

Dialogue Event between Komatsu Outside Director and Investors

Date & Time: February 19, 2026 (Thu) 15:00–16:00

Speaker: Arthur M. Mitchell — Outside Director, Foreign Lawyer of White & Case LLP

Q: You have served as an outside director for six years. What are your impressions of Komatsu over this period?

Komatsu is one of the most outstanding companies in Japan and has maintained stable performance without major scandals during this period.

Q: What discussions took place at the Board of Directors regarding U.S. tariffs?

The impact of U.S. tariff policies has been significant. Based on reports from the CFO to the board, the company disclosed the potential impact to external stakeholders at an early stage. The board also placed particular focus on discussions regarding the supply chain.

Q: How do you evaluate Komatsu compared with major competitors, and what challenges do you see in its global expansion?

Since a large portion of Komatsu's revenue comes from overseas markets, the board has discussed whether the company's traditional management approach will remain sufficient going forward.

Our largest competitor is a U.S. company, and we view the North American market—which is expected to continue growing—as a major opportunity for Komatsu. Personally, I believe Komatsu should challenge the U.S. competitor more aggressively.

In North America, the company is strengthening its distributor network and promoting its advanced technology offerings such as KOMTRAX and EARTHRAIN. In recent board discussions, we exchanged views on how to better integrate “products” and “solutions” to enhance competitiveness.

Q: Komatsu has lagged the competitor in terms of share price growth and valuation. How is the board addressing this issue?

The gap in market capitalization and valuation relative to the U.S. competitor is recognized by the board as an important issue and is discussed on an ongoing basis. Comparative analyses of performance, strategy, and market valuation are regularly shared.

Based on these discussions, the board believes that strengthening competitiveness and implementing concrete growth strategies in North America will ultimately enhance the company's business foundation and increase its corporate value.

Q: Over the past six years, the company has faced major management challenges such as COVID-19 and U.S. tariffs. How much information was shared with the board, and how were decisions made?

For these management issues, detailed reports covering the situation in each region and business were

provided to the board on a regular basis.

During each phase—such as COVID-19, semiconductor shortages, inflation, tariffs, and changes in the competitive environment—impact analyses and response strategies were shared and discussed.

For particularly important matters, there is a system in place that ensures reporting to the board at an early stage.

As an outside director, I believe my role has been to ask questions and make recommendations from both risk and opportunity perspectives based on the information provided, thereby contributing to deeper discussions from multiple viewpoints and improving the quality of management decisions.

Q: Through discussions among directors and interactions with employees, have you identified any issues?

In addition to visiting factories and business sites both in Japan and overseas, I had the opportunity last year to visit mining sites in Australia and meet directly with customers such as Rio Tinto and BHP. Suggestions for improvement gained there were later discussed at the board.

In meetings among outside directors, we also discussed matters such as the composition of the board, and we believe the current composition is well balanced.

Komatsu allows outside directors to freely ask questions to employees beyond the board, which provides good access to information.

Q: From a lawyer's perspective, are there areas where Komatsu could improve?

As a lawyer, in order to avoid conflicts of interest, I do not provide legal advice during board meetings. Instead, I focus on confirming whether any issues may have been overlooked and making suggestions when necessary.

I believe that providing such perspectives is the role expected of me.

Q: What discussions have taken place regarding Komatsu's growth strategy and capital allocation, and what are your personal views?

Komatsu has a corporate culture that values stability. Capital allocation is continuously discussed with a focus on capital investments, shareholder returns, and M&A.

During the past six years, M&A opportunities have been continuously reviewed. My impression is that the company prioritizes M&A that strengthens and expands existing businesses rather than share buybacks, and I believe this steady approach has contributed to growth.

Q: Regarding M&A in the underground mining business, if a promising opportunity arises, are there constraints such as price or balance sheet limitations?

I cannot comment on specific cases, but partnerships, joint ventures, and acquisitions are all actively considered.

Historically, M&A has mainly focused on strengthening existing businesses. Recently, however, the board has also discussed possibilities in entirely new business areas beyond traditional domains.

Rather than focusing on constraints such as price or balance sheet considerations, decisions are made

after carefully evaluating strategic alignment and future growth potential.

Q: What do you see as Komatsu's strengths and challenges in non-financial and governance areas?

Although global views fluctuate, Komatsu's strength lies in maintaining its commitment to environmental issues.

At the same time, a key challenge is how to ensure that the market and investors appropriately recognize these efforts. Going forward, it will be important to communicate these initiatives in ways that align with the interests of different markets.

Q: What cultural changes, if any, does Komatsu need in comparison with global companies?

Komatsu is a very serious company with a strong culture of compliance and respect for laws and regulations.

A large amount of information is shared with the board every month, and the high level of transparency is a strength. Even in the unlikely event of misconduct, the company has systems in place to share information quickly and respond appropriately.

Q: Following this year's revision of the Corporate Governance Code, have discussions on capital utilization and governance become more active?

Regarding cash utilization, discussions have leaned toward prioritizing M&A over share buybacks.

From a governance perspective, improving the speed of decision-making is recognized as one of the challenges. While Komatsu values stability, faster decisions and execution will be increasingly necessary, particularly in competition with the U.S. competitor.

Q: How do you evaluate the current mid-term management plan? Has anything changed compared with the previous plan over the past year?

I believe the fundamental direction remains largely unchanged and reflects continuity.

The key concept is achieving "DANTOTSU" and promoting the use of AI and DX, as well as strengthening EARTHBRAIN, are important themes.

Q: How do you evaluate Komatsu's PMI in M&A?

Japanese companies are often considered weak in PMI planning and execution, but Komatsu has a dedicated M&A team, and I do not believe there have been cases where PMI failed.

Another strength is that Komatsu does not pursue M&A simply for the sake of doing deals; instead, it carefully evaluates the strategic rationale before making decisions.

Q: As a member of the Nomination Advisory Committee, how do you view Komatsu's succession planning?

At Komatsu, one of the key qualities required for top management is global experience.

The Nomination Advisory Committee continuously reviews candidates for important positions, including

the next president. I believe the succession plan is being implemented in a systematic and steady manner.

Q: What qualities do you believe are necessary for Komatsu's president?

Since approximately 90% of the company's revenue comes from outside Japan, I believe the most important qualities are open-mindedness and flexibility.

Q: How is the board discussing changes in the competitive environment in technology fields, including AI, relative to the U.S. competitor?

At the board, outside directors share diverse insights and information regarding technology fields, including AI.

From my perspective, given my involvement in AI regulation, I recognize the growing importance of technology. During the formulation of the mid-term management plan, I proposed clearly positioning AI alongside DX.

The CTO has also shared examples of deterministic AI applications in production sites, and these individual topics are discussed carefully.

Q: How would you describe the decision-making style of Komatsu's management?

Decision-making at Komatsu is not purely top-down; rather, it is organizational and consensus-based.

For example, M&A proposals are reported to the board at an early stage and are submitted for approval only after sufficient coordination with relevant departments and thorough processes.

I believe Komatsu's decision-making style is characterized by careful and collective deliberation.

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