors and Audit & Supervisory Board Members are to focus particular attention and supervision	Corporate Management	Sales & Marketing	Corporate Management	Sales & Marketing	Corporate Management	Legal Affairs & Compliance
	Innovative Technologies/DX Environments	Global	Finance/Economics	Global	Human Rights/Human Resources & Human Resource Development	Global

Seven topics of focus and supervision by the Company's Directors and Audit & Supervisory Board Members of the Company

Topic	Reasons for selection and content
● Corporate Management	The ability to oversee resource allocation across the Company's business segments holistically, and to identify investments in growth areas
● Finance/Economics	The ability to identify and oversee "earnings power" in new and existing areas of business areas from a financial perspective
● Innovative Technologies/DX Environments	The ability to oversee a positive cycle of improving profitability through innovation from technology (production development) and DX and through solving ESG issues, including environmental issues
● Sales & Marketing	The ability to identify risks/opportunities in the external environment of our global, multi-site business
● Human Rights/Human Resources & Human Resource Development	The ability to oversee the protection of human rights as it relates to all our business activities and the ability to identify measures to enhance the diversity of our human resource base
● Legal Affairs & Compliance	The ability to oversee legal and compliance matters to support the sustainable growth of new and existing businesses
● Global	The ability to anticipate and oversee risks/opportunities in global business development from a variety of perspectives (supply chain, geopolitics, etc.)

<Reference> Skill matrix for Directors and Audit & Supervisory Board Members of the Company
(including candidates)

Name		Corporate Management	Finance/Economics	Innovative Technologies/DX Environments	Sales & Marketing	Human Rights/ Human Resources & Human Resource Development	Legal Affairs & Compliance	Global
Directors	Tetsuji Ohashi	●		●			●	●
	Hiroyuki Ogawa	●	●	●	●	●	●	●
	Takeshi Horikoshi		●				●	●
	Takuya Imayoshi	●	●		●	●	●	●
	Mitsuko Yokomoto			●		●	●	
	Outside Director Independent Takeshi Kunibe	●	●	●				
	Outside Director Independent Arthur M. Mitchell						●	●
	Outside Director Independent Naoko Saiki					●	●	●
	Outside Director Independent Michitaka Sawada	●		●	●	●		
	Audit & Supervisory Board Members	Yasuhiro Inagaki						●
Mitsuo Nakao			●					●
Outside Audit & Supervisory Board Member Independent Kotaro Ohno						●	●	
Outside Audit & Supervisory Board Member Independent Tatsuro Kosaka		●		●	●			
Outside Audit & Supervisory Board Member Independent Mariko Matsumura						●	●	

	Name	Reason for selection
Directors	Tetsuji Ohashi	<ul style="list-style-type: none"> • Has held various important positions in the production departments, and has served as President of the U.S. subsidiary and President of the Company. • He oversees overall governance as Chairman
	Hiroyuki Ogawa	<ul style="list-style-type: none"> • As President and CEO, he focuses on, and supervises, all aspects of achieving the Company's growth strategies
	Takeshi Horikoshi	<ul style="list-style-type: none"> • Has held key positions in the accounting and finance related departments • Hands-on experience in Europe and on M&As
	Takuya Imayoshi	<ul style="list-style-type: none"> • Hands-on experience in the United States, and has held such key positions as the head of accounting and finance related departments, General Manager of the Business Coordination Department, and Representative of All China Operations
	Mitsuko Yokomoto	<ul style="list-style-type: none"> • Experience in the fields of human resources and general affairs, compliance and sustainability
	Outside Director Independent Takeshi Kunibe	<ul style="list-style-type: none"> • Knowledge and experience in the business world, including the fields of finance and group company management
	Outside Director Independent Arthur M. Mitchell	<ul style="list-style-type: none"> • Knowledge and experience in the field of international legal affairs as an attorney
	Outside Director Independent Naoko Saiki	<ul style="list-style-type: none"> • Knowledge and experience in the fields of international affairs, international law and economics
	Outside Director Independent Michitaka Sawada	<ul style="list-style-type: none"> • Experience in the business world, including global group corporate management and ESG management practices
Audit & Supervi- sory Board Members	Yasuhiro Inagaki	<ul style="list-style-type: none"> • Knowledge and experience in legal affairs, business development relations, and corporate planning
	Mitsuo Nakao	<ul style="list-style-type: none"> • Knowledge in the fields of accounting and finance • Hands-on experience in Europe and Latin America
	Outside Audit & Supervisory Board Member Independent Kotaro Ohno	<ul style="list-style-type: none"> • Served as the Prosecutor-General of the Supreme Public Prosecutors Office, with knowledge and experience in the legal profession
	Outside Audit & Supervisory Board Member Independent Tatsuro Kosaka	<ul style="list-style-type: none"> • Knowledge and experience in the business world as a top executive
	Outside Audit & Supervisory Board Member Independent Mariko Matsumura	<ul style="list-style-type: none"> • Knowledge and experience in the legal and compliance fields as an attorney

Independent: Director or Audit & Supervisory Board Member who meets the Company's independence standards and for whom the Company has submitted or plans to submit an Independent Director or Audit & Supervisory Board Member Notification to the Tokyo Stock Exchange (*the Japanese stock exchange on which the Company's shares are listed*). (Including candidates)

Note: This skill matrix presents categories of skills that the Board of Directors has deemed particularly worthy of focus and oversight by the respective Directors and Audit & Supervisory Board Members with respect to management of the Company, upon having taken into account the primary abilities and expertise of each individual.

<Reference> The Company's Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

The Board of Directors of the Company has determined the independence standards for Outside Directors and Outside Audit & Supervisory Board Members (collectively, "Outside Board Members") as follows.

1. Basic stance:

Independent Outside 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. Specifically, in the event that the sales, revenues, etc. generated from business with the Company or its subsidiary account for a considerable portion of total sales, revenues, etc. of the concerned company, the Board of Directors of the Company determines the concerned company has no independence from the Company.

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 Regulation 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)

End

Item 4: Revision of the Amount of Remuneration for Directors and Audit & Supervisory Board Members

The Company resolved at the 149th Ordinary General Meeting of Shareholders, held on June 19, 2018, that the maximum amount of remuneration to be paid to the Directors in total per year shall not exceed JPY 1,500 million (of which, payment to the Outside Directors shall not exceed JPY 100 million per year) and that the maximum amount of remuneration to be paid to the Audit & Supervisory Board Members in total per year shall not exceed JPY 200 million.

After taking into consideration the need to secure the human resources required to execute the management strategy and to ensure diversity among Directors at a global level, the Company proposes to set the amount of remuneration for Directors so as not to exceed JPY 2,000 million per year (of which, payment to the Outside Directors shall not exceed JPY 200 million per year).

The Company shall continue to pay only a basic remuneration (fixed remuneration) to the Outside Directors.

Basic remuneration and bonus in cash to the Directors shall be determined by the Board of Directors based on reports of the Compensation Advisory Committee within the above mentioned scope of remuneration.

Having also taken into consideration the need to secure diverse human resources to serve on the Audit & Supervisory Board, in conjunction with the revision of the amount of remuneration for Directors, the Company proposes to set the amount of remuneration for Audit & Supervisory Board Members so as not to exceed JPY 250 million per year. The Company shall continue to pay only a basic remuneration (fixed remuneration) to the Audit & Supervisory Board Members.

Basic remuneration to each of the Audit & Supervisory Board Members shall be determined based upon discussion by the Audit & Supervisory Board Members, taking into account reports of the Compensation Advisory Committee, within the above mentioned scope of remuneration.

This item was decided by the Board of Directors after deliberation by the Compensation Advisory Committee, while comprehensively taking into account the scale of the Company's business, the remuneration system for Directors and Audit & Supervisory Board Members and its payment level, the current number of officers, future trends, and other factors, and was judged to be appropriate.

The Company currently has nine (9) Directors (including four (4) Outside Directors), and assuming that Item 2 "Election of Nine (9) Directors" is approved and adopted as proposed, the number of the Directors will remain nine (9) (including four (4) for Outside Directors). Further, the Company currently has five (5) Audit & Supervisory Board Members, and assuming that Item 3 "Election of One (1) Audit & Supervisory Board Member" is approved and adopted as proposed, the number of the Audit & Supervisory Board Members will remain five (5).

The same as in the past, the salary as employees for the Directors who are concurrently employees is not included in the amount of remuneration for the Directors of the Company.

Item 5: Revision of Performance-Linked Stock-Based Remuneration System for Directors

1. Reason for the Proposal and Reasons for the Appropriateness of Remuneration, etc.

Remuneration for Directors of the Company (excluding Outside Directors; hereinafter the same shall apply) currently comprises basic remuneration, bonus in cash, and stock-based remuneration in the form of restricted stock compensation (hereinafter, the “restricted stock compensation” in this item), but the Company requests the approval of shareholders to introduce a new performance-linked stock-based remuneration system using a trust (hereinafter, the “Plan”) for Directors of the Company, to replace the restricted stock compensation system. Conditional on this item being approved as proposed, the maximum limit on remuneration for restricted stock compensation approved at the 149th Ordinary General Meeting of Shareholders held on June 19, 2018 will be abolished, and thereafter new restricted stock will no longer be allotted. However, any restricted stock that has already been granted will continue to exist.

This stock-based remuneration will be provided to Directors separately from the revised amount of remuneration specified by the revision of the amount of remuneration for Directors and Audit & Supervisory Board Members for which the Company requests approval in Item 4.

The purpose of the revisions to the Plan is to further increase the desire to contribute to enhancing the Company’s medium- to long-term results and to boosting its corporate value by increasing the ratio of stock-based remuneration for Directors and delivering stocks to Directors at their retirement, as well as to align interests with our shareholders.

At a meeting of the Board of Directors held on April 26, 2024, the Company set out a new policy for determining the details of remuneration, etc. for individual Directors, conditional on receiving approval for this item, the overview of which is as described later. Because the details of this item are necessary and reasonable for the granting of remuneration etc. to individual Directors in line with said policy, we believe that the content of this item is appropriate. In order to ensure the transparency and objectivity of the process for determining remuneration, the introduction of the Plan has been deliberated by the Compensation Advisory Committee.

Assuming that Item 2 “Election of Nine (9) Directors” is approved and adopted as proposed, five (5) Directors (excluding Outside Directors) will be eligible for the Plan.

This item proposes amounts and details of remuneration, etc. for Directors in all aspects of remuneration based on the Plan.

2. Amounts and Details, etc. of Remuneration, etc. Under the Plan

(1) Overview of the Plan

The Plan is a stock-based remuneration system for Directors under which the Company contributes money to a trust equivalent to the amount of remuneration for Directors, and shares of the Company are acquired through the trust using this money as funds, with 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.”) delivered or paid (hereinafter, “delivered, etc.”) as remuneration for Directors depending on the individual’s position and the degree of achievement of performance targets, etc. (details of the Plan are as set out in (2) and subsequent paragraphs below).

(i) Persons eligible for delivery, etc. of the Company’s Shares, etc. in the scope of this item	• Directors of the Company (excluding Outside Directors)
(ii) Impact of the shares of the Company in the scope of this item on the total number of shares issued and outstanding Upper limit of money to be contributed by the Company (as per (2) below)	• The amount obtained by multiplying JPY 820 million by the number of fiscal years in the subject period • In the initial subject period (one fiscal year ending on March 31, 2025), the upper limit is JPY 820 million, corresponding to one fiscal year. For the subsequent subject periods, if the number of fiscal years covered by the mid-term management plan is three, the upper limit will be JPY 2,460 million, corresponding to three fiscal years.

Upper limit of the number of the Company's Shares, etc. to be delivered, etc. to Directors, and the method of acquiring shares of the Company (as per (2) and (3) below)	<ul style="list-style-type: none"> • The number of shares obtained by multiplying 364,000 by the number of fiscal years in the subject period • In the initial subject period, the upper limit of shares corresponding to one fiscal year is 364,000 shares. For the subsequent subject periods, if the number of fiscal years covered by the mid-term management plan is three, the upper limit will be 1,092,000 shares, corresponding to three fiscal years. • The ratio of the above number of shares per fiscal year (364,000) to the total number of shares of the Company issued and outstanding (as of March 31, 2024, after deducting treasury shares) is approximately 0.038%. • Because the shares of the Company will be acquired from the stock market, no dilution will occur.
(iii) Details of performance achievement conditions (as per (3) below)	<ul style="list-style-type: none"> • Varies within a given range in accordance with performance, etc. of the Company for a single year, the achievement status of the target values raised in the mid-term management plan, etc. • In the initial subject period, the indicators used to evaluate performance, etc. in a single year include consolidated ROE, consolidated ROA, the consolidated operating income ratio, and the growth rate of consolidated sales. • In the initial subject period, the indicators used to evaluate the achievement status of the target values raised in the mid-term management plan, etc. are the sales growth rate, operating income ratio, ROE, net debt-to-equity ratio, and ROA and net debt-to-equity ratio in the retail finance business, as well as ESG indicators (indicators related to the reduction of environmental impacts and to evaluation by external organizations). • Depending on the achievement ratio of performance targets, the figure could vary from 0% to 100% during the initial subject period.
(iv) Timing of delivery, etc. of the Company's Shares, etc. to Directors (as per (4) below)	<ul style="list-style-type: none"> • Upon retirement

(2) Upper Limit, etc. of Money to Be Contributed by the Company

In principle, the period covered by the Plan shall be the fiscal years covered by a mid-term management plan of the Company (hereinafter the "Subject Period"). The initial Subject Period shall consist of only the one fiscal year ending on March 31, 2025.

After setting the upper limit of the trust money to be contributed by the Company for remuneration of Directors over each Subject Period to an amount obtained by multiplying JPY 820 million by the number of fiscal years in the Subject Period in question, the Company contributes the trust money as remuneration for Directors, and establishes a trust, the period of which corresponds to the Subject Period (hereinafter, the "Trust"), and whose beneficiaries are the Directors who meet the beneficiary requirements. In accordance with the instructions of the trust administrator, the Trust will use the trust money as funds to acquire shares of the Company from the stock market. During the Subject Period, the Company will grant Directors a number of points as set out in (3) below, and the Trust will deliver, etc. the Company's Shares, etc. in a number equivalent to the number of points granted, at certain timing determined in advance.

Upon expiry of the trust period, the Company may continue the Trust by making amendments to the trust agreement and making additional contributions to the Trust. In such case, in principle, a new Subject Period will be established for the corresponding fiscal years in the Company's mid-term management plan at that time, and the trust period of the Trust will be extended for the period corresponding to the new Subject Period. The Company will make additional contributions to the Trust within the upper limit of trust money to be contributed to the Trust for which approval by resolution of this General Meeting of Shareholders has been obtained and will continue granting points and delivering, etc. the Company's Shares, etc. to Directors during the new Subject Period. In such cases where such additional contributions are to be made when there are any of shares of the Company (excluding the shares of the Company equivalent to points granted to Directors that are yet to be delivered, etc.) and money remaining in the trust assets (excluding funds corresponding to distributions kept in the trust equivalent to points granted to Directors listed in (7), hereinafter referred to as "Residual Shares, etc." together with the shares of the Company) at the last day of the trust period prior to the extension, the sum of the value of the Residual Shares, etc. and additional trust money to be contributed shall be within the amount obtained by multiplying JPY 820 million by the number of fiscal years within the Subject Period.

Such an extension of the trust period will not be limited to one time only, and the trust period for the Trust may subsequently be re-extended in the same manner.

(3) Calculation Method and Upper Limit of the Number of the Company's Shares, etc. Delivered, etc. to Directors

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

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

Based on the Company's performance, etc. for a single year*, the number of points is decided and granted each fiscal year to Directors.

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

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

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

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

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

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

Where the Directors who meet the beneficiary requirements retire, according to the predetermined beneficiary determination procedures, a number of the Company's Shares, etc. corresponding to

the number of share delivery points granted to such Directors up until their retirement will be delivered, etc. from the Trust.

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

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

(5) Malus and Clawback System

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

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

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

(7) Treatment of Dividends of the Company's Shares Under the Trust

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

(8) Other Details of the Plan

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

(Reference)

1) Revision of system of remuneration for Directors

At a meeting of the Board of Directors held on April 26, 2024, the Company resolved to revise the performance-linked stock-based remuneration system for Directors of the Company (excluding Outside Directors; hereinafter, the "Company's Directors") on the condition that this item is approved, and to introduce a trust-type stock-based remuneration system (Board Incentive Plan Trust) to replace the current restricted stock compensation system.

The remuneration for the Company's Directors comprises basic remuneration and performance-based remuneration linked to consolidated performance for a single fiscal year (bonus in cash and the Stock-Based Remuneration A) as well as the performance-based remuneration that reflect the degree of achievement of the management targets raised in the mid-term management plan (Stock-Based Remuneration B). The purpose of the revisions to the Plan is to further increase the desire to contribute to enhancing the Company's medium- to long-term results and to boosting its corporate value by increasing the ratio of stock-based remuneration for Directors and delivering stocks to Directors at their retirement, as well as to align interests with our shareholders. Specifically, the revisions will increase the maximum amount of remuneration linked to consolidated performance for a single fiscal year (Stock-Based Remuneration A) paid from 12 months' worth of monthly remuneration to 15 months' worth of monthly remuneration. As a result of this change, the maximum amount of remuneration linked to consolidated performance for a single fiscal year (bonus in cash and the Stock-Based Remuneration A) will increase from 24 months' worth of monthly remuneration to 27 months' worth of monthly remuneration.

		Monetary Remuneration	Stock-Based Remuneration	
Current System	Basic Remuneration	Performance-Based Remuneration for a Single Year (Monthly Remuneration x 0 ~ 24) ↓0 ~ 12 months	Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan (Monthly Remuneration x 0 ~ 3) ↓0 ~ 12 months	
	Monthly Remuneration x 12		Bonus in Cash	Stock-Based Remuneration A Restricted Stock (Restriction Period: 3 years)

		Monetary Remuneration	Stock-Based Remuneration	
After Revision	Basic Remuneration	Performance-Based Remuneration for a Single Year (Monthly Remuneration (for stock-based remuneration, Base Amount by Position) x 0 ~ 27) ↓0 ~ 12 months	Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan (Base Amount by Position x 0 ~ 3) ↓0 ~ 15 months	
	Monthly Remuneration x 12		Bonus in Cash	Stock-Based Remuneration A Board Incentive Plan Trust (Delivered upon retirement)

2) Revision of stock-based remuneration system for the Company's employees and Directors of affiliated companies

At a meeting of the Board of Directors held on April 26, 2024, the Company resolved to revise the performance-linked stock-based remuneration system for employees of the Company in senior managerial positions such as Executive Officers (hereinafter, the "Company's Employees") and to introduce a trust-type stock-based remuneration system to replace the current restricted stock compensation system.

At the same time, it was also decided that at affiliated companies of the Company (hereinafter, "Subject Affiliated Companies"), the performance-linked stock-based remuneration systems for their Directors (excluding Outside Directors, hereinafter, "Affiliated Company Directors") will be subject to revisions in the same manner as those for the Company's Directors, and that Subject Affiliated Companies will introduce trust-type stock-based remuneration systems to replace their current restricted stock compensation systems. Conditional on this item being approved and adopted as proposed, each Subject Affiliated Company will also introduce a plan for Affiliated Company Directors similar to the Plan for the Company's Directors, using a trust same as the trust in the Plan, after obtaining the approval of its general meeting of shareholders.

With the objective of further increasing the desire to contribute to enhancing medium- to long-term corporate value, the system for the Company's Employees and Affiliated Company Directors will also be revised from that similar to the current restricted stock compensation system for the Company's Directors to a trust-type stock-based remuneration system. Stocks will be delivered to the Company's Employees and Affiliated Company Directors upon their retirement or their leaving the company.

For details of the Plan, please refer to timely disclosure "Announcement Concerning Revision of Performance-Linked Stock-Based Remuneration System" as of April 26, 2024.

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

At its meeting of the Board of Directors held on April 26, 2024, the Company passed a resolution to renew its policy regarding the determination of remuneration, etc. for individual Directors of the Company (the "Determination Policy"), the overview of which is provided in the Business Report, upon having consulted with and accordingly reported to the Compensation Advisory Committee, which consists of five (5) external members (four (4) Outside Directors and one (1) Outside Audit & Supervisory Board Member) and one (1) internal member, on the condition that this item is approved. The outline, etc. of the details of the revised Determination Policy are as follows:

In an effort to maintain a highly objective and transparent remuneration system, the Compensation Advisory Committee deliberates on the policy and levels of remuneration for Directors of the Company. Then, taking the Committee's reports and recommendations into consideration, the Board of Directors

shall decide on the total amount of remuneration within the range previously determined by resolution of the General Meeting of Shareholders.

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

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

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

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

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

[System of Remuneration for Internal Directors]

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	Bonus in Cash (0 ~ 12 months)	Stock-Based Remuneration A (0 ~ 15 months) Board Incentive Plan Trust	Stock-Based Remuneration B Board Incentive Plan Trust
Monetary remuneration		Stock-based remuneration	

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

and recommendations.

b) Performance-Based Remuneration for a Single Year

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

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

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

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

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

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

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

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

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

- c) **Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan**
The Company will pay Eligible Directors the equivalent of three times the base amount by position every fiscal year as remuneration linked to the period of the Company's mid-term management plan as stock-based remuneration (Stock-Based Remuneration B). Stock-Based Remuneration B shall be a trust-type stock-based remuneration (BIP Trust), with single-year points allotted to Eligible Directors every fiscal year in accordance with their position. After the conclusion of the mid-term management plan period, the single-year points allocated to Eligible Directors are totaled, and this total value is multiplied by the performance-linked coefficient corresponding to the achievement status of the mid-term management plan targets, etc. to calculate the number of performance-linked points and to decide the number of points to be granted. When an Eligible Director retires, a number of the Company's Shares, etc. equivalent to the number of points granted up to the time of retirement is delivered, etc. to them. If an Eligible Director retires during the period of the mid-term management plan, the single-year points granted during the period of the mid-term management plan are totaled, and this total value is multiplied by the performance-linked coefficient corresponding to the achievement status of the mid-term management plan targets, etc. at the time of retirement to calculate the number of performance-linked points and to decide the number of points to be granted.

Given that such remuneration constitutes performance-based remuneration under the mid-term management plan, the Company has selected these performance indicators having deemed them to be appropriate after comprehensively taking these performance indicators into consideration in order to multilaterally reflect in Directors' remuneration the Company's performance while paying close attention to growth and profitability in light of the goal of this remuneration system, which is to further contribute to the increase of medium- to long-term corporate value, after connecting it to the management targets established in the mid-term management plan.

The performance indicators that are the basis of the calculation of this remuneration are subject to change per resolution of the Board of Directors.

- d) **Malus and Clawback System**

The Company resolved on a 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.

For details, etc. of the stock-based remuneration system under this Determination Policy, please refer to "2. Amounts and Details, etc. of Remuneration, etc. Under the Plan" in this item.

Business Report

(April 1, 2023 - March 31, 2024)

1. Current Conditions of Komatsu

(1) Outline of Operations and Business Results

Komatsu Ltd. (“Company”) and its consolidated subsidiaries (together “Komatsu”) were engaged in the three-year, mid-term management plan, “DANTOTSU Value – *Together, to ‘The Next’ for sustainable growth,*” in April 2022 to create new values for the next 100 years. Under this management plan for the target fiscal year ending March 31, 2025, Komatsu upholds three pillars of growth strategies of 1) Accelerate growth by means of innovation, 2) Maximize earnings power, and 3) Enhance corporate resilience. Komatsu will continue to emphasize the previous plan’s sustainability management, which aimed for sustainable growth through a positive cycle of improving profitability and solving environmental, social and corporate governance (ESG) issues, thereby working toward creating an operational structure that is resilient to fluctuations in demand.

For the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024), consolidated net sales for the year increased by 9.1% from the previous fiscal year to JPY 3,865.1 billion. Concerning profits, operating income increased by 23.7% from the previous fiscal year to JPY 607.2 billion due to improved selling prices in most regions of the world and the depreciation of the Japanese yen despite rising fixed costs and material prices. Operating income ratio was 15.7%, up 1.9 percentage points from the previous fiscal year. Income before income taxes and equity in earnings of affiliated companies increased by 20.8% from the previous fiscal year to JPY 575.7 billion. Net income attributable to Komatsu Ltd. increased by 20.5% from the previous fiscal year to JPY 393.4 billion.

	154th Fiscal Year (April 2022 – March 2023)	Changes from 154th Fiscal Year	155th Fiscal Year (April 2023 – March 2024)
Net sales	JPY 3,543.5 billion	+9.1%	JPY 3,865.1 billion
Operating income	JPY 490.7 billion	+23.7%	JPY 607.2 billion
Income before income taxes and equity in earnings of affiliated companies	JPY 476.4 billion	+20.8%	JPY 575.7 billion
Net income attributable to Komatsu Ltd.	JPY 326.4 billion	+20.5%	JPY 393.4 billion

Note: The Consolidated Financial Statements of the Company are prepared in accordance with Article 120-3, Paragraph 1 of the Regulations on Corporate Accounting of Japan and the method of preparation conforms to the accounting principles generally accepted in the United States of America (hereinafter “U.S. GAAP”) in terms of terminology and format.

[Construction, Mining and Utility Equipment]

	155th Fiscal Year (April 2023 – March 2024)	Changes from 154th Fiscal Year
Sales	JPY 3,615.2 billion	+9.7%
Segment profit	JPY 574.0 billion	+29.4%

Note: The amounts stated in the table above are based on the amounts before elimination of transactions between segments.

In the construction, mining and utility equipment segment, demand for construction equipment decreased mainly in Latin America, Europe and Asia, but remained steady in North America. Demand for mining equipment remained strong against the backdrop of sustained stability in resource prices. There were also effects of expanded parts sales and service revenues, reflecting high machine utilization rates, especially for mining equipment, improved selling prices in most regions of the world, and the depreciation of the Japanese yen. As a result, sales increased by 9.7% from the previous fiscal year to JPY 3,615.2 billion. Segment profit increased by 29.4% from the previous fiscal year to JPY 574.0 billion.

Under the “Accelerate growth by means of innovation” strategy, one of the three pillars of the mid-term management plan’s growth strategies, the Company is further promoting efforts to digitize the world’s workplaces through “products (automation and autonomous operation of construction and mining equipment)” and “solutions (optimization of overall work site processes).” As of March 31, 2024, the accumulated number of Autonomous Haulage Systems (AHS) mining trucks adopted totaled 727 units. With the goal of further enhancing the safety and productivity of mining sites, the Company has begun joint development with Toyota Motor Corporation (Toyota) of an Autonomous Light Vehicle (ALV) that will automatically run under the control of Komatsu’s AHS.



[Komatsu autonomous haul truck and Toyota ALV (concept vehicle)]

As part of our efforts toward carbon neutrality, in order to accelerate initiatives to form the electrified construction equipment market, we designated fiscal year 2023 as “the first year of introducing electrified construction equipment to the market,” and announced the launch of four models in Japan and overseas. When added to the lineup of electrified construction equipment for the Japanese market up until the previous fiscal year, there is a total of seven models. All of these seven models have been certified for the first time under Japan’s Ministry of Land, Infrastructure, Transport and Tourism’s GX Construction Equipment Certification System, which has been established with the aim of reducing CO₂ emissions in construction and helping to protect the global environment.

[Seven models of electrified construction equipment that have been certified for the first time under the GX Construction Equipment Certification System]



So as to accelerate the development and production of batteries optimized for construction and mining equipment, we acquired U.S.-based battery manufacturer American Battery Solutions in December 2023.

In order to provide options suitable for worksites with shortened, light-load operations, the Company developed its first electric forklift concept machine equipped with a sodium-ion battery, and began proof of concept (PoC) tests at customer worksites from March 2024.



[Electric forklift concept machine equipped with a sodium-ion battery]

In terms of options for power sources other than batteries for carbon neutrality, we entered into a joint development agreement with the U.S. major car manufacturer General Motors for development of a hydrogen fuel cell power module for the “930E” ultra-class haul truck, which is a mainstay of mining operations.

Under the “Maximize earnings power” strategy, we acquired Australian construction and mining equipment fleet management system (FMS) provider iVolve to help achieve safe and highly productive construction and mining field operations. We also began in Japan the Reman (remanufacturing) business for the capacitors and inverters that are key components of hybrid hydraulic excavators, with the goal of accelerating growth through the evolution of the value chain business.



[GD955-7 large motor grader for mining]

In January 2024, we launched the “GD955-7” large motor grader for mining, remodeled for the first time in 30 years. GD955-7 is a machine which contributes to increasing productivity in mine principally by conducting maintenance of haul routes for dump trucks in mines. This model change achieved conformity to emission standards in each region, improvement in work performance and reduction of maintenance items, and incorporated the latest safety technologies such as “KomVision,” a vehicle-periphery camera system.

In February 2024, we announced the development of a support system for the “WA900-8R” large wheel loader that achieves automatic detection of bucket tooth detachment and boulders in the peripheral area of the vehicle through the use of AI image analysis with the aim of improving productivity and safety at customer worksites.



[Illustration of automatic detection support system for tooth detachment and boulders]

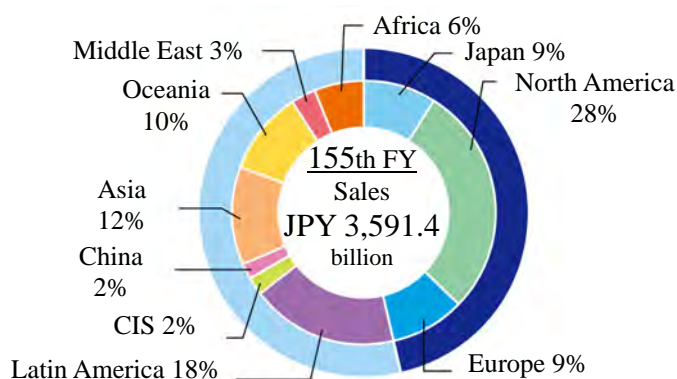


[Komatsu’s logo and branding feature prominently on the 2024 Williams Racing livery, as well as the team’s overalls and kit, for the upcoming Formula One season.]

As part of the “Enhancing corporate resilience” strategy, with the aim of development of a corporate brand and creating the new value in the motorsport, the Company signed a multi-year partnership agreement with Williams Racing, English racing team which is one of the world’s most iconic team of the FIA Formula One World Championship (F1).

In addition, the Company is promoting Total Quality Management (TQM) at its overseas subsidiaries. Successful results in this initiative include the winning of the Fiscal 2023 Deming Prize by Bangkok Komatsu Co., Ltd., an important cross-sourcing production site.

Sales of Construction, Mining and Utility Equipment by Region (to External Customers)



		155th Fiscal Year (April 2023 – March 2024)	Changes from 154th Fiscal Year
● Traditional Markets	● Japan	JPY 340.2 billion	+5.7%
	● North America	JPY 992.9 billion	+14.8%
	● Europe	JPY 314.7 billion	+0.2%
● Strategic Markets	● Latin America	JPY 660.7 billion	+21.2%
	● CIS	JPY 66.7 billion	(44.5)%
	● China	JPY 70.2 billion	(11.9)%
	● Asia*	JPY 439.4 billion	(4.8)%
	● Oceania	JPY 369.3 billion	+16.8%
	● Middle East	JPY 117.6 billion	+36.3%
	● Africa	JPY 219.6 billion	+24.0%

* Excludes Japan and China

[Retail Finance]

	155th Fiscal Year (April 2023 – March 2024)	Changes from 154th Fiscal Year
Revenues	JPY 103.5 billion	+20.9%
Segment profit	JPY 24.2 billion	(11.1)%

Note: The amounts stated in the table above are based on the amounts before elimination of transactions between segments.

In the retail finance segment, revenues increased by 20.9% from the previous fiscal year, to JPY 103.5 billion, reflecting increased interest rates and the Japanese yen's depreciation. Segment profit decreased by 11.1% from the previous fiscal year to JPY 24.2 billion, mainly affected by the absence of a gain on reversal of allowance for doubtful accounts which was recorded in North America for the previous fiscal year. ROA,* which shows the profitability and efficiency of assets, was 2.0% (down 0.6 percentage point from the previous fiscal year).

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

[Industrial Machinery and Others]

	155th Fiscal Year (April 2023 – March 2024)	Changes from 154th Fiscal Year
Sales	JPY 195.6 billion	+2.5%
Segment profit	JPY 10.3 billion	(54.5)%

Note: The amounts stated in the table above are based on the amounts before elimination of transactions between segments.

In the industrial machinery and others segment, sales increased by 2.5% from the previous fiscal year, to JPY 195.6 billion, primarily supported by increased sales of presses, sheet-metal machines, and machine tools for the automobile industry, centering large presses. Segment profit amounted to JPY 10.3 billion, a decrease of 54.5% from the previous fiscal year, due mainly to reduced maintenance revenues in the excimer laser-related business, affected by a drop in demand for semiconductors worldwide.

At our subsidiary Gigaphoton Inc., construction of the new production building that has been under construction since July 2022 to further strengthen production capacity was completed in October 2023. This is Gigaphoton's first dedicated building for production, and with the operation of the new production building, Gigaphoton will be able to achieve its goal of increasing production capacity by 2.5 times compared to 2020.



[Gigaphoton Inc.'s new production building]

(2) Capital Investment

Capital investment increased by JPY 18.4 billion from the previous fiscal year to JPY 180.0 billion.

1) Breakdown by Segment

Segment	Invested Amounts (JPY billion)
Construction, Mining and Utility Equipment	128.0
Retail Finance	42.4
Industrial Machinery and Others	9.6
Total	180.0

2) Main Facilities Completed in the Fiscal Year Ended March 31, 2024

No items to report.

3) New Construction, Expansions and Overhauls of Main Facilities in Progress in the Fiscal Year Ended March 31, 2024

Segment	Main Facilities
Construction, Mining and Utility Equipment	Osaka Plant: Construction of Welding Plant · Facility overview: production facility for large components used in construction equipment Komatsu Machinery Manufacturing (Shandong) Co., Ltd.: Relocating Plant (China) · Facility overview: production facility for construction equipment and components used in construction equipment

In January 2024, the Company began rebuilding its head office building. The Company will investigate the functions and roles that will be required of the building going forward in its role as global head office, work to reduce CO₂ emissions in order to achieve carbon neutrality, strengthen communication functions with all stakeholders, and enhance capabilities of disseminating the corporate brand. Premised on the belief that employees can have diverse ways of working, we will also take steps to achieve a working environment that generates innovation.

(3) Financing

In the fiscal year ended March 31, 2024, in order to appropriate funds for working capital and capital investment, the Company procured funds mainly by the issuance of commercial paper and bonds, as well as through borrowings from financial institutions.

The balance of interest-bearing debt at the fiscal year-end increased by JPY 145.6 billion from the previous fiscal year-end to JPY 1,199.4 billion.

In addition, the net debt-to-equity ratio* at the fiscal year-end was 0.26, compared to 0.30 at the previous fiscal year-end.

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

(4) Issues Ahead

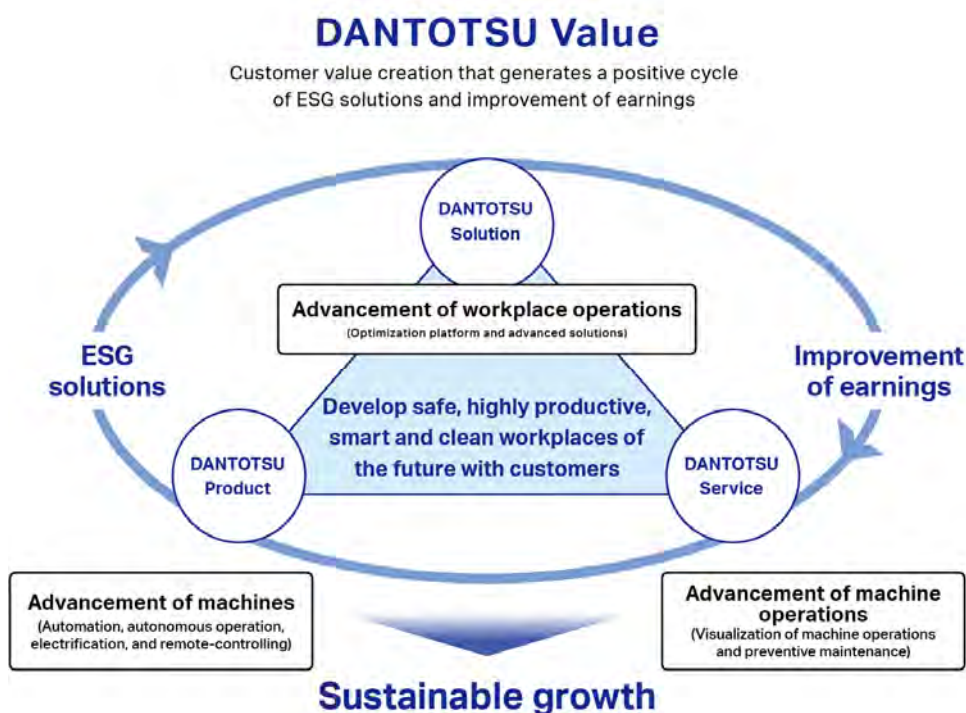
The Komatsu Group defines its purpose to be “creating value through manufacturing and technology innovation to empower a sustainable future where people, business and our planet thrive together.” The Company’s basic approach to achieving this is to pursue “quality and reliability” and to maximize the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

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

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

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

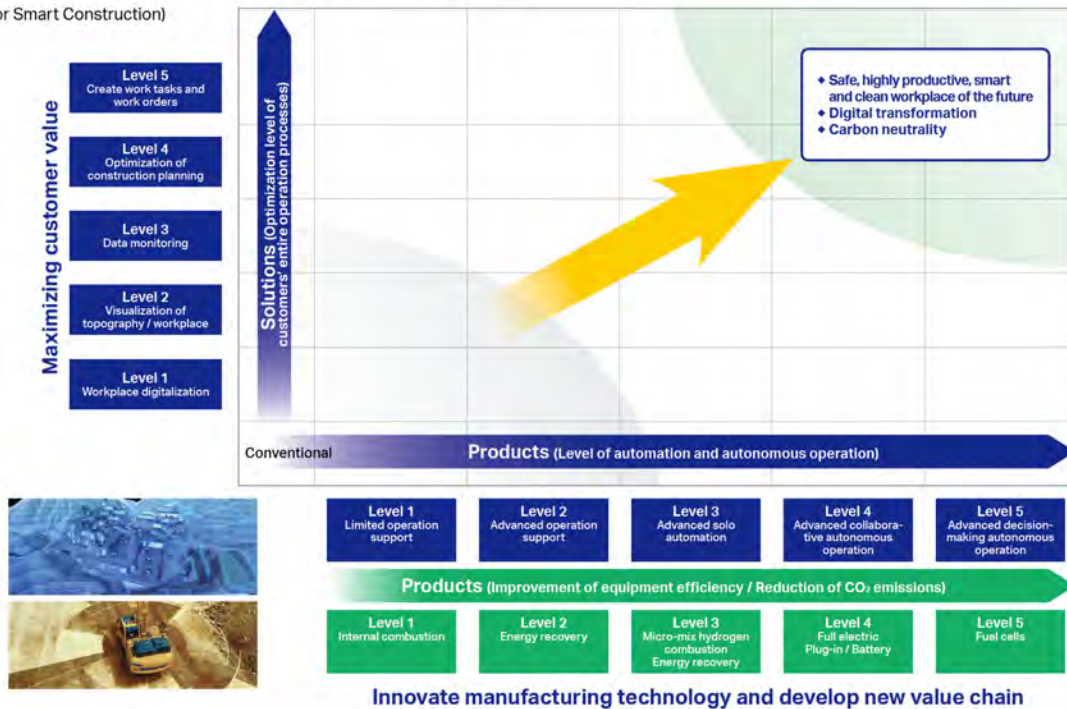
In the mid-term management plan, the Company is striving to achieve its vision of developing safe, highly productive, smart and clean workplaces of the future with customers. To this end, the Company is working to create DANTOTSU Value (New Customer Value) which integrates DANTOTSU Products (advancement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



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

Roadmap to workplace of the future

(For Smart Construction)



Three Pillars of Growth Strategies and Efforts of Focus

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

(Three pillars of growth strategies)



The current external environment is increasingly uncertain as a result of geopolitical risks including the prolonged situation in Ukraine, economic security risks related to advanced technologies such as semiconductors, increasing cybersecurity risks, as well as sustainability risks such as climate change.

The market environment for our mainstay construction and mining equipment business is expected to experience moderate growth in the medium to long term as a result of population growth and urbanization, primarily in emerging countries, together with steady investment in infrastructure renewal in developed countries. In the short term, however, demand is expected to be highly volatile due to various external environmental risks, as mentioned above.

Within this environment, the Company will continue to invest heavily in future value creation (innovation), positioning areas of technology such as electrification, automation, autonomous operation, remote control, and component and system development, and business areas such as our solutions business, value chain business, forestry equipment, and underground hard rock mining as growth areas.

In addition, the Company will maximize profit-earning opportunities in our existing businesses and further improve profitability by expanding the Company's presence in growth markets through measures including product planning and development tailored to regional and categorical characteristics and through strengthening our aftermarket business by expanding extended warranties incorporating maintenance contracts that draw on our strengths in developing and manufacturing components in-house and IoT (KOMTRAX) use in order to build a business structure less susceptible to fluctuations in demand.

With regard to the management foundation supporting these activities, the Company will promote digital transformation (DX) and structural reforms and build a supply chain that is resilient to environmental changes, in order to improve the efficiency of its business operations and enhance its ability to respond to external environmental risks. In 2023, the Company introduced ERM (Enterprise Risk Management) and is working to strengthen the organization-wide risk management system. In addition, in February 2024, the Company announced to have signed a sponsorship agreement with F1 team Williams Racing. By disseminating information to a variety of stakeholders, we will maximize touch points between the Komatsu brand and stakeholders, and raise awareness of our brand as a global company.











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

Three Pillars of Growth Strategies	Examples of Key Initiatives	
1. Accelerate growth by means of innovation	Main results for the current fiscal year	<ul style="list-style-type: none"> • Expanded the number of workplaces where Smart Construction solution is applied • Number of Autonomous Haulage System (AHS) units adopted on the market: 727 units in total • Started commercial operation of remote control of large ICT bulldozers • Introduced four models of electrified construction equipment to the market • Acquired American Battery Solutions in the U.S. (battery manufacturer) • Developed a concept machine for a medium-sized hydraulic excavator equipped with a hydrogen fuel cell, and began PoC tests • Signed a joint development agreement with General Motors in the U.S. to develop a hydrogen fuel cell power module for haul trucks
	Issues for the next fiscal year onward	<ul style="list-style-type: none"> • Accelerating overseas expansion of Smart Construction • Promoting solution business using mining open technology platforms • Strengthening technology development for electrification, automation, and remote control • Establish a forestry management solution business
2. Maximize earnings power	Main results for the current fiscal year	<ul style="list-style-type: none"> • Expansion of sales of hydraulic excavators (CE series) with urban civil engineering specifications, especially in Asia • Expansion of extended warranties with maintenance contracts contributed to growth of the aftermarket business • Started the remanufacturing business for hybrid hydraulic excavator components in Japan • Established a subsidiary in the Republic of Kazakhstan (Komatsu Central Asia LLP) • Acquired iVolve of Australia (provider of fleet management systems for construction and mining equipment)
	Issues for the next fiscal year onward	<ul style="list-style-type: none"> • Strengthening product planning and development frameworks in strategic regions • Expansion of the forestry machinery business and underground hard rock mining business • Further expansion of the aftermarket business • Establishment and global development of business models utilizing the next-generation KOMTRAX • Expanding our reman/rebuild businesses
3. Enhance corporate resilience	Main results for the current fiscal year	<ul style="list-style-type: none"> • Development of cross-sourcing and multi-sourcing • Strengthened the risk management system by introducing ERM • Signed a sponsorship agreement with F1 team Williams Racing • Conducted a global engagement survey and promoted diversity and inclusion • Promoting human resource development in AI and DX
	Issues for the next fiscal year onward	<ul style="list-style-type: none"> • Strengthening the supply chain through further promotion of cross-sourcing and multi-sourcing • Promoting business reforms through structural reforms and DX utilization • Raising the level of risk management continuously • Development of a global brand strategy • Promoting talent management

ESG Resolutions through Growth Strategies

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

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

	Relationship with SDGs	Materiality	Key activity themes for resolving ESG issues (main KPI)
With people	 Gender equality  Decent work and economic growth  Reduced inequalities  Partnerships for the goals	[Employees][Human rights] <ul style="list-style-type: none"> Occupational safety and health and wellbeing Employee engagement and job satisfaction Diversity & Inclusion Skills development and workplace retention Respect for human rights 	Build workplaces that are safe and secure (occupational injury related indicator) Increase employee engagement (engagement survey score) Promote diversity and inclusion (ratio of female managers and people with disabilities) Develop individuals' skills and achieve business growth (develop talent in DX/AI) Promote human rights due diligence (disclosure of performance)
With business	 Industry, innovation and infrastructure  Sustainable cities and communities  Responsible consumption and production  Partnerships for the goals	[Customers][Ethics / Governance][Communities] <ul style="list-style-type: none"> Provision of solutions Product safety and quality Governance Compliance Contributions to local communities 	Improve productivity of construction workplaces by promoting Smart Construction (Number of workplaces where smart construction solution is applied) Provision of products and solutions that enable sustainable resource development (Cumulative units of AHS dump truck) Solutions for improving safety and productivity at customer workplaces (technological development stages for automation, safety device, etc.) Building of value chain adaptable to environmental and demand changes (Aftermarket business: sales growth rate / multi-sourcing parts ratio) Strengthen governance and ensure thorough compliance (disclosure of performance)
With the planet	 Affordable and clean energy  Industry, innovation and infrastructure  Responsible consumption and production  Climate action  Life on land  Partnerships for the goals	[Environment] <ul style="list-style-type: none"> Development of low-carbon/low-emissions products, solutions and business models Resource recycling and remanufacturing Reduction of energy usage and GHG emissions Forest conservation through business activities 	Plants with zero environmental impacts (CO ₂ reduction, use of renewable energy, water usage) Reduction of CO ₂ emissions at customer workplaces (CO ₂ reduction from products in use / Development of electrified equipment) Provision of solutions that support sustainable, recycling-oriented forestry business (Forestry machinery business related indicators: sales growth rate, afforestation, Smart Forestry, etc.) Promotion of recycling-oriented business (reman) (reman business-related indicator: sales growth rate)

Please see the following for information on our sustainability policies and initiatives.

- Sustainability website : <https://www.komatsu.jp/en/sustainability>
- Komatsu Report (integrated report) : <https://www.komatsu.jp/en/ir/library/annual>
- Business activities in line with our Sustainability Policy

With people : <https://www.komatsu.jp/en/sustainability/people>

With business : <https://www.komatsu.jp/en/sustainability/business>

With the planet : <https://www.komatsu.jp/en/sustainability/planet>

Targets of the Mid-Term Management Plan

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

Item	Index	Target
Growth	Sales growth rate	Growth rate above the industry's average
Profitability	Operating profit ratio	An Industry's top-level profit ratio
Efficiency	ROE ^{*1}	10% or higher
Sound financial position	Net D/E Ratio ^{*2}	Industry's top-level financial position
Retail finance business	ROA ^{*3}	1.5% to 2.0%
	Net D/E 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 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^{*4} (World & Asia Pacific) Selected for CDP^{*5} A-List (Climate Changes and Water Security)
Shareholder return	Consolidated payout ratio	<ul style="list-style-type: none"> Keep a fair balance between investment for growth and shareholder return (incl. stock buyback), while placing main priority on growth investment. 40% or higher

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

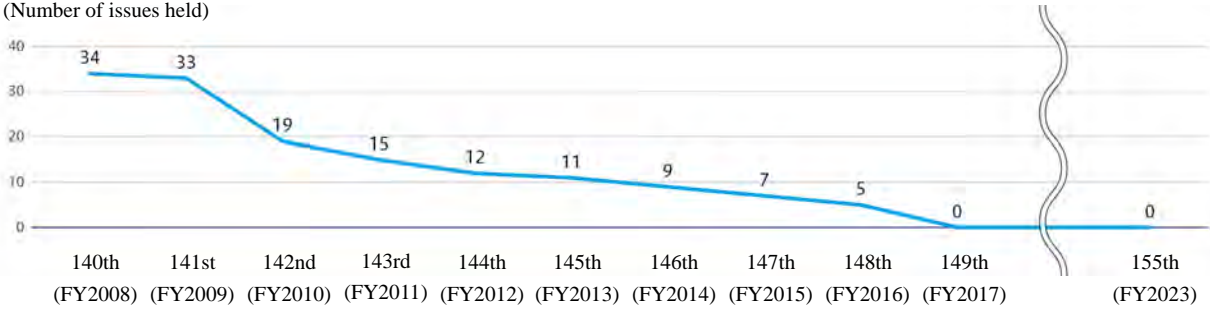
(5) Acquisition or Disposal of Other Companies' Shares, Other Equity Stakes or Stock Acquisition Rights

No items to report.

(Reference: Policy on the Company's Strategic-shareholdings)

The Company shall not hold shares of listed companies, except in cases where it is necessary for business relationships with investors or cooperation with the Company, from the viewpoint of preventing risk due to stock price fluctuations and increasing asset efficiency.

Successive reduction of strategic-shareholdings (non-consolidated basis)



(6) Status of Principal Subsidiaries

1) Principal Subsidiaries (As of March 31, 2024)

Name	Location of Offices and Plants	Capital	Investment Ratio (%)	Main Businesses
Komatsu Customer Support Japan Ltd.	Head Office (Minato-ku, Tokyo)	JPY 950 mil	100.0	Sale and servicing of construction equipment and industrial vehicles Rental of construction equipment, etc.
Komatsu Logistics Corp.	Head Office (Minato-ku, Tokyo)	JPY 1,080 mil	100.0	Transportation, warehousing, packing and other services
Komatsu Business Support Ltd.	Head Office (Minato-ku, Tokyo)	JPY 1,770 mil	100.0	Retail financing of construction and mining equipment
Komatsu Industries Corp.	Head Office (Kanazawa City, Ishikawa)	JPY 990 mil	100.0	Development, sale and servicing of metal forging and stamping presses and sheet-metal machines, etc.
Komatsu NTC Ltd.	Head Office /Plant (Nanto City, Toyama)	JPY 6,014 mil	100.0	Manufacture, sale and servicing of machine tools, etc.
Gigaphoton Inc.	Head Office /Plant (Oyama City, Tochigi)	JPY 5,000 mil	100.0	Development, manufacture, sale and servicing of excimer laser used for lithography tools in semiconductor manufacturing
Komatsu America Corp.	Head Office /Plant (U.S.)	USD 1,071 mil	100.0	Manufacture and sale of construction and mining equipment and supervision in the Americas
Hensley Industries, Inc.	Head Office /Plant (U.S.)	USD 2 thou	*100.0	Manufacture and sale of construction and mining equipment parts
Komatsu Mining Corp.	Head Office (U.S.)	USD 5 thou	*100.0	Overall management of mining equipment business
Joy Global Underground Mining LLC (Note 2)	Head Office /Plant (U.S.)	USD 1,406 mil	*100.0	Manufacture, sale and servicing of mining equipment
Joy Global Surface Mining Inc	Head Office /Plant (U.S.)	USD 1 thou	*100.0	Manufacture, sale and servicing of mining equipment
Joy Global Longview Operations LLC (Note 3)	Head Office /Plant (U.S.)	USD 1,005 mil	*100.0	Manufacture, sale and servicing of mining equipment
Komatsu do Brasil Ltda.	Head Office /Plant (Brazil)	BRL 148 mil	*100.0	Manufacture of construction equipment and casting products
Komatsu Brasil International Ltda.	Head Office (Brazil)	BRL 351 mil	*100.0	Sale and servicing of construction and mining equipment
Komatsu Holding South America Ltda.	Head Office (Chile)	USD 156 mil	*100.0	Sale and servicing of construction and mining equipment
Komatsu Cummins Chile Ltda.	Head Office (Chile)	USD 34 mil	*81.8	Sale and servicing of construction and mining equipment

Name	Location of Offices and Plants	Capital	Investment Ratio (%)	Main Businesses
Joy Global (Chile) S.A.	Head Office /Plant (Chile)	USD 1,958 thou	*100.0	Manufacture, sale and servicing of mining equipment
Komatsu Financial Limited Partnership (Note 4)	Head Office (U.S.)	–	*100.0	Retail financing of construction and mining equipment
Komatsu Europe International N.V.	Head Office (Belgium)	EUR 50 mil	100.0	Sale of construction and mining equipment and supervision in Europe
Komatsu UK Ltd.	Head Office /Plant (UK)	GBP 23 mil	*100.0	Manufacture of construction equipment
Komatsu Germany GmbH	Head Office /Plant (Germany)	EUR 24 mil	*100.0	Manufacture and sale of construction and mining equipment
Komatsu Italia Manufacturing S.p.A.	Head Office /Plant (Italy)	EUR 6 mil	*100.0	Manufacture of construction equipment
Komatsu Forest AB	Head Office /Plant (Sweden)	SEK 397 mil	100.0	Manufacture, sale and servicing of forestry equipment
Komatsu CIS LLC	Head Office (Russia)	RUB 5,301 mil	100.0	Sale of construction and mining equipment
Komatsu Financial Europe N.V.	Head Office (Belgium)	EUR 80 mil	*100.0	Retail financing of construction and mining equipment
Komatsu (China) Ltd.	Head Office (China)	USD 172 mil	100.0	Sale of construction and mining equipment and supervision in China
Komatsu (Changzhou) Construction Machinery Corp.	Head Office /Plant (China)	USD 79 mil	*100.0	Manufacture of construction equipment, casting products and metal forging and stamping presses
Komatsu Machinery Manufacturing (Shandong) Co., Ltd.	Head Office /Plant (China)	USD 245 mil	*100.0	Manufacture of construction equipment and components for construction equipment
PT Komatsu Indonesia	Head Office /Plant (Indonesia)	IDR 192,780 mil	94.9	Manufacture and sale of construction and mining equipment, and casting products
PT Komatsu Marketing & Support Indonesia	Head Office (Indonesia)	USD 5 mil	*94.9	Sale and servicing of construction and mining equipment
Bangkok Komatsu Co., Ltd.	Head Office /Plant (Thailand)	THB 620 mil	*74.8	Manufacture and sale of construction equipment and casting products
Komatsu India Pvt. Ltd.	Head Office /Plant (India)	INR 10,963 mil	*100.0	Manufacture and sale of construction and mining equipment
Komatsu Australia Pty Ltd	Head Office (Australia)	AUD 22 mil	*62.0	Sale and servicing of construction and mining equipment
Joy Global Australia Holding Company Pty Ltd	Head Office (Australia)	AUD 443 mil	*100.0	Roles as holding company of Joy Global Australia Pty Ltd

Name	Location of Offices and Plants	Capital	Investment Ratio (%)	Main Businesses
Joy Global Australia Pty Ltd	Head Office /Plant (Australia)	AUD 608 mil	*100.0	Manufacture, sale and servicing of mining equipment
Komatsu South Africa (Pty) Ltd.	Head Office (South Africa)	ZAR 186 mil	*74.9	Sale and servicing of construction and mining equipment
Komatsu Australia Corporate Finance Pty Ltd	Head Office (Australia)	AUD 49 mil	*62.0	Retail financing of construction and mining equipment

Notes:

1. Figures with an asterisk (*) are the ratio of investment through subsidiaries of the Company and the ratio includes the stakes held by them.
2. Joy Global Underground Mining LLC is a limited liability company based on the state law of Delaware, the U.S., and the Company invests in it through subsidiaries. Its paid-in capital is presented as its capital.
3. Joy Global Longview Operations LLC is a limited liability company based on the state law of Texas, the U.S., and the Company invests in it through subsidiaries. Its paid-in capital is presented as its capital.
4. Komatsu Financial Limited Partnership is a limited partnership based on the state law of Delaware, the U.S., and the Company invests in it through subsidiaries. Its net asset which is equivalent to the capital amounts to USD 761 million.
5. The number of consolidated subsidiaries of the Company, including those listed above, is 208, and the number of affiliated companies accounted for by the equity method is 42.

2) Others (update on important combination)

No items to report.

2. Matters Regarding the Shares of the Company (As of March 31, 2024)

- (1) **Number of shares authorized to be issued:** 3,955,000,000 shares
- (2) **Total number of shares issued and outstanding:** 946,399,319 shares
(excluding 27,411,301 shares of treasury stock)
- (3) **Number of shareholders:** 254,214
- (4) **Major shareholders (top ten)**

Name of Shareholders	Number of Shares Held (thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	159,743	16.87
Custody Bank of Japan, Ltd. (Trust Account)	65,208	6.89
JPMorgan Securities Japan Co., Ltd.	28,305	2.99
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS (standing proxy: Sumitomo Mitsui Banking Corporation)	26,310	2.78
STATE STREET BANK WEST CLIENT - TREATY 505234 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	22,701	2.39
Nippon Life Insurance Company (standing proxy: The Master Trust Bank of Japan, Ltd.)	21,301	2.25
STATE STREET BANK AND TRUST COMPANY 505223 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	15,179	1.60
Taiyo Life Insurance Company	14,200	1.50
JP MORGAN CHASE BANK 385781 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	12,565	1.32
JP MORGAN CHASE BANK 380055 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	12,448	1.31

Notes:

- Shareholding ratio is calculated by subtracting treasury stock.
- Although the Company holds 27,411 thousand shares of treasury stock, it is excluded from the major shareholders listed above.

(5) Status of shares delivered to Directors and Audit & Supervisory Board Members of the Company as consideration for their execution of duties during the fiscal year ended March 31, 2024

Details on stock-based remuneration delivered during the fiscal year ended March 31, 2024 are as follows.

Total number of shares delivered to Directors, Outside Directors and Audit & Supervisory Board Members

	Number of Shares	Number of Grantees
Directors (excluding Outside Directors)	97,990 shares	5
Outside Directors	0 shares	0
Audit & Supervisory Board Members	0 shares	0

Note: This constitutes the shares assigned to the Company's Directors from among the stock-based remuneration in the form of restricted stock compensation stated below under "(6) Other significant matters regarding the shares of the Company." Details regarding the Company's stock-based remuneration are stated under "3. (3)-5) Remuneration for Directors and Audit & Supervisory Board Members."

(6) Other significant matters regarding the shares of the Company

Based on a resolution passed at a meeting of the Board of Directors held on July 14, 2023, the Company issued new shares for stock-based remuneration in the form of restricted stock compensation as follows.

1) Type and number of shares	359,690 common shares of the Company
2) Paid-in amount	JPY 3,760 per one (1) share
3) Total paid-in amount	JPY 1,352,434,400
4) Persons to whom shares are allotted and the number of them	Directors of the Company (excluding Outside Directors), as well as employees, and the Directors and employees of subsidiaries of the Company, totaling 88 persons
5) Payment date	September 1, 2023

3. Corporate Governance, Directors and Audit & Supervisory Board Members, etc.

(1) Basic Views on Corporate Governance

The Company considers that “corporate value is the total sum of trust given to us by society and all stakeholders.” To become a company which enjoys more trust from shareholders and all other stakeholders, we are working to strengthen corporate governance, improve management efficiency, advocate corporate ethics and ensure sound management on a group-wide basis.

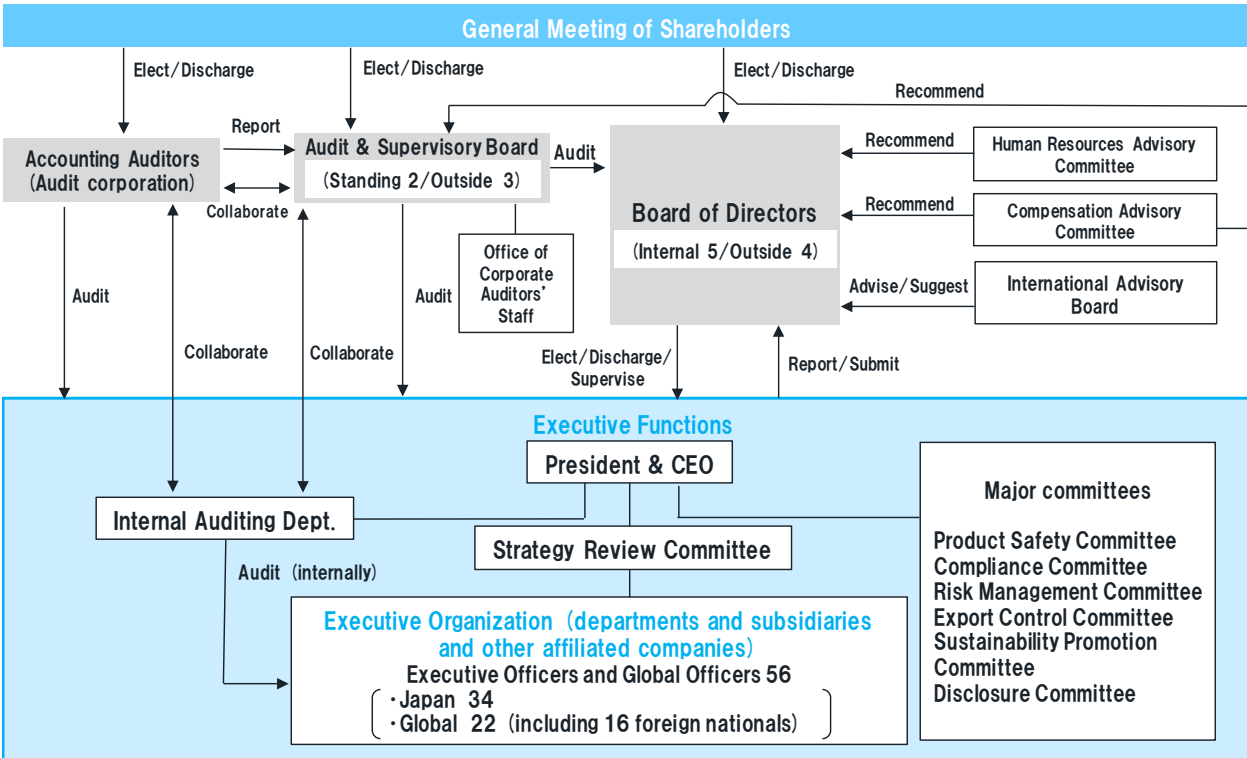
(2) Corporate Governance System of the Company

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

The Company strives to make improvements to increase the effectiveness of the Board of Directors and conducts an annual evaluation and analysis of the effectiveness of the Board of Directors. In the fiscal year ended March 31, 2024, the evaluation and analysis focused on (1) roles and functions of the Board of Directors, (2) the size and composition of the Board of Directors, (3) arrangement of meeting agendas, (4) reports and explanations, provision of information, and follow-up, (5) meeting discussions, (6) understanding of the business/communication and (7) self-evaluations. In the results of the evaluation and analysis no material issues were indicated with regard to effectiveness, with the Board achieving generally high levels in all evaluation items.

In addition, the Company has established “Systems for Ensuring the Properness of Operations” as its internal control systems and continually works to enhance its corporate governance.

Corporate governance of the company



Note: The above diagram is as of March 31, 2024.

(3) Directors and Audit & Supervisory Board Members of the Company

1) Names, etc. of Directors and Audit & Supervisory Board Members (As of March 31, 2024)

Position	Name	In Charge at the Company and/or Important Concurrent Positions Held in Other Organizations
Chairman of the Board	Tetsuji Ohashi	Outside Director of Yamaha Motor Co., Ltd.* Outside Member of the Board of Nomura Research Institute, Ltd.* Outside Director of Asahi Group Holdings, Ltd.*
President and Representative Director	Hiroyuki Ogawa	Chief Executive Officer (CEO)
Representative Director and Senior Executive Officer	Masayuki Moriyama	President of Mining Business Division
Director and Senior Executive Officer	Takeshi Horikoshi	Chief Financial Officer (CFO)
Director and Senior Executive Officer	Mitsuko Yokomoto	Supervising Human Resources, Education and Sustainability
Director	Takeshi Kunibe	Chairman of the Board of Sumitomo Mitsui Financial Group, Inc.* Outside Member of the Board of TAISHO PHARMACEUTICAL HOLDINGS CO., LTD.* Outside Director/Audit & Supervisory Committee Member of Nankai Electric Railway Co., Ltd.*
Director	Arthur M. Mitchell	Registered foreign lawyer of White & Case LLP
Director	Naoko Saiki	Special Assistant to the Minister for Foreign Affairs Outside Director of Sojitz Corporation* Outside Member of the Board of Directors of Development Bank of Japan Inc.* Outside Director of Sankyu Inc.*
Director	Michitaka Sawada	Executive Advisor of Kao Corporation Outside Director of Panasonic Holdings Corporation* Outside Director of Nitto Denko Corporation*
Standing Audit & Supervisory Board Member	Yasuhiro Inagaki	—
Standing Audit & Supervisory Board Member	Terumi Sasaki	—
Audit & Supervisory Board Member	Kotaro Ohno	Advisor of Atsumi & Sakai Outside Director of Mizuho Financial Group, Inc.*
Audit & Supervisory Board Member	Tatsuro Kosaka	Senior Advisor of Chugai Pharmaceutical Co., Ltd. Outside Director of Mitsubishi Electric Corporation* Outside Director of Olympus Corporation*
Audit & Supervisory Board Member	Mariko Matsumura	Partner, Shinwa Sohgo Law Offices Outside Statutory Auditor of Fund Creation Group Co., Ltd.* Outside Member of the Board of Meiji Holdings Co., Ltd.* Outside Director of SODA NIKKA CO., LTD.*

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. An asterisk (*) indicates important concurrent positions held in other organizations.
4. Regarding important concurrent positions held by Outside Directors and Outside Audit & Supervisory Board Members in other organizations, there are no particular business relationships, etc. between the Company and other organizations at which Outside Directors and Outside Audit & Supervisory Board Members hold concurrent positions.
5. Standing Audit & Supervisory Board Member Terumi Sasaki has long engaged in accounting-related duties at the Company and has considerable profound knowledge concerning financial affairs and accounting.
6. The Company employs the Executive Officer (*Shikko Yakuin*) System.
7. Ms. Mariko Matsumura's name on her family register is Mariko Hosoi.

2) 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 Company's 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 the amount stipulated by laws and regulations.

3) 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 Tetsuji Ohashi, Hiroyuki Ogawa, Masayuki Moriyama, Takeshi Horikoshi, Mitsuko Yokomoto, Takeshi Kunibe, Arthur M. Mitchell, Naoko Saiki, and Michitaka Sawada, and Audit & Supervisory Board Members Yasuhiro Inagaki, Terumi Sasaki, Kotaro Ohno, Tatsuro Kosaka, and Mariko Matsumura, 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.

4) 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.

5) Remuneration for Directors and Audit & Supervisory Board Members

i) Policy, etc. regarding the determination of remuneration, etc. for individual Directors

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

Upon having consulted with and accordingly reported to the Compensation Advisory Committee, the Company passed a resolution at a meeting of the Board of Directors held on April 26, 2024, to renew its Determination Policy, conditional on receiving approval for Item 5 scheduled to be proposed at the 155th Ordinary General Meeting of Shareholders (for details of the revised Determination Policy, please refer to <Reference> of Item 5).

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

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

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

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

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

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

[System of Remuneration for Internal Directors]

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

a) Basic Remuneration

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

b) Performance-Based Remuneration for a Single Year

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

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

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

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

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

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

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

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

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

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

c) Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan

The Company will pay Internal Directors the equivalent of three months of monthly remuneration based on the resolution of the Board of Directors every fiscal year as remuneration linked to the period of the Company's mid-term management plan by granting restricted stock as stock-based remuneration (Stock-Based Remuneration B). In deciding Stock-Based Remuneration B, after the expiry of the period of the mid-term management plan, the number of shares on which to lift transfer restrictions (within the range of 0-100%) will be decided mainly based on the achievement of the indicators presented in the table below, which are within the management targets of the mid-term management plan and, as a general rule, the restriction on transfer on the shares will be lifted after three years from delivery.

Given that such remuneration constitutes performance-based remuneration under the mid-term management plan, the Company has selected these performance indicators having deemed them to be appropriate after comprehensively taking these performance indicators into consideration in order to multilaterally reflect in Directors' remuneration the Company's performance while paying close attention to growth and profitability in light of the goal of this remuneration system, which is to further contribute to the increase of medium- to long-term corporate value, after connecting it to the management targets established in the mid-term management plan.

The performance indicators that are the basis of the calculation of this remuneration are subject to change per resolution of the Board of Directors.

For the fiscal year ended March 31, 2024, the Company's actual results regarding its key performance indicators are as follows.

	Index	Results
Growth	Sales growth rate	Increase of 9.1%
Profitability	Operating income ratio	15.7%
Efficiency	ROE ^{*1}	14.1%
Sound financial position	Net debt-to-equity ratio ^{*2}	0.26
Retail finance business	ROA ^{*3}	2.0%
	Net debt-to-equity ratio ^{*2}	4.24
ESG	Reduction of environmental impact	Reduction of CO ₂ emissions through product use (relative to 2010): 22% decrease (expected)
		Reduction of CO ₂ emissions through production (relative to 2010): 50% decrease (expected)
		Renewable energy use: 25% (expected)
	Evaluation by external organizations	Selected for DJSI ^{*4}
Selected for CDP ^{*5} A-list (Climate Changes and Water Security)		

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

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

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

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

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

[Details of Stock-Based Remuneration System by Restricted Stock]

(1) Overview

- ▶ Under the System, the Company shall grant Directors excluding the Outside Directors of the Company (hereinafter “Eligible Directors”) monetary compensation receivables for the allocation of restricted stock for each fiscal year in principle, and, by having the Eligible Directors make contribution in kind to the Company using the monetary compensation receivables as contributed assets, shall issue or dispose of its shares of common stock to the Eligible Directors and allow them to hold such shares.
- ▶ The Company shall conclude a restricted stock grant agreement (hereinafter “Grant Agreement”) with the Eligible Directors. With regard to the shares granted pursuant to the Grant Agreement (hereinafter “Granted Shares”), the Eligible Directors shall not be allowed to transfer, create a security interest on, or otherwise dispose (hereinafter “Transfer”) of them at will (hereinafter “Restrictions”) during a given period provided by the Grant Agreement (hereinafter “Restricted Period”).
The Company shall acquire from the Eligible Directors, free of charge, the Granted Shares with respect to which the Restrictions have not been lifted as a result of the occurrence of prescribed events, including the failure to accomplish performance targets determined by the Board of Directors based on reports and recommendations of the Compensation Advisory Committee. The Grant Agreement shall stipulate that during the Restricted Period and after the Restrictions have been lifted, if the Board of Directors resolves that it is appropriate to make the Eligible Directors return the shares granted to them in accordance with the System, the Eligible Directors shall return the corresponding portion of shares to the Company.
- ▶ Other details regarding the administration of the System shall be determined by the Board of Directors based on reports and recommendations of the Compensation Advisory Committee.

	Stock-Based Remuneration A (Performance-Based Remuneration for a Single Year)	Stock-Based Remuneration B (Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan)
(2) Framework of the remuneration system	The Company shall determine the amount of remuneration based on the Company's single-year performance, etc. and pay a part of the amount of remuneration so determined in the form of restricted stock to the Eligible Directors each fiscal year. The Restrictions will, in principle, be lifted three (3) years after the grant of the Granted Shares.	With respect to the period of the Company's mid-term management plan, the Company shall grant restricted stock to the Eligible Directors each fiscal year based on the base amount of remuneration for each position. After the expiry of the period of the mid-term management plan, the Company shall determine the number of shares with respect to which the Restrictions will be lifted according to the achievement status of the targets raised in the mid-term management plan, etc. In principle, the Company shall lift the Restrictions three (3) years after the grant of the Granted Shares.
(3) Amount of monetary compensation receivables to be provided and the maximum number of shares to be granted	Amount of monetary compensation receivables: No more than JPY 360 million per year; provided, however, that the salary as employees for the Directors who are concurrently employees is not included in this amount. Total number of Granted Shares: No more than 239,000 shares during one fiscal year.	Amount of monetary compensation receivables: No more than JPY 180 million per year; provided, however, that the salary as employees for the Directors who are concurrently employees is not included in this amount. Total number of Granted Shares: No more than 120,000 shares during one fiscal year.
	However, if a stock split, consolidation of shares or any other situation with respect to the Company's common stock occurs that necessitates the adjustment of the total number of shares of restricted stock to be allocated, the total number of Granted Shares shall be reasonably adjusted.	
(4) Amount to be paid per share	The amount to be paid per share shall be determined by the Board of Directors to an extent that would not be considered especially advantageous to the Eligible Directors who are granted the shares of common stock of the Company under the System, that is, the closing price of the share of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of Directors (or the closing price on the trading day immediately prior thereto if there is no trading on such business day), etc.	
(5) Restriction Period	The Restriction Period shall be three (3) years and the Eligible Directors shall not Transfer the Granted Shares during such period.	

	Stock-Based Remuneration A (Performance-Based Remuneration for a Single Year)	Stock-Based Remuneration B (Performance-Based Remuneration Linked to Performance of Mid-Term Management Plan)
(6) Lifting of Restrictions	The Company shall, in principle, lift the Restrictions on the Granted Shares at the expiry of the Restriction Period.	In principle, the Company shall, at the expiry of the Restriction Period, lift the Restrictions on all or part of the Granted Shares according to the degree of achievement of the targets raised in the mid-term management plan based on the indicators set by the Board of Directors, including the major performance indicators set in the mid-term management plan. Upon determination of the number of shares with respect to which the Restrictions will be lifted according to the achievement status of the targets raised in the mid-term management plan, etc., the Company shall as a matter of course acquire, free of charge, the Granted Shares with respect to which the Company decides not to lift the Restrictions pursuant to the above provision.

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

d) Malus and Clawback System

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

ii) Remuneration for Directors and Audit & Supervisory Board Members for the Fiscal Year ended March 31, 2024

Classification	Number of Persons Paid	Performance-Based Remuneration, etc.			Total Amount of Remuneration, etc. Paid
		Fixed Remuneration			
		Monetary Remuneration		Non-monetary Remuneration, etc.	
		Basic Remuneration	Bonus in Cash	Stock-Based Remuneration (Note 3)	
Director	10	JPY 458 mil	JPY 369 mil	JPY 278 mil	JPY 1,105 mil
(Outside Director included above)	4	JPY 86 mil	–	–	JPY 86 mil
Audit & Supervisory Board Member	6	JPY 155 mil	–	–	JPY 155 mil
(Outside Audit & Supervisory Board Member included above)	4	JPY 65 mil	–	–	JPY 65 mil
Total	16	JPY 613 mil	JPY 369 mil	JPY 278 mil	JPY 1,260 mil
(Outside Director and Outside Audit & Supervisory Board Member included above)	8	JPY 151 mil	–	–	JPY 151 mil

Notes:

- As of the end of the fiscal year ended March 31, 2024, there are nine (9) Directors (four (4) of whom are Outside Directors) and five (5) Audit & Supervisory Board Members (three (3) of whom are Outside Audit & Supervisory Board Members). However, the numbers and amounts in the table above include those for one (1) Director and one (1) Audit & Supervisory Board Member who have retired as of the close of the 154th Ordinary General Meeting of Shareholders on June 21, 2023.
- It was resolved at the 149th Ordinary General Meeting of Shareholders, held on June 19, 2018, that the maximum amount of remuneration to be paid to Directors per year, which is the total of basic remuneration and bonus in cash, shall not exceed JPY 1.5 billion (of which payment to the Outside Directors shall not exceed JPY 100 million per year) and that the maximum amount of remuneration to be paid to Audit & Supervisory Board Members shall not exceed JPY 200 million. As of the end of this Ordinary General Meeting of Shareholders, there are eight (8) Directors (of which three (3) are Outside Directors) and five (5) Audit & Supervisory Board Members (of which three (3) are Outside Audit & Supervisory Board Members). Furthermore, in the same Ordinary General Meeting of Shareholders, the limit for remuneration, etc. related to the restricted stock granted to Internal Directors as stock-based remuneration was decided as an amount that shall not exceed JPY 360 million annually for Stock-Based Remuneration A linked to the Company's consolidated performance for a single year and as an amount that shall not exceed JPY 180 million annually for Stock-Based Remuneration B linked to the performance of the Mid-Term Business Plan. Meanwhile, it was also resolved that other conditions, etc. are to be as stated in this report under "i) [Details of Stock-Based Remuneration System by Restricted Stock]." Note that each of the aforementioned remuneration amounts resolved by the shareholders does not include the salary as employees for Directors who are concurrently employees.
- Stock-based remuneration represents the amounts of expense allocated as remuneration for Directors which are not monetary in accounting for the fiscal year ended March 31, 2024. Specifically, the total amount of remuneration expenses for stock-based remuneration in the fiscal year ended March 31, 2024 stated above comprises (1) the amount of expense recorded as the estimate of the payment in the form of restricted stock compensation of Stock-Based Remuneration A, for which payment level was determined by the operating results of the fiscal year ended March 31, 2024 (The number of shares to be granted has yet to be determined), and (2) the amount of expense recorded as remuneration for the fiscal year ended March 31, 2024 paid by newly issuing shares as restricted stock compensation of Stock-Based

Remuneration B with the pay-in date of September 1, 2023, following the resolution passed at the Board of Directors meeting held on July 14, 2023 (equivalent to 30,530 shares). Other details of the stock-based remuneration and delivery status thereof is as stated in this report under “i) [Details of Stock-Based Remuneration System by Restricted Stock]” and “2. (5). Status of shares delivered to Directors and Audit & Supervisory Board Members of the Company as consideration for their execution of duties during the fiscal year ended March 31, 2024.” Furthermore, conditional on receiving approval for Item 5 scheduled to be proposed at the 155th Ordinary General Meeting of Shareholders, the Company intends to introduce a new performance-linked stock-based remuneration system using a trust to replace the restricted stock compensation system.

4. Directors who are concurrently employees do not receive salary as employees.
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 cash bonus (number of times of monthly remuneration), subsequent to the Compensation Advisory Committee having engaged in deliberations encompassing the perspective of consistency with the Determination Policy. The Company’s Board of Directors (as well as both the Chairman of the Board and the President and Representative Director delegated such authority) has determined the amounts of remuneration for individual Directors based on reports and recommendations of the Compensation Advisory Committee, upon having confirmed appropriateness of the deliberation process of the Compensation Advisory Committee and the details of the reports and recommendations. As such, the Company’s Board of Directors deems that details of remuneration, etc. for individual Directors pertaining to the fiscal year ended March 31, 2024 are in alignment with the Determination Policy.

6) Major Activities of Outside Directors and Outside Audit & Supervisory Board Members in the Fiscal Year ended March 31, 2024, etc.

The status of major activities of Outside Directors and Outside Audit & Supervisory Board Members in the fiscal year ended March 31, 2024 and the matters concerning their independence are presented below.

The Company designated the Outside Directors and Outside Audit & Supervisory Board Members whose names in the name row are marked by <Independent Director> or <Independent Audit & Supervisory Board Member> as Independent Directors or Independent Audit & Supervisory Board Members, respectively, and submitted the notification to the Tokyo Stock Exchange in accordance with its regulations and related rules.

i) Outside Directors

Name	Takeshi Kunibe <Independent Director>
Attendance of the Meetings	Meeting of the Board of Directors 100% (16 meetings out of the 16 meetings held)
Details of Major Activities and Overview of Duties Performed in Relation to Roles Outside Directors Are Expected to Serve	Mr. Takeshi Kunibe has worked as Representative Director, President of Sumitomo Mitsui Banking Corporation and Representative Director and President as well as Director President and Representative Executive Officer of Sumitomo Mitsui Financial Group, Inc. and serves as Chairman of the Board of Sumitomo Mitsui Financial Group, Inc. He has been actively expressing a wide range of opinions at the meetings of the Board of Directors mainly from the standpoint of contributing to sustaining and improving transparency and soundness of management as well as enhancing corporate governance. During the fiscal year ended March 31, 2024, he accordingly provided comments based on his rich experience in the business world, particularly concerning such issues as value improvement in the stock market, monetary and financial management, and strengthening competitiveness in the DX field. He also served as Chairman of the Company's Human Resources Advisory Committee and the Compensation Advisory Committee. In addition, he has appeared at IR events of the Company, and engaged in dialogue with investors.

Name	Arthur M. Mitchell <Independent Director>
Attendance of the Meetings	Meeting of the Board of Directors 93% (15 meetings out of the 16 meetings held)
Details of Major Activities and Overview of Duties Performed in Relation to Roles Outside Directors Are Expected to Serve	Mr. Arthur M. Mitchell has worked for many years as a New York state attorney and foreign law attorney in Japan. He has been actively expressing a wide range of opinions at the meetings of the Board of Directors mainly from the standpoint of mitigating and avoiding risk in the Company's global business operations and contributing to the enhancement of the Company's medium- and long-term corporate value. During the fiscal year ended March 31, 2024, he accordingly provided comments based on his international perspective and professional standpoint, particularly concerning such issues as the impact on business by geopolitical risks, strengthening competitiveness in the M&A field, and utilizing AI in business. In addition, he was a member of the Company's Human Resources Advisory Committee and the Compensation Advisory Committee.

Name	Naoko Saiki <Independent Director>
Attendance of the Meetings	Meeting of the Board of Directors 100% (16 meetings out of the 16 meetings held)
Details of Major Activities and Overview of Duties Performed in Relation to Roles Outside Directors Are Expected to Serve	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 the Economic Affairs Bureau and Director-General of the International Legal Affairs Bureau at MOFA. She has been actively expressing a wide range of opinions at the meetings of the Board of Directors mainly from the standpoint of contributing to the enhancement of the Company's medium- and long-term corporate value. During the fiscal year ended March 31, 2024, she accordingly provided comments based on her international perspective and professional standpoint, particularly concerning such issues as maintenance of logistic systems, global business strategy, and management of group companies. In addition, she was a member of the Company's Human Resources Advisory Committee and the Compensation Advisory Committee.

Name	Michitaka Sawada <Independent Director>
Attendance of the Meetings	Meeting of the Board of Directors 100% (16 meetings out of the 16 meetings held)
Details of Major Activities and Overview of Duties Performed in Relation to Roles Outside Directors Are Expected to Serve	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. He has been actively expressing a wide range of opinions at the meetings of the Board of Directors mainly from the standpoint of contributing to the enhancement of the Company's medium- and long-term corporate value. During the fiscal year ended March 31, 2024, he accordingly provided comments based on his rich experience in the business world, particularly concerning such issues as initiatives to address environmental issues, recruitment and development of human resources, and enhancement of global risk management system. In addition, he was a member of the Company's Human Resources Advisory Committee and the Compensation Advisory Committee.

ii) Outside Audit & Supervisory Board Members

Name	Kotaro Ohno <Independent Audit & Supervisory Board Member>
Attendance of the Meetings	Meeting of the Board of Directors 100% (16 meetings out of the 16 meetings held) Meeting of the Audit & Supervisory Board 100% (15 meetings out of the 15 meetings held)
Details of Major Activities	Mr. Kotaro Ohno possesses rich experience in the legal profession. During the fiscal year ended March 31, 2024, based on his professional standpoint, he provided comments at meetings of the Board of Directors and meetings of the Audit & Supervisory Board concerning such issues as addressing compliance problems, strengthening auditing systems at overseas subsidiaries, and promoting the globalization of senior management. In addition, he was a member of the Company's Compensation Advisory Committee and an observer of the Compliance Committee.

Name	Tatsuro Kosaka <Independent Audit & Supervisory Board Member>
Attendance of the Meetings	Meeting of the Board of Directors 100% (16 meetings out of the 16 meetings held) Meeting of the Audit & Supervisory Board 100% (15 meetings out of the 15 meetings held)
Details of Major Activities	Mr. Tatsuro Kosaka has considerable knowledge and rich experience in the business world. During the fiscal year ended March 31, 2024, based on his professional standpoint, he provided comments at meetings of the Board of Directors and meetings of the Audit & Supervisory Board concerning such issues as improvement of employee engagement, enhancement of audit content, and visualization of business issues

Name	Mariko Matsumura <Independent Audit & Supervisory Board Member>
Attendance of the Meetings	Meeting of the Board of Directors 100% (12 meetings out of the 12 meetings held) Meeting of the Audit & Supervisory Board 100% (11 meetings out of the 11 meetings held)
Details of Major Activities	Ms. Mariko Matsumura possesses considerable knowledge and rich experience in the fields of legal affairs and compliance. During the fiscal year ended March 31, 2024, based on her professional standpoint, she provided comments at the meetings of the Board of Directors and meetings of the Audit & Supervisory Board concerning such issues as legal strategies in business, ensuring effectiveness of compliance framework, and enhancement of human capital.

Note: As Outside Audit & Supervisory Board Member Ms. Mariko Matsumura was elected at the 154th Ordinary General Meeting of Shareholders held in June 2023, her maximum number of meetings of attendance for the meetings of the Board of Directors and the meeting of the Audit & Supervisory Board is different from that of the other Outside Audit & Supervisory Board Members.

End

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2024)

	(JPY million)	
	(Reference)	
	155th Fiscal Year	154th Fiscal Year
Assets		
Current assets:		
Cash and cash equivalents	403,178	289,975
Trade notes and accounts receivable, net	1,263,542	1,111,913
Inventories	1,438,695	1,227,208
Other current assets	208,773	207,479
Total current assets	3,314,188	2,836,575
Long-term trade receivables, net	688,260	569,691
Investments:		
Investments in and advances to affiliated companies	67,325	52,325
Investment securities	10,267	10,556
Other	3,975	3,418
Total investments	81,567	66,299
Property, plant and equipment-less accumulated depreciation and amortization	908,055	836,442
Operating lease right-of-use assets	69,236	61,052
Goodwill	248,393	207,060
Other intangible assets-less accumulated amortization	180,403	167,292
Deferred income taxes and other assets	146,554	131,436
Total assets	5,636,656	4,875,847

	(JPY million)	
	(Reference)	
	155th Fiscal Year	154th Fiscal Year
Liabilities		
Current liabilities:		
Short-term debt	440,619	310,738
Current maturities of long-term debt	140,359	176,835
Trade notes, bills and accounts payable	320,312	362,360
Income taxes payable	69,638	64,495
Current operating lease liabilities	19,603	17,878
Other current liabilities	535,668	439,355
Total current liabilities	1,526,199	1,371,661
Long-term liabilities:		
Long-term debt	618,392	566,189
Liability for pension and retirement benefits	87,933	90,348
Long-term operating lease liabilities	51,441	44,913
Deferred income taxes and other liabilities	154,239	124,781
Total long-term liabilities	912,005	826,231
Total liabilities	2,438,204	2,197,892
Equity		
Komatsu Ltd. shareholders' equity		
Common stock	70,336	69,660
Capital surplus	136,500	135,886
Retained earnings:		
Appropriated for legal reserve	48,979	48,508
Unappropriated	2,367,020	2,114,789
Accumulated other comprehensive income (loss)	459,865	219,951
Treasury stock	(49,131)	(49,153)
Total Komatsu Ltd. shareholders' equity	3,033,569	2,539,641
Noncontrolling interests	164,883	138,314
Total equity	3,198,452	2,677,955
Total liabilities and equity	5,636,656	4,875,847

Consolidated Statement of Income

(From April 1, 2023 to March 31, 2024)

	(JPY million)	
	(Reference)	
	155th Fiscal Year	154th Fiscal Year
Net sales	3,865,122	3,543,475
Cost of sales	2,654,914	2,504,449
Selling, general and administrative expenses	604,534	545,512
Impairment loss on long-lived assets	6,108	5,521
Other operating income, net	7,628	2,692
Operating income	607,194	490,685
Other income (expenses), net:		
Interest and dividend income	21,146	12,451
Interest expense	(54,506)	(32,371)
Other, net	1,829	5,669
Total	(31,531)	(14,251)
Income before income taxes and equity in earnings of affiliated companies	575,663	476,434
Income taxes:		
Current	170,844	139,828
Deferred	(3,264)	(4,281)
Total	167,580	135,547
Income before equity in earnings of affiliated companies	408,083	340,887
Equity in earnings of affiliated companies	8,273	5,290
Net income	416,356	346,177
Less: Net income attributable to noncontrolling interests	22,930	19,779
Net income attributable to Komatsu Ltd.	393,426	326,398

Auditors' Report

[English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 10, 2024

The Board of Directors
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

Opinion

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of equity and the related notes of Komatsu Ltd. and its subsidiaries as of March 31, 2024 and for the year from April 1, 2023 to March 31, 2024 in accordance with Article 444, Paragraph 4 of the Companies Act of Japan.

In our opinion, the consolidated financial statements referred to above, pursuant to the accounting standards, which omit certain disclosure items required under the accounting principles generally accepted in the United States of America (hereinafter "U.S. GAAP") in accordance with the provision of second sentence of Article 120, Paragraph 1 of the Regulations on Corporate Accounting of Japan, as applied mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the said Regulations, present fairly, in all material respects, the financial position and the results of operations of Komatsu Ltd. and its consolidated subsidiaries as of the date and for the period for which the consolidated financial statements were prepared.

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 Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our 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.

Other contents

Other contents are the Business Report and supplementary schedules. Management is responsible for creating and disclosing other contents. In addition, the Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for monitoring the execution of duties by the Directors in the development and operation of the reporting process for other contents.

The subject of our audit opinion on the consolidated financial statements does not include the other contents, and we do not express an opinion on the other contents.

Our responsibility of auditing consolidated financial statements is to read through the other contents, and in the process of reading, consider whether there is any significant difference between the other contents and the consolidated financial statements or the knowledge gained through the process of auditing, and also pay attention to whether there are any other signs of material error in the other contents other than such significant differences.

If we determine that there is a material error in the other contents based on the work performed, we are required to report the fact.

There are no matters to be reported by us regarding the other contents.

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 pursuant to the accounting standards, which omit certain disclosure items required under U.S. GAAP in accordance with the provision of the second sentence of Article 120, Paragraph 1 of the Regulations on Corporate Accounting of Japan, as applied mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the said Regulations, and for the development and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that is free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and for disclosing, as necessary, matters related to going concern, pursuant to the accounting standards, which

omit certain disclosure items required under U.S. GAAP in accordance with the provision of the second sentence of Article 120, Paragraph 1 of the Regulations on Corporate Accounting of Japan, as applied mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the said Regulations.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities 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 expresses our opinion on the 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 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 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 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 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 notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. 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 of the consolidated financial statements and notes to the consolidated financial statements are pursuant to the accounting standards, which omit certain disclosure items required under U.S. GAAP in accordance with the provision of the second sentence of Article 120, Paragraph 1 of the Regulations on Corporate Accounting of Japan, as applied mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the said Regulations, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our opinion.

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 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.

Other Matter

Our firm and engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed pursuant to the provisions of the Certified Public Accountants Law 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 Companies Act of Japan.

End

Audit & Supervisory Board's Report

Regarding the execution of duties by the Directors for the 155th Fiscal Year from April 1, 2023 to March 31, 2024, we have prepared this Audit Report upon deliberation based on the audit reports prepared by each Audit & Supervisory Board Member and hereby report as follows:

1. Auditing Methods Employed by the Audit & Supervisory Board Members and Audit & Supervisory Board and Details of Such Methods

- (1) We established auditing policies, allocation of duties and other relevant matters, and received reports from each Audit & Supervisory Board Member regarding their execution of audits and results thereof, as well as reports from the Directors, other relevant personnel, and the Accounting Auditor regarding execution of their duties, and sought explanations as necessary.
- (2) Each Audit & Supervisory Board Member complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the auditing policies, allocation of duties, and other relevant matters, communicated with such as the Directors, the Internal Auditing Department and other employees, and made efforts to establish the environment for collecting department information and auditing, and conducted audits by the following methods.
 - 1) Audit & Supervisory Board Members participated in the meetings of the Board of Directors and other important meetings, received reports from such as the Directors and employees regarding execution of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and status of assets at the head office and principal offices. With respect to subsidiaries, we communicated and exchanged information with Directors and Audit & Supervisory Board Members of subsidiaries, and received reports with respect to their business from subsidiaries as necessary.
 - 2) Concerning the content of the resolution of the Board of Directors concerning the maintenance of the systems necessary to ensure that the execution of duties by the Directors complies with laws and regulations and the Articles of Incorporation, and other systems necessary to ensure the properness of operations of a Stock Company and its subsidiaries stipulated in Article 100, Paragraph 1 and Paragraph 3 of the Regulations for Enforcement of the Companies Act of Japan; and concerning the systems that are maintained based on such resolutions (Internal Control Systems): reports were regularly received from Directors and employees and others regarding the status of establishment and operation, and when necessary, explanation was sought and opinions were expressed.
 - 3) Furthermore, we monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, and we received reports from the Accounting Auditor regarding the execution of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that “the System for ensuring that duties are executed properly” (matters set forth in each item of Article 131 of the Regulations on Corporate Accounting of Japan) is organized in accordance with the “Quality Management Standards Regarding Audits” (Business Accounting Council) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and supplementary schedules thereof, the non-consolidated financial statements (“non-consolidated balance sheet,” “non-consolidated statement of income,” “non-consolidated statement of changes in net assets,” and “notes to non-consolidated financial statements”) and supplementary schedules thereof, and consolidated financial

statements (“consolidated balance sheet,” “consolidated statement of income,” “consolidated statement of equity,” and “notes to consolidated financial statements”) for this fiscal year.

2. Result of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

- 1) We confirm that the Business Report and supplementary schedules thereof fairly represent the Company’s condition in accordance with the related laws and regulations and the Articles of Incorporation.
- 2) We have found no significant evidence of wrongful acts or violations of either related laws and regulations, or the Articles of Incorporation with regard to the execution of duties by the Directors.
- 3) We confirm that the content of the resolution of the Board of Directors regarding Internal Control Systems is appropriate. In addition, we have found no matters to remark on in regard to the description of the Internal Control System in the Business Report and the execution of duties by the Directors regarding the Internal Control Systems.

(2) Result of Audit of non-consolidated financial statements and supplementary schedules thereof

We confirm that the methods and results of the audit employed by the Accounting Auditor, KPMG AZSA LLC, are proper.

(3) Result of Audit of consolidated financial statements

We confirm that the methods and results of the audit employed by the Accounting Auditor, KPMG AZSA LLC, are proper.

May 16, 2024

The Audit & Supervisory Board

Yasuhiro Inagaki (Seal)
Standing Audit & Supervisory Board Member

Terumi Sasaki (Seal)
Standing Audit & Supervisory Board Member

Kotaro Ohno (Seal)
Audit & Supervisory Board Member

Tatsuro Kosaka (Seal)
Audit & Supervisory Board Member

Mariko Matsumura (Seal)
Audit & Supervisory Board Member

(Note) Audit & Supervisory Board Members Kotaro Ohno, Tatsuro Kosaka and Mariko Matsumura are Outside Audit & Supervisory Board Members as stipulated in the Companies Act of Japan.

End

Date of disclosure for electronic provision: May 22, 2024

Dear Shareholders:

Items Excluded From Paper-Based Documents Delivered Upon
Request Concerning
Notice of Convocation of the
155th Ordinary General Meeting of Shareholders
of Komatsu Ltd.

Komatsu Ltd. (hereinafter the “Company”) has excluded the items listed below from the paper-based documents delivered to shareholders who have made a request for delivery of documents stating items for which measures for providing information in electronic format are to be taken as part of its provision of notice of convocation of the 155th Ordinary General Meeting of Shareholders of the Company in accordance with relevant laws and regulations and with the Articles of Incorporation of the Company.

- I Business Report
 - 1. Financial Position and Profit/Loss Trends
 - 2. Major Lines of Business
 - 3. Principal Offices and Plants
 - 4. Employees
 - 5. Main Lenders
 - 6. Matters Regarding Stock Acquisition Rights of the Company, etc.
 - 7. Systems for Ensuring the Properness of Operations and Outline of Management of such Systems
 - 8. Status of Accounting Auditors
- II Consolidated Financial Statements
 - 1. Consolidated Statement of Equity
 - 2. Notes to Consolidated Financial Statements
- III Non-Consolidated Financial Statements
 - 1. Non-Consolidated Balance Sheet
 - 2. Non-Consolidated Statement of Income
 - 3. Non-Consolidated Statement of Changes in Net Assets
 - 4. Notes to Non-Consolidated Financial Statements
- IV Auditors’ Report
 - Independent Auditor’s Report on Non-Consolidated Financial Statements

Information in English has been posted on our English website (<https://www.komatsu.jp/en/ir>).

Komatsu Ltd.

(Translation)

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

I. Business Report

1. Financial Position and Profit/Loss Trends

	152nd Fiscal Year (April 2020 - March 2021)	153rd Fiscal Year (April 2021 - March 2022)	154th Fiscal Year (April 2022 - March 2023)	155th Fiscal Year (April 2023 - March 2024)
Net sales (JPY billion)	2,189.5	2,802.3	3,543.5	3,865.1
Operating income (JPY billion)	167.3	317.0	490.7	607.2
Income before income taxes and equity in earnings of affiliated companies (JPY billion)	162.7	324.5	476.4	575.7
Net income attributable to Komatsu Ltd. (JPY billion)	106.2	224.9	326.4	393.4
Net income attributable to Komatsu Ltd. Per share (JPY)	112.43	237.97	345.22	415.96
ROE* ¹ (%)	5.8	10.9	13.7	14.1
ROA* ² (%)	4.4	8.0	10.3	11.0
Total assets (JPY billion)	3,784.8	4,347.5	4,875.8	5,636.7
Komatsu Ltd. shareholders' equity (JPY billion)	1,912.2	2,232.5	2,539.6	3,033.6

*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]

Note: Net income attributable to Komatsu Ltd. per share is calculated based on the number of shares after deducting the average total number of shares of treasury stock during the fiscal year from the average total number of shares outstanding during the fiscal year.

2. Major Lines of Business (As of March 31, 2024)

Segment	Principal Products and Businesses	
Construction, Mining and Utility Equipment	Excavating Equipment	Hydraulic excavators, rope shovels, mini excavators, backhoe loaders, and blasthole drills
	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 planters
	Tunneling Machines	Shield machines and tunnel-boring machines
	Underground Mining Equipment	Continuous miners, shearers, load haul dumps, and jumbo drills
	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, and hydraulic equipment
	Casting Products	Steel castings and iron castings
	Logistics	Transportation, warehousing, and packing
	Solution Business	Autonomous Haulage System (AHS) for unmanned dump truck operation, Smart Construction, and KOMTRAX
Retail Finance	Retail Financing	Leasing and installment of construction and mining equipment
Industrial Machinery and Others	Metal Forging and Stamping Presses	Servo presses and mechanical presses
	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

3. Principal Offices and Plants (As of March 31, 2024)

(1) The Company

Offices	Head Office (Minato-ku, Tokyo)
Plants	Awazu Plant (Komatsu City, Ishikawa), Kanazawa Plant (Kanazawa City, Ishikawa), Himi Plant (Himi City, Toyama), Osaka Plant (Hirakata City, Osaka), Rokko Plant (Kobe City, Hyogo), Shiga Plant (Gamo-gun, Shiga), Ibaraki Plant (Hitachinaka City, Ibaraki), Oyama Plant (Oyama City, Tochigi), Tochigi Plant (Oyama City, Tochigi), Koriyama Plant (Koriyama City, Fukushima), Shonan Plant (Hiratsuka City, Kanagawa)

Note: The bases belonging to the Development Division that are annexed to plants are included in respective plants.

(2) Principal Subsidiaries

Name	Location of Offices and Plants
Komatsu Customer Support Japan Ltd.	Head Office (Minato-ku, Tokyo)
Komatsu Logistics Corp.	Head Office (Minato-ku, Tokyo)
Komatsu Business Support Ltd.	Head Office (Minato-ku, Tokyo)
Komatsu Industries Corp.	Head Office (Kanazawa City, Ishikawa)
Komatsu NTC Ltd.	Head Office / Plant (Nanto City, Toyama)
Gigaphoton Inc.	Head Office / Plant (Oyama City, Tochigi)
Komatsu America Corp.	Head Office / Plant (U.S.)
Hensley Industries, Inc.	Head Office / Plant (U.S.)
Komatsu Mining Corp.	Head Office (U.S.)
Joy Global Underground Mining LLC	Head Office / Plant (U.S.)
Joy Global Surface Mining Inc	Head Office / Plant (U.S.)
Joy Global Longview Operations LLC	Head Office / Plant (U.S.)
Komatsu do Brasil Ltda.	Head Office / Plant (Brazil)
Komatsu Brasil International Ltda.	Head Office (Brazil)
Komatsu Holding South America Ltda.	Head Office (Chile)
Komatsu Cummins Chile Ltda.	Head Office (Chile)
Joy Global (Chile) S.A.	Head Office / Plant (Chile)
Komatsu Financial Limited Partnership	Head Office (U.S.)
Komatsu Europe International N.V.	Head Office (Belgium)
Komatsu UK Ltd.	Head Office / Plant (UK)
Komatsu Germany GmbH	Head Office / Plant (Germany)
Komatsu Italia Manufacturing S.p.A.	Head Office / Plant (Italy)
Komatsu Forest AB	Head Office / Plant (Sweden)
Komatsu CIS LLC	Head Office (Russia)
Komatsu Financial Europe N.V.	Head Office (Belgium)
Komatsu (China) Ltd.	Head Office (China)
Komatsu (Changzhou) Construction Machinery Corp.	Head Office / Plant (China)
Komatsu Machinery Manufacturing (Shandong) Co., Ltd.	Head Office / Plant (China)
PT Komatsu Indonesia	Head Office / Plant (Indonesia)
PT Komatsu Marketing & Support Indonesia	Head Office (Indonesia)
Bangkok Komatsu Co., Ltd.	Head Office / Plant (Thailand)

Name	Location of Offices and Plants
Komatsu India Pvt. Ltd.	Head Office / Plant (India)
Komatsu Australia Pty Ltd	Head Office (Australia)
Joy Global Australia Holding Company Pty Ltd	Head Office (Australia)
Joy Global Australia Pty Ltd	Head Office / Plant (Australia)
Komatsu South Africa (Pty) Ltd.	Head Office (South Africa)
Komatsu Australia Corporate Finance Pty Ltd	Head Office (Australia)

4. Employees (As of March 31, 2024)

Segment	Number of Employees
Construction, Mining and Utility Equipment	60,578
Retail Finance	259
Industrial Machinery and Others	4,176
Others (Note 2)	725
Total	65,738

Notes:

1. The total number of employees increased by 1,395 from the end of the previous fiscal year.
2. “Others” above includes the number of administrative employees who cannot be classified into the above three (3) segments.

5. Main Lenders (As of March 31, 2024)

Name of Lender	Balance of Loans (JPY billion)
Sumitomo Mitsui Banking Corporation	223.3
MUFG Bank, Ltd.	170.4
Mizuho Bank, Ltd.	88.2
The Norinchukin Bank	84.1

6. Matters Regarding Stock Acquisition Rights of the Company, etc.**(1) Status of Stock Acquisition Rights (As of March 31, 2024)**

Name (Issue Date)	Number of Stock Acquisition Rights	Number of Shares Subject to Stock Acquisition Rights (Number of Shares per one (1) Stock Acquisition Right)	Paid-in Amount per one (1) Share	Exercise Price per one (1) Share	Period for Exercise of Stock Acquisition Rights
No. 26 Stock Acquisition Rights (August 1, 2016)	212	21,200 shares (100 shares)	Without consideration	JPY 1	From August 1, 2019 to July 31, 2024
No. 28 Stock Acquisition Rights (August 1, 2017)	349	34,900 shares (100 shares)	Without consideration	JPY 1	From August 1, 2020 to July 31, 2025
Total	561	56,100 shares	[Reference: Total number of issued shares: 946,399,319 shares (excluding treasury stock)]		

Notes:

1. The type of shares subject to Stock Acquisition Rights is common stock of the Company.
2. “Exercise price” above means the “amount of assets to be paid upon exercise of Stock Acquisition Rights.”
3. During the fiscal year ended March 31, 2024, no stock acquisition rights were issued.

(2) Stock Acquisition Rights Held by Directors and Audit & Supervisory Board Members of the Company (As of March 31, 2024)

1) Stock Acquisition Rights Held by Directors (excluding Outside Directors)

No items to report.

2) Stock Acquisition Rights Held by Outside Directors

No items to report.

3) Stock Acquisition Rights Held by Audit & Supervisory Board Members

Name	Number of Holders of Stock Acquisition Rights	Number of Stock Acquisition Rights Owned	Number of Shares Subject to Stock Acquisition Rights
No. 28 Stock Acquisition Rights	1	14	1,400 shares

Note: The above indicates Stock Acquisition Rights issued at the time when the incumbent Audit & Supervisory Board Member, as of March 31, 2024, was an employee of the Company (prior to being elected as an Audit & Supervisory Board Member).

(3) Stock Acquisition Rights Issued During the Fiscal Year Ended March 31, 2024 to Employees of the Company and Directors of the Subsidiaries of the Company

No items to report.

7. Systems for Ensuring the Properness of Operations and Outline of Management of such Systems

(1) Systems for Ensuring the Properness of Operations

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 it 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 approval 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 enhance its corporate value, the Company is implementing the following countermeasures to address any risks that threaten its 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 a Risk Management Committee to devise risk management policies of the Komatsu Group, select and assess risks from an enterprise-wide perspective, inspect and follow up on risk measures in place, and take control of risks when they surface. The Risk Management Committee regularly reports its reviews and activities to the Board of Directors.
- iii) The Company shall designate enterprise-wide significant risks as “Corporate Risks” and they shall be discussed by the Risk Management Committee, which shall report to the Board of Directors on the nature, priority, and status of risk countermeasures.
- iv) The Company shall establish an emergency headquarters when serious risks surface, 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 Matters to be Referred to a Meeting of the Board of Directors, 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 at Komatsu 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 that Directors and employees thoroughly comply with business rules as well as laws and regulations through a variety of measures, including the provision of Komatsu's Worldwide Code of Business Conduct, which expresses the guidelines for business conduct and the fundamental rules of business community to be followed by all Directors and employees, appointment of the Executive Officer in charge of compliance, and establishment of the Compliance Department. Through all of these, the Company works to supervise, educate and train Directors, Audit & Supervisory Board Members 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 Komatsu's Worldwide Code of Business Conduct, as the code to be applied by all companies affiliated with Komatsu. Based on these regulations and Komatsu's Worldwide Code of 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 of 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 meetings 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 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 across the Komatsu Group applying the risk management system explained in “3 Rules and Other Systems for Risk Management” to the Komatsu Group 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 operation of the entire Group 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 Matters to Be Referred to a Meeting of the Board of Directors, the frequency of Board of Directors meetings, 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 across the Komatsu Group, 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 the Effectiveness of Instructions Issued 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; Systems Relating to Other 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 and principal meetings concerning internal control as observers, and shall also read circulars sent around to obtain the approval of executives, and essential prior settlement documents, both of 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 Group companies, Compliance Committee and Risk Management Committee, respectively discussing compliance matters and risk management matters, and Export Control Committee.

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 Group company that no disadvantageous treatment will arise from the act of reporting or informing, and the Company and each Group company shall operate in accordance with the aforesaid general rules.

10 Advance Payments and Reimbursements for Expenses Incurred by Audit & Supervisory Board Members Executing Duties and Policy Related to Expenses or Debts Incurred by Executing 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 Komatsu Group rejects any relationships with groups or individuals pursuing economic interests by means of violence, intimidation, or deceptive methods, or any other organized crime groups, and take a resolute stand against any and all demands from them. The Komatsu Group organizes and maintains an internal system to support this policy.

(2) Outline of Management of Systems Ensuring the Properness of Operations in Fiscal Year Ended March 31, 2024

Overall Internal Control System	Outline
	Based on the Basic Policy on Internal Controls, the Company is upgrading its internal control systems on a group worldwide basis that includes subsidiaries.
	Relevant “Systems for Ensuring the Properness of Operations”
	1 Basic Policy on Internal Controls
Directors’ Execution of Duties	Outline
	1) The Board of Directors met 16 times during the fiscal year. The Board made decisions on important management matters based on the Standards for Matters to be Referred to a Meeting of the Board of Directors and reported on business execution. Business execution reports cover virtually 100% of businesses on a consolidated net sales basis. Even extremely small-scale businesses are reported at meetings of the Board of Directors, mainly with respect to safety, compliance, and risk. Sufficient time is secured to ensure full discussions at meetings of the Board of Directors and the Company has adopted a process of raising important matters for discussion and decision-making on predetermined days over two meetings of the Board of Directors.
	2) The Board of Directors also receives a monthly report from the President regarding recent important matters and topics, such as safety, compliance, and risk. The CFO also reports each month on the status of sales, profits and losses, orders received, and borrowings.
	3) Meetings of Outside Directors and Outside Audit & Supervisory Board Members were held twice, where they exchanged opinions about management issues from an independent and objective standpoint. Furthermore, they discussed such matters with the President and shared the understanding and recognition of management issues.
	4) The records of the Board of Directors meetings and other approval documents (such as <i>ringisho</i>) are retained and managed appropriately in accordance with internal regulations on document management.
	Relevant “Systems for Ensuring the Properness of Operations”
2 Systems for Retention and Management of Information Related to Directors’ Execution of Duties	
4 Systems for Ensuring Efficient Execution of Duties by Directors	

Risk Management	Outline
	The Risk Management Committee met twice during the fiscal year. Based on unearthing and evaluating risks from an organization-wide perspective, the Committee designated serious risks for the organization as a whole as corporate risks, assessed the status of implementation of risk measures, and worked to prevent risks from emerging. It also reported on its reviews and activities to the Board of Directors. The Committee also worked to improve the risk management systems on a group worldwide basis including at subsidiaries. In response to the 2024 Noto earthquake, a Countermeasures Committee headed by the President was established, and it confirmed the safety of employees, gathered and shared information on plants and on suppliers, etc., and checked and executed response policies.
	Relevant “Systems for Ensuring the Properness of Operations”
	3 Rules and Other Systems for Risk Management 6-2 Rules and Other Systems for Risk Management at Subsidiaries
Compliance	Outline
	The Compliance Committee conducts various activities in Japan and overseas, such as revising Komatsu’s Worldwide Code of Business Conduct, providing various education and disseminating information, and upgrading and operating the internal reporting system. It also reports on its reviews and activities to the Board of Directors. The Compliance Committee met twice in the fiscal year ended March 31, 2024. The Committee also conducted a “visualization survey” of latent risks. The Company bulletin “Compliance for Everyone” has been continually published each month since 2006, making this year its 19th year. The Committee has been working to expand its distribution to include overseas subsidiaries as well. The Committee also conducts periodic audits with regard to major compliance risks and strives to prevent them from surfacing.
	Relevant “Systems for Ensuring the Properness of Operations”
	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 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
Management of Subsidiaries	Outline
	1) To strengthen the Group’s corporate governance, the Company dispatches its executive officers and board members of regional headquarters companies, etc. to serve as Directors and Audit & Supervisory Board Members at its 42 main subsidiaries (11 in Japan, 31 overseas) to monitor their management. The divisions of the Company in charge of each subsidiary also conduct constant checks on the status of the subsidiaries’ Board of Directors meetings. 2) The Boards of Directors resolved to implement the Basic Policy on Internal Controls at the Company’s 42 main subsidiaries to further increase the internal controls for the entire Group. The status of the Policy’s implementation is confirmed by the Company’s Board of Directors and the Company is working to improve it. Other subsidiaries will also establish internal control systems. 3) In accordance with the Affiliated Company Regulations and relevant rules, when subsidiaries executed matters that had a significant impact on consolidated business operations, such actions were subject to the condition that the Company receive notification or provide approval beforehand.
	Relevant “Systems for Ensuring the Properness of Operations”
	6 Systems for Ensuring the Proper Operation of Komatsu Comprising the Company and Its Subsidiaries 6-1 Systems for Ensuring Items Related to the Implementation of Duties by Directors and Other Employees at Subsidiaries are Reported to the Company

	6-3 Systems for Ensuring Efficient Execution of Duties by Directors and Other Employees at Subsidiaries
Audit & Supervisory Board Members	Outline
	<p>Audit & Supervisory Board Members attend important meetings such as meetings of the Board of Directors, Strategy Review Committee, Compliance Committee, and Risk Management Committee, visit and inspect offices and plants of the Company and its subsidiaries, exchange opinions with the representative directors, other Directors and Audit & Supervisory Board Members, and management of the Company and its main subsidiaries, and hold liaison meetings and individual interviews with the standing Audit & Supervisory Board Members of subsidiaries in Japan. Through these activities, they monitor the upgrading and implementation status of the internal control system.</p> <p>They also periodically exchange opinions with the Internal Auditing Department and the Accounting Auditors and maintain close contact to enhance the effectiveness of audits.</p> <p>The Company has allocated the required employees to the Office of Corporate Auditors' Staff to assist the Audit & Supervisory Board Members in their duties and allocates, and appropriately manages and executes, a budget to cover the anticipated expenses necessary for execution of the Audit & Supervisory Board Members' duties based on the audit plan.</p>
	Relevant "Systems for Ensuring the Properness of Operations"
	<p>7 Employees Assisting Audit & Supervisory Board Members for Execution of Their Duties, When They Ask for Such Employees</p> <p>8 Matters Regarding the Independence of the Assistants to Audit & Supervisory Board Members from Directors and the Effectiveness of Instructions Issued to the Assistants</p> <p>9 Systems for Directors and Employees Reporting to Audit & Supervisory Board Members; Systems Relating to Other Reports to Audit & Supervisory Board Members and Ensuring Effective Audits by Audit & Supervisory Board Members</p> <p>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</p> <p>9-2 Systems to Ensure Individuals who Provide Reports to Audit & Supervisory Board Members are not Given any Disadvantageous Treatment for the Provision Thereof</p> <p>10 Advance Payments and Reimbursements for Expenses Incurred by Audit & Supervisory Board Members Executing Duties and Policy Related to Expenses or Debts Incurred by Executing Duties</p>
Elimination of Antisocial Forces	Outline
	<p>Business contracts of Komatsu Group companies incorporate clauses excluding antisocial forces. In Japan, we conduct checks on business partners in accordance with the government's "Guidelines for Enterprises to Prevent Damage Caused by Antisocial Forces."</p>
	Relevant "Systems for Ensuring the Properness of Operations"
	11 Basic Policy Pertaining to the Elimination of Antisocial Forces

8. Status of Accounting Auditors

(1) Name of Accounting Auditors

KPMG AZSA LLC

(2) Amount of Remuneration for Accounting Auditors

Remuneration for the Accounting Auditor of the Company in the fiscal year ended March 31, 2024:	JPY 433 million
Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the Accounting Auditor:	JPY 715 million

Notes:

1. 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.
2. The amount of remuneration for the Accounting Auditor of the Company in the fiscal year ended March 31, 2024 includes the sum of the amount of remuneration for auditing services in accordance with the Companies Act of Japan and the amount of remuneration for auditing work in accordance with the Financial Instruments and Exchange Act of Japan, because the two kinds of remuneration are not clearly separated from each other in the audit contract concluded between the Company and the Accounting Auditor and cannot be recorded separately.
3. Among principal subsidiaries of the Company, thirty-one (31) companies including Komatsu America Corp. are audited by Certified Public Accountants or Audit Corporations other than the Accounting Auditor of the Company.

(3) Details of Non-Auditing Services

The Company pays remuneration to the Accounting Auditor principally for the preparation of comfort letters for the issuance of bonds and euro medium-term notes, etc. other than services defined in Article 2, Paragraph 1 of the Certified Public Accountants Law of Japan.

(4) Policy on Decision to Discharge or Not to Reappoint Accounting Auditors

When Accounting Auditors fall under any of the items in Article 340, Paragraph 1 of the Companies Act of Japan, the Audit & Supervisory Board shall discharge the Accounting Auditors based on the consent of all Audit & Supervisory Board Members.

If a problem arises concerning the independence or reliability, etc. of the Accounting Auditors, which clearly makes it difficult for the duties to be appropriately executed, the Audit & Supervisory Board shall determine details of the proposal related to the discharge or non-reappointment of the Accounting Auditors to be submitted to a General Meeting of Shareholders.

II Consolidated Financial Statements

1. Consolidated Statement of Equity

(From April 1, 2023 to March 31, 2024)

(JPY million)

	Common stock	Capital surplus	Retained earnings		Accumulated other comprehensive income (loss)
			Appropriated for legal reserve	Unappropriated	
Balance at March 31, 2023	69,660	135,886	48,508	2,114,789	219,951
Cumulative effects of Accounting Standards Update—adoption of ASU 2016-13, net of tax				(1,634)	
Cash dividends				(139,090)	
Transfer to retained earnings appropriated for legal reserve			471	(471)	
Other changes		14			
Comprehensive income (loss):					
Net income				393,426	
Other comprehensive income (loss), for the period, net of tax					
Foreign currency translation adjustments					236,639
Pension liability adjustments					3,969
Net unrealized holding gains (losses) on derivative instruments					(694)
Comprehensive income					
Exercise of stock acquisition rights		(85)			
Purchase of treasury stock					
Sales of treasury stock		13			
Restricted stock compensation	676	672			
Balance at March 31, 2024	70,336	136,500	48,979	2,367,020	459,865

	Treasury stock	Total Komatsu Ltd. shareholders' equity	Non-controlling interests	Total equity
Balance at March 31, 2023	(49,153)	2,539,641	138,314	2,677,955
Cumulative effects of Accounting Standards Update—adoption of ASU 2016-13, net of tax		(1,634)	(126)	(1,760)
Cash dividends		(139,090)	(10,653)	(149,743)
Transfer to retained earnings appropriated for legal reserve		—	—	—
Other changes		14	(20)	(6)
Comprehensive income (loss):				
Net income		393,426	22,930	416,356
Other comprehensive income (loss), for the period, net of tax				
Foreign currency translation adjustments		236,639	14,586	251,225
Pension liability adjustments		3,969	10	3,979
Net unrealized holding gains (losses) on derivative instruments		(694)	(158)	(852)
Comprehensive income		633,340	37,368	670,708
Exercise of stock acquisition rights		(85)		(85)
Purchase of treasury stock	(50)	(50)		(50)
Sales of treasury stock	72	85		85
Restricted stock compensation		1,348		1,348
Balance at March 31, 2024	(49,131)	3,033,569	164,883	3,198,452

2. Notes to Consolidated Financial Statements

Notes Concerning the Basis of Preparation of Consolidated Financial Statements

1. The number of consolidated subsidiaries and affiliated companies accounted for by the equity method

- (1) Number of consolidated subsidiaries: 208 companies
(New additions: 6 companies, exclusions: 9 companies)
- (2) Number of affiliated companies accounted for by the equity method: 42 companies
(New additions: 2 companies, exclusions: None)

2. Significant Accounting Policies

(1) Basis of preparation of Consolidated Financial Statements

The Consolidated Financial Statements of Komatsu Ltd. and its subsidiaries (hereinafter “Komatsu”) are prepared in accordance with Article 120-3, Paragraph 1 of the Regulations on Corporate Accounting of Japan, and the method of preparation conforms to the accounting principles generally accepted in the United States of America (hereinafter “U.S. GAAP”) in terms of terminology and format. However, some description and notes under the mandatory requirements of U.S. GAAP are omitted within the scope of stipulations in the provision of the second sentence of Article 120, Paragraph 1, as applied mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the said Regulations.

(2) Method and basis of valuation of 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 and the cost of raw materials and supplies is stated at periodic average cost. The cost of finished parts is mainly stated using the first-in first-out method.

(3) Method and basis of valuation of investment securities

Komatsu has applied the Financial Accounting Standards Board (FASB) Accounting Standards Codification™ (hereinafter “Codification”) Topic 321, “Investments–Equity Securities.”

Equity securities:

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.

(4) Depreciation and amortization of fixed assets

Depreciation of property, plant and equipment:
Depreciated using the straight-line method.

Amortization of intangible assets:

Amortized using the straight-line method.

In accordance with Codification Topic 350, “Intangibles–Goodwill and Other,” goodwill and other intangible assets whose useful lives cannot be determined are not amortized and reviewed for impairment at least annually.

(5) Allowances

Allowance for credit losses:

In accordance with Codification Topic 326, “Financial Instruments–Credit Losses,” to prepare for credit losses on trade receivables, etc., allowance for credit losses is made on current expected credit loss model.

Liability for pension and retirement benefits:

In accordance with Codification Topic 715, “Compensation–Retirement Benefits,” to prepare for the payment of pension and retirement benefits to employees, a provision is made in the amount deemed necessary as of the balance sheet date based on projected benefit obligations and fair value of the plan assets. Komatsu recognized the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its pension plans in the consolidated balance sheet, with a corresponding adjustment to accumulated other comprehensive income (loss), net of tax.

Prior service cost is amortized on a straight-line basis over the average remaining service period of employees at the time of occurrence of such cost.

Regarding net actuarial loss, an excessive amount of the “corridor” (10% of projected benefit obligations, or fair value of plan assets, whichever is larger) is amortized on a straight-line basis over the average remaining service period of employees at the time of occurrence.

(6) Revenue Recognition

Komatsu recognizes revenue based on the following five steps in accordance with Codification Topic 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 “Notes Concerning Revenue Recognition.”

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

(7) Change in accounting policy

From the fiscal year ended March 31, 2024, Komatsu has adopted the Accounting Standards Update (“ASU”) 2016-13 “Financial Instruments–Credit Losses: Measurement of Credit Losses on Financial Instruments.” This update requires an entity to recognize credit losses for many financial assets based on current expected credit loss model instead of incurred loss model. The new model requires an entity to immediately recognize estimated credit losses expected to occur over the remaining life of the financial assets which are within the scope of this update. This update has been adopted under the modified retrospective approach through a cumulative effect adjustment to retained earnings at the beginning of the initial application period. Consequently, Komatsu reduced JPY 1,634 million as an adjustment of cumulative effect from retained earnings as of April 1, 2023.

Notes Concerning Revenue Recognition

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

activities, Komatsu provides goods or services identified in contracts with customers. Komatsu recognizes revenue when or as control over these goods or services is transferred to the customer at the amount of the transaction price that reflects the consideration to which it expects to be entitled. When two or more goods or services are provided to the same customer, Komatsu identifies performance obligations in a single contract or combined contracts and allocates the transaction price to each identified performance obligations based on relative stand-alone selling prices.

For sale of equipment, parts, attachment and others, revenue is recognized when the customers accept the goods or services. Conditions for acceptance, such as shipping, receipt by customers, completion of installation or completion of performance test, depend on contracts or arrangements with customers and the like. The consideration for those transactions is generally collected within three months after the performance obligation is satisfied.

For services such as periodic check, maintenance, and repair and other services, revenue is recognized when provision of the service is completed, or over the period for which the service is provided. Conditions for completion of service provision, including receipt of completion report, depend on contracts or arrangements with customers and the like. The consideration for those transactions is generally collected within three months after the performance obligation is satisfied.

Komatsu's certain consolidated subsidiaries have signed long-term maintenance contracts with their customers, in which case the customers receive services and simultaneously consume them as the performance obligations are satisfied. Thus, revenue from such services is recognized over the period of the contract with the customer in accordance with the progress percentage on the basis of costs incurred, which appropriately represents the transfer of control to the customer.

Shipping and handling activities occurring after control over equipment has transferred to a customer are not identified as services.

Certain transaction prices include variable consideration such as future discounts and sales returns. Variable consideration is an estimate of the expected value or the most likely amount, to the extent that it is probable that a significant reversal in cumulative revenue recognized up to that point will not occur when the uncertainty associated with the variable consideration is subsequently resolved. When the period between when control over goods or services is transferred to the customer and when the customer pays for the goods or services is expected to be one year or less at the inception of the contract, Komatsu does not make any adjustment for the effect of time value of consideration.

Komatsu is obligated to accept parts returned from customers for a certain period after the sale. In consideration of the relevant historical return result and other factors, Komatsu's right to recover parts from customers is recognized in other current assets as a return asset, and also a refund liability is recognized in other current liabilities for its obligation to refund the customers upon return of parts.

With regard to transactions with combination of products, periodic check, maintenance and others, performance obligations are identified in a single contract or combined contracts. Transaction price is allocated to each identified performance obligation according to the proportion of stand-alone selling price that is determined based on observable price such as contract amount, and estimated cost including historical experience.

After the 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.

(i) Disaggregation of revenue

Revenue from contracts with customers and other sources are as follows.

Revenue recognized from contracts with customers	JPY	3,594,243 million
Revenue recognized from other sources	JPY	270,879 million
Total	JPY	3,865,122 million

Revenue recognized from other sources primarily comprises revenue recognized from lease contracts and financial income such as interest income.

The disaggregation of revenue by operating and geographic segment are as follows.

(JPY million)

	Japan	The Americas	Europe and CIS	China	Asia (excluding Japan and China) and Oceania	Middle East and Africa	Total
Construction, Mining and Utility Equipment	340,219	1,653,645	381,390	70,200	808,715	337,209	3,591,378
Retail Finance	1,164	57,755	8,332	1,062	10,913	1,684	80,910
Industrial Machinery and Others	95,266	26,585	15,456	22,990	32,083	454	192,834
Total	436,649	1,737,985	405,178	94,252	851,711	339,347	3,865,122

The amounts classified into revenue recognized from other sources within the net sales of the Construction, Mining and Utility Equipment operating segment are JPY 28,249 million in Japan, JPY 51,237 million in the Americas, JPY 67,240 million in Europe and CIS, JPY 11,280 million in China, JPY 11,491 million in Asia (excluding Japan and China) and Oceania, and JPY 22,727 million in Middle East and Africa. Net sales of the Retail Finance operating segment are primarily the amounts classified into revenue recognized from other sources.

(ii) Contract balances

Contract balances arising from contracts with customers are as follows:

Receivables *1	JPY	1,682,474 million
Contract assets *2	JPY	3,930 million
Contract liabilities *3	JPY	221,657 million

Notes:

1. Receivables are included in trade notes and accounts receivable, net and long-term trade receivables, net in the accompanying consolidated balance sheet. These amounts are before deducting allowance for credit losses.
2. Contract assets are included in trade notes and accounts receivable, net in the accompanying consolidated balance sheet. These amounts are before deducting allowance for credit losses.
3. Contract liabilities are included in other current liabilities and deferred income taxes and other liabilities in the accompanying consolidated balance sheet.

Komatsu's contract assets mainly relate to its right to consideration for product sales contracts in the industrial machinery business, for which the performance obligation has been satisfied but the invoicing conditions have not been satisfied as of a reporting date. Contract assets are reclassified to receivables when the right to consideration becomes unconditional.

Komatsu's contract liabilities are those arising from all or part of the consideration received from the customers before the corresponding performance obligation is satisfied. The main components of the contract liabilities are unearned revenue and advances received. Komatsu recognizes unearned revenue by identifying separate performance obligations such as extended warranties.

Advances received from the customers are recognized in long-term maintenance contracts for which revenue is recognized over the contract period, and also in product sales contracts for large press machines and the like for which revenue is recognized upon acceptance of the customers. Revenue recognized for the fiscal year ended March 31, 2024 that was included in the contract liability balance as of March 31, 2023 was JPY 88,903 million.

The amount of revenue recognized from the performance obligations satisfied or partially satisfied in the past and the amount of impairment losses recognized for receivables and contract assets are immaterial. Additionally, there were no significant changes in contract assets and contract liabilities for contracts with customers.

(iii) Transaction price allocated to the remaining performance obligations

The aggregate amount of the transaction price allocated to the remaining performance obligations that have original expected durations greater than one year was JPY 373,070 million, of which JPY 198,514 million is expected to be recognized as revenue in the fiscal year ending March 31, 2025.

Notes Concerning Accounting 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 turmoil, etc. in the supply chain, financial sector and economies brought about by the Ukraine situation on the financial position and results of operations of Komatsu, 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 assumptions to assess the calculation of 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.

Notes to Consolidated Balance Sheet

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| (1) Allowance for credit losses on trade notes and accounts receivable and long-term trade receivables: | JPY 34,079 million |
| (2) Accumulated depreciation of property, plant and equipment: | JPY 1,090,769 million |
| (3) Accumulated other comprehensive income (loss) consists of foreign currency translation adjustments, pension liability adjustments and net unrealized holding gains (losses) on derivative instruments. | |

(4) Guarantee obligations		
Guarantee obligations for borrowings made by employees, affiliated companies, and others:	JPY	17,246 million
Guarantee obligations for subsidiaries to perform the obligations of the terms and conditions of contracts	JPY	16,183 million

Notes Concerning Financial Instruments

(1) Status of financial instruments

The basic financial policy of Komatsu is to secure funds necessary for future business activities and maintain proper liquidity.

In accordance with this policy, Komatsu principally uses cash flows from operating activities, and also makes bank borrowings and issues commercial papers as necessary, to meet short-term fund demands. In order to flexibly meet medium to long-term fund demands, Komatsu has established an authorized limit of bond issues and a euro medium-term note program.

Concerning trade notes and accounts receivable and long-term trade receivables, Komatsu conducts business activities with customers, dealers and associated companies on a global scale and disperses these accounts receivable to prevent the concentration of credit risk.

A portion of foreign currency denominated accounts receivable and debts are vulnerable to the risk of foreign exchange fluctuation. To alleviate these risks, Komatsu enters into forward foreign exchange contracts and currency swap contracts based on foreign currency cash flow projections. Komatsu enters into interest rate swap contracts and interest rate cap contracts to manage the risk of interest rates on short-term and long-term debt.

Derivatives carry a risk of credit loss by nonperformance of contract by the other party in the transaction. However, Komatsu does not assume such possibility due to the high credit rating of the other parties in such transactions. Komatsu does not enter into derivative contracts for the purpose of trading or speculative gain.

(2) Matters concerning fair values of financial instruments

Codification Topic 820 “Fair Value Measurement” 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. It 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

Consolidated balance sheet amounts and fair values of financial instruments, their variances, and their fair value levels are 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

Since these accounts are settled in a short period of time, their consolidated balance sheet amounts approximate their fair values. Therefore, they are not included in the table below. Cash and cash equivalents are classified as fair value level 1, whereas trade notes and accounts receivable, net,

miscellaneous accounts receivable, short-term debt, and trade notes, bills and accounts payable are classified as fair value level 2. Miscellaneous accounts receivable are included in current assets in the consolidated balance sheet.

(2) Long-term trade receivables, net, excluding lease receivables

Fair values of long-term trade receivables are measured by discounting future cash flows at interest rate at the end of the fiscal year that should be applied to trade receivables with similar maturities.

(3) Long-term debt, including current portion

Fair values of long-term debt are measured either based on prices on the exchange market or based on the present value of future cash flow for each borrowing calculated by discounting at the market borrowing rate at the end of the fiscal year that should be applied to borrowings with similar maturities.

(4) Derivatives

Derivatives primarily represent foreign exchange contracts and interest rate swap contracts. Fair values of foreign exchange contracts are measured based on a valuation model that discounts cash flows resulting from the differential between the contract rate and the market-based forward rate. Fair values of interest rate swap contracts are based on a valuation model that discounts cash flows based on the terms of the contract and the swap curves.

(JPY million)

	Consolidated balance sheet amount	Fair value	Balance	Fair value level
Assets				
Long-term trade receivables, net, excluding lease receivables	515,667	507,065	(8,602)	Level 2
Derivatives - Assets	6,964	6,964	–	Level 2
Liabilities				
Long-term debt, including current portion	758,751	736,449	(22,302)	Level 2
Derivatives - Liabilities	8,384	8,384	–	Level 2

Note: Unlisted investment securities (consolidated balance sheet amount: JPY 10,267 million) are primarily non-marketable equity securities with no readily determinable fair value, and therefore are not included in the table above.

Notes Concerning Investment and Rental Property

The total amount of land and buildings held by Komatsu as rental property is immaterial.

Notes Concerning Per Share Information

(1) Komatsu Ltd. shareholders' equity per share	JPY	3,206.80
(2) Basic net income attributable to Komatsu Ltd. per share	JPY	415.96
(3) Diluted net income attributable to Komatsu Ltd. per share	JPY	415.93

Notes Concerning Subsequent Events

(Share buyback and cancellation of treasury stock)

The Company resolved at a meeting of the board of directors held on April 26, 2024 to repurchase its shares of common stock pursuant to Article 156 of the Companies Act of Japan (the "Companies Act") as applied pursuant to Article 165, Paragraph 3 of the Companies Act. It has also resolved to cancel its shares of treasury stock pursuant to Article 178 of the Companies Act.

(1) Purpose of the share buyback and cancellation of treasury stock

The Company has decided to repurchase its shares of common stock from the viewpoint of increasing its corporate value and shareholder returns taking into consideration the current capital efficiency, financial soundness, and other factors. In addition, the Company has decided to cancel its shares of treasury stock to be repurchased after comprehensively considering the specific use of the shares and the reasons for holding them.

(2) Details of share buyback

(i) Class of shares to be repurchased	Common stock
(ii) Total number of shares to be repurchased	Up to 33 million shares (represents up to 3.5% of the total number of outstanding shares (excluding treasury stock))
(iii) Total purchase price for buyback of shares	Up to 100 billion yen
(iv) Period of buyback	April 30, 2024 to September 30, 2024
(v) Method of buyback	Purchase at the Tokyo Stock Exchange

(3) Details of cancellation of treasury stock

(i) Class of shares to be canceled	Common stock
(ii) Number of shares to be canceled	All shares repurchased
(iii) Planned date of cancellation	October 30, 2024

Other Notes

Amounts less than JPY 1 million in the Consolidated Financial Statements and its Notes are rounded to the nearest million yen.

III Non-Consolidated Financial Statements

1. Non-Consolidated Balance Sheet

(As of March 31, 2024)

	(JPY million)	
	(Reference)	
	155th Fiscal Year	154th Fiscal Year
Assets		
Current assets:		
Cash and deposits	249,003	233,145
Notes receivable-trade	1,750	1,474
Accounts receivable-trade	202,741	223,735
Merchandise and finished goods	67,118	64,946
Work in process	65,737	62,581
Raw materials and supplies	5,053	5,002
Prepaid expenses	10,217	6,736
Short-term loans receivable	21,386	17,952
Miscellaneous accounts receivable	25,496	29,013
Other current assets	3,556	3,058
Allowance for doubtful accounts	(375)	(375)
Total current assets	651,687	647,273
Non-current assets:		
Property, plant and equipment:		
Buildings	101,329	98,662
Structures	15,784	15,311
Machinery and equipment	51,748	47,884
Vehicles	882	913
Tools, furniture and fixtures	12,306	11,215
Rental equipment	37,745	45,216
Land	45,972	46,325
Construction in progress	7,898	9,368
Total property, plant and equipment	273,668	274,897
Intangible assets:		
Software	28,600	28,092
Other intangible assets	325	336
Total intangible assets	28,926	28,429
Investments and other assets:		
Investment securities	3,168	3,829
Stocks of subsidiaries and affiliates	398,097	398,097
Investments in capital of subsidiaries and affiliates	41,913	39,813
Long-term loans receivable	16,833	16,244
Long-term prepaid expenses	3,233	2,932
Deferred tax assets	27,144	25,240
Other investments	10,932	9,989
Allowance for doubtful accounts	(891)	(890)
Allowance for investment loss	(6)	(538)
Total investments and other assets	500,425	494,719
Total non-current assets	803,020	798,046
Total assets	1,454,707	1,445,319

	(JPY million)	
	(Reference)	
	155th Fiscal Year	154th Fiscal Year
Liabilities		
Current liabilities:		
Notes payable-trade	–	4
Accounts payable-trade	98,112	117,289
Short-term loans payable	8,500	34,000
Commercial papers	40,000	40,000
Current portion of bonds payable	20,000	40,000
Accounts payable-other	13,751	14,866
Accrued expenses	33,437	33,975
Income taxes payable	18,756	21,003
Deposits received	48,760	67,909
Provision for bonuses	13,851	12,164
Provision for directors' bonuses	356	347
Provision for product warranties	9,192	9,912
Other current liabilities	12,598	11,935
Total current liabilities	317,317	403,410
Non-current liabilities:		
Bonds payable	50,000	30,000
Long-term loans payable	49,500	38,500
Provision for product warranties	3,127	2,002
Provision for retirement benefits	44,605	43,806
Asset retirement obligations	632	–
Other long-term liabilities	17,532	16,218
Total non-current liabilities	165,397	130,527
Total liabilities	482,714	533,937
Net Assets		
Shareholders' equity:		
Capital stock	72,795	72,118
Capital surplus:	143,260	142,571
Legal capital surplus	142,814	142,138
Other capital surplus	446	432
Retained earnings:		
Legal retained earnings	18,036	18,036
Other retained earnings:	786,647	727,288
Reserve for advanced depreciation of non-current assets	10,844	11,110
General reserve	210,359	210,359
Retained earnings brought forward	565,443	505,818
Total retained earnings	804,684	745,325
Treasury stock	(48,719)	(48,766)
Total shareholders' equity	972,020	911,248
Valuation and translation adjustments:		
Deferred gains or losses on hedges	(154)	(79)
Total valuation and translation adjustments	(154)	(79)
Stock acquisition rights:		
Stock acquisition rights	127	212
Total stock acquisition rights	127	212
Total net assets	971,992	911,381
Total liabilities and net assets	1,454,707	1,445,319

2. Non-Consolidated Statement of Income

(From April 1, 2023 to March 31, 2024)

	(JPY million)	
	(Reference)	
	155th Fiscal Year	154th Fiscal Year
Net sales	1,161,966	1,144,513
Cost of sales	858,846	870,593
Gross profit	303,119	273,919
Selling, general and administrative expenses	168,209	158,470
Operating income	134,910	115,448
Non-operating income:		
Interest and dividends income	103,142	143,743
Other non-operating income	2,580	1,243
Non-operating expenses:		
Interest expenses	297	369
Other non-operating expenses	6,635	7,113
Ordinary income	233,701	252,952
Extraordinary income:		
Gain on extinguishment of tie-in shares	–	3,090
Gain on sales of land	396	99
Reversal of allowance for investment loss	532	1,715
Extraordinary losses:		
Impairment loss	–	62
Loss on sales of land	–	212
Expenses related to the disaster	847	–
Income before income taxes	233,782	257,582
Income taxes:		
Income taxes-current	37,204	38,557
Income taxes-deferred	(1,870)	(1,026)
Net income	198,449	220,050

3. Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2023 to March 31, 2024)

(JPY million)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings		Retained earnings brought forward
					Reserve for advanced depreciation of non-current assets	General reserve		
Balance at March 31, 2023	72,118	142,138	432	142,571	18,036	11,110	210,359	505,818
Changes of items during the period								
Reversal of reserve for advanced depreciation of non-current assets						(266)		266
Dividends from surplus								(139,090)
Net income								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
Balance at March 31, 2024	72,795	142,814	446	143,260	18,036	10,844	210,359	565,443

(JPY million)

	Shareholders' equity			Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Retained earnings	Treasury stock	Total shareholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments		
	Total retained earnings						
Balance at March 31, 2023	745,325	(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)				(139,090)
Net income	198,449		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	59,358	46	60,771	(75)	(75)	(85)	60,611
Balance at March 31, 2024	804,684	(48,719)	972,020	(154)	(154)	127	971,992

4. 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 receivable 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 ended March 31, 2024.
 - 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 ended March 31, 2024.
 - 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 end of the fiscal year ended March 31, 2024.

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 ended March 31, 2024. Past 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 certain number of years (10 years), which is shorter than the average remaining service period of employees, beginning with the following fiscal year when the difference is recognized.

(5) Accounting for income and expenses

The Company recognizes revenue by adopting the following five steps in accordance with “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021).

Step 1: Identify the contracts with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The details are as described in “Notes Concerning Revenue Recognition.”

Notes Concerning 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 obligation 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 a 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 providing the service, including receipt of a 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 its 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 provide a refund to 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 product and replaces parts free of charge for a certain period in accordance with the contract. Thus, in order to provide for disbursement of the after-sales service costs, provision for product warranties is recognized based on the relevant historical result.

In addition to this standard warranty, the Company offers an extended warranty package for power lines (engine and power systems and hydraulic systems) 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.

Notes to Accounting Estimates

Recoverability of deferred tax assets

Amount recorded in financial statements for the fiscal year ended March 31, 2024

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. The amount recorded in the fiscal year ended March 31, 2024 is JPY 27,144 million.

Other information

- (1) Calculation method of amount recorded in financial statements for the fiscal year ended March 31, 2024

The Company recognizes deferred tax assets to the extent of deductible temporary differences that are allowed to reduce the tax amount payable into the future.

- (2) Major assumptions used in the calculation of the amounts recorded in financial statements for the fiscal year ended March 31, 2024

Estimates of future taxable income used to evaluate the recoverability of deferred tax assets are determined based on business plans; however, of these business plans, the forecasts of future sales and profits include trends of prices, exchange rates and interest rates, and trends of demand for construction equipment in each country under the uncertain economic situation, as major assumptions.

Impact on financial statements for the following fiscal year

A decrease in future taxable income may result in reducing the amount of deferred tax assets.

Notes to Non-Consolidated Balance Sheet

- | | |
|---------------------------------------------------------------------------------------------------------------------|---------------------|
| (1) Accumulated depreciation of property, plant and equipment: | JPY 524,736 million |
| (2) Contingent liabilities | |
| Balance of guarantees for bonds and debt for borrowings from financial institutions by subsidiaries and affiliates: | JPY 260,940 million |
| Balance of guarantees for debt for borrowings from financial institutions by employees (home loans): | JPY 280 million |
| Balance of keep-well agreements for the bonds of subsidiaries and affiliates: | JPY 177,248 million |
| Balance of guarantees for loans financed by subsidiaries and affiliates: | JPY 6,431 million |
| Balance of guarantees for joint research in which subsidiaries and affiliates have participated: | JPY 3 million |
| (3) Receivables from and debts payable to subsidiaries and affiliates | |
| Short-term receivables from subsidiaries and affiliates: | JPY 180,226 million |
| Short-term debts payable to subsidiaries and affiliates: | JPY 63,832 million |
| Long-term receivables from subsidiaries and affiliates: | JPY 16,833 million |

Notes to Non-Consolidated Statement of Income

- | | |
|-------------------------------------------------------------------------------------------------------------------|---------------------|
| (1) Trading with subsidiaries and affiliates | |
| Sales: | JPY 898,721 million |
| Purchases: | JPY 157,822 million |
| Trading other than operating transactions: | JPY 109,096 million |
| (2) Expenses related to the disaster | |
| They are JPY 600 million of expenses for support for areas affected by the Noto Peninsula Earthquake, and others. | |

Notes to Non-Consolidated Statement of Changes in Net Assets

(1) Type and number of shares issued

Type	Number of Shares at the Beginning of the Fiscal Year ended March 31, 2024	Increase During the Fiscal Year ended March 31, 2024	Decrease During the Fiscal Year ended March 31, 2024	Number of Shares at the End of the Fiscal Year ended March 31, 2024
Common stock*	973,450,930	359,690	–	973,810,620

Note: The 359,690-share increase in the number of shares of common stock is due to the issuance of new shares as restricted stock compensation.

(2) Type and number of treasury stock

Type	Number of Shares at the Beginning of the Fiscal Year ended March 31, 2024	Increase During the Fiscal Year ended March 31, 2024	Decrease During the Fiscal Year ended March 31, 2024	Number of Shares at the End of the Fiscal Year ended March 31, 2024
Common stock* ^{1,2}	27,445,481	6,470	40,650	27,411,301

Notes:

1. The 6,470-share increase in the number of shares of common stock held as treasury stock is due to the purchase of shares constituting less than one unit of shares
2. The 40,650-share decrease in the number of shares of common stock held as treasury stock consists of the following:
 - 1) 40,600 shares by the exercise of stock options
 - 2) 50 shares by the sales of shares constituting less than one unit of shares

(3) Dividends

1) Payment amount of dividends

Resolution	Type of Shares	Total Dividends (JPY million)	Dividend per Share (JPY)	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 for which the record date is in the fiscal year ended March 31, 2024 and effective date is in the fiscal year ending March 31, 2025

Planned Resolution	Type of Shares	Resource of Dividends	Total Dividends (JPY million)	Dividend per Share (JPY)	Record Date	Effective Date
Ordinary General Meeting of Shareholders to be held on June 19, 2024	Common stock	Retained earnings	89,907	95	March 31, 2024	June 20, 2024

(4) Matters concerning Stock Acquisition Rights

Breakdown of Stock Acquisition Rights	Type of Shares Allocated for Stock Acquisition Rights	Number of Shares Allocated for Stock Acquisition Rights			
		Number of Shares at the Beginning of the Fiscal Year ended March 31, 2024	Increase During the Fiscal Year ended March 31, 2024	Decrease During the Fiscal Year ended March 31, 2024	Number of Shares at the End of the Fiscal Year ended March 31, 2024
2015 Stock Acquisition Rights ^{*1, 2}	Common stock	11,000	–	11,000	–
2016 Stock Acquisition Rights ^{*1, 2}	Common stock	36,600	–	15,400	21,200
2017 Stock Acquisition Rights ^{*1, 2}	Common stock	49,100	–	14,200	34,900

Notes:

1. The Stock Acquisition Rights were issued without consideration to employees of the Company or others as per the Companies Act of Japan.
2. The decrease in shares recorded during the fiscal year ended March 31, 2024 for the Stock Acquisition Rights is due to exercise of Stock Acquisition Rights.

Notes Concerning Tax Effect Accounting

(1) Major reasons for the accrual of deferred tax assets and deferred tax liabilities

(Deferred tax assets)

Provision for product warranties	JPY	3,757	million
Inventories	JPY	1,327	million
Accrued enterprise tax	JPY	1,451	million
Provision for bonuses	JPY	4,224	million
Provision for retirement benefits	JPY	11,740	million
Share-based payment expenses	JPY	1,142	million
Investment securities and stocks of subsidiaries and affiliates	JPY	4,283	million
Excess over depreciation limit	JPY	1,375	million
Deferred gains or losses on hedges	JPY	67	million
Return assets and refund liabilities	JPY	874	million
Accrued expenses	JPY	3,022	million
Prepaid expenses	JPY	1,884	million
Others	JPY	3,777	million
Subtotal deferred tax assets	JPY	38,929	million
Less valuation allowance	JPY	(5,505)	million
Total deferred tax assets	JPY	33,423	million

(Deferred tax liabilities)

Reserve for advanced depreciation of non-current assets	JPY	(4,819)	million
Others	JPY	(1,459)	million
Total deferred tax liabilities	JPY	(6,278)	million
Net deferred tax assets	JPY	27,144	million

(2) 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).

Notes Concerning Related Party Transactions

Subsidiaries and other affiliated companies

(JPY million)

Attribute	Company Name	Holding Voting Rights	Relationship with Related Party	Transaction	Transaction Amount	Category	Outstanding Balance
Subsidiary	Komatsu America Corp.	Holding directly 100%	Manufacture and sale of the Company's products	Sale of products, etc.*1	253,213	Accounts receivable-trade	15,892
	Komatsu Customer Support Japan Ltd.	Holding directly 100%	Sale of the Company's products	Sale of products, etc.*1	213,948	Accounts receivable-trade	61,278
	Komatsu South Africa (Pty) Ltd.	Holding indirectly 100%	Sale of the Company's products	Sale of products, etc.*1	25,329	Accounts receivable-trade	14,256
	Komatsu Business Support Ltd.	Holding directly 100%	Retail financing of the Company's products	Cash Management System lending*2	27,168	Short-term loans receivable	10,717
						Long-term loans receivable	16,833
	EARTHBRAIN Ltd.	Holding directly 54.5%	Dispatched Director	Cash Management System borrowing*2	19,150	Deposits received	17,440
	Komatsu NTC Ltd.	Holding directly 100%	Dispatched Director	Cash Management System borrowing*2	8,692	Deposits received	4,240
Komatsu Finance America Inc.	Holding indirectly 100%	Financing within Komatsu Group, fundraising, etc.	Guarantee obligation*3	236,235	—	—	

Notes concerning transaction conditions and policies, etc. for their determination

1. Product selling prices and other sales conditions are decided by negotiation, taking into account market conditions.
2. The interest rates on Cash Management System borrowing and lending are reasonably decided taking market interest rates into consideration. Transaction amount shows the average balance during the fiscal year ended March 31, 2024 because the transactions are repetitive.
3. The guarantee obligation applies to bonds issued by Komatsu Finance America Inc.

Notes Concerning Per Share Information

- | | |
|--------------------------|--------------|
| (1) Net assets per share | JPY 1,026.91 |
| (2) Net income per share | JPY 209.73 |

Notes Concerning Subsequent Events

(Share buyback and cancellation of treasury stock)

The Company resolved at a meeting of the board of directors held on April 26, 2024 to repurchase its shares of common stock pursuant to Article 156 of the Companies Act of Japan (the "Companies Act") as applied pursuant to Article 165, Paragraph 3 of the Companies Act. It has also resolved to cancel its shares of treasury stock pursuant to Article 178 of the Companies Act.

- (1) Purpose of the share buyback and cancellation of treasury stock
The Company has decided to repurchase its shares of common stock from the viewpoint of increasing its corporate value and shareholder returns taking into consideration the current capital efficiency, financial soundness, and other factors. In addition, the Company has decided to cancel its shares of treasury stock to be repurchased after comprehensively considering the specific use of the shares and the reasons for holding them.

- | | |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| (2) Details of share buyback | |
| (i) Class of shares to be repurchased | Common stock |
| (ii) Total number of shares to be repurchased | Up to 33 million shares
(represents up to 3.5% of the total number of
outstanding shares (excluding treasury stock)) |
| (iii) Total purchase price for buyback of shares | Up to 100 billion yen |
| (iv) Period of buyback | April 30, 2024 to September 30, 2024 |
| (v) Method of buyback | Purchase at the Tokyo Stock Exchange |
| (3) Details of cancellation of treasury stock | |
| (i) Class of shares to be canceled | Common stock |
| (ii) Number of shares to be canceled | All shares repurchased |
| (iii) Planned date of cancellation | October 30, 2024 |

Other Notes

Amounts less than JPY 1 million in the Non-Consolidated Financial Statements and its Notes are rounded down.

IV Auditor's Report

[English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 10, 2024

The Board of Directors
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

Opinion

We have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules (hereafter collectively referred to as the "non-consolidated financial statements, etc.") of Komatsu Ltd. as of March 31, 2024 and for the 155th fiscal year from April 1, 2023 to March 31, 2024, in accordance with Article 436, Paragraph 2, Item 1 of the Companies Act of Japan.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and the results of operations of Komatsu Ltd. as of the date and for the period for which the non-consolidated financial statements, etc. were prepared 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, etc. 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, etc. in Japan, and we have fulfilled our 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.

Other contents

Other contents are the Business Report and supplementary schedules. Management is responsible for creating and disclosing other contents. In addition, the Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for monitoring the execution of duties by the Directors in the development and operation of the reporting process for other contents.

The subject of our audit opinion on the non-consolidated financial statements, etc. does not include the other contents, and we do not express an opinion on the other contents.

Our responsibility of auditing non-consolidated financial statements, etc. is to read through the other contents, and in the process of reading, consider whether there is any significant difference between the other contents and the non-consolidated financial statements, etc. or the knowledge gained through the process of auditing, and also pay attention to whether there are any other signs of material error in the other contents other than such significant differences.

If we determine that there is a material error in the other contents based on the work performed, we are required to report the fact.

There are no matters to be reported by us regarding the other contents.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-Consolidated Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan, and for the development and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that is free from material misstatements, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. 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 duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements, etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. 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, etc. 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, etc.

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, etc., 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, etc. 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 notes to the non-consolidated financial statements or, if the notes to the non-consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. 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, etc. 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, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. 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 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.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law 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 Companies Act of Japan.

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