

Komatsu Ltd.

Corporate Communications Dept.

Tel: +81-(0)3-5561-2616

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URL: <https://home.komatsu/en/>

**Consolidated Business Results for Nine Months of the Fiscal Year Ending
March 31, 2020 (U.S. GAAP)**

1. Results for Nine Months Ended December 31, 2019

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

Millions of yen except per share amounts

	Nine Months ended December 31, 2019	Nine Months ended December 31, 2018	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	1,827,442	2,018,609	(191,167)	(9.5%)
Operating income	207,828	295,835	(88,007)	(29.7%)
Income before income taxes and equity in earnings of affiliated companies	189,922	277,980	(88,058)	(31.7%)
Net income attributable to Komatsu Ltd.	135,268	184,197	(48,929)	(26.6%)
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥143.27	¥195.22	¥(51.95)	
Diluted	¥143.15	¥194.99	¥(51.84)	

Note: Comprehensive income for nine months ended December 31, 2019 and 2018

2019: 99,366 millions of yen, down 38.7% from 2018

2018: 162,061 millions of yen, down 10.3% from 2017

(2) Consolidated Financial Position

Millions of yen except per share amounts

	As of December 31, 2019	As of March 31, 2019
Total assets	3,729,226	3,638,219
Total equity	1,890,773	1,902,868
Komatsu Ltd. shareholders' equity	1,803,676	1,815,582
Komatsu Ltd. shareholders' equity ratio	48.4%	49.9%
Komatsu Ltd. shareholders' equity per share (Yen)	¥1,909.88	¥1,923.47

2. Dividends

(For the fiscal years ended March 31, 2019 and ending March 31, 2020)

Yen

	The entire FY ending March 31, 2020		The entire FY ended March 31, 2019
	Results	2020 Projections	
First quarter period	-		-
Second quarter period	55.00		51.00
Third quarter period	-		-
Year-end		55.00	59.00
Total		110.00	110.00

Note: Changes in the projected cash dividend as of January 31, 2020: None

3. Projections for the Fiscal Year Ending March 31, 2020

(From April 1, 2019 to March 31, 2020)

Millions of yen except per share amounts

	2020	
		Changes Increase (Decrease)
Net sales	2,472,000	(9.3%)
Operating income	279,000	(29.9%)
Income before income taxes and equity in earnings of affiliated companies	257,000	(31.9%)
Net income attributable to Komatsu Ltd.	180,000	(29.8%)
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	¥190.64	

Note: Changes in the projected consolidated business results as of January 31, 2020: None

4. Others

(1) Changes in important subsidiaries during the nine-month period under review: None

(2) Use of simplified accounting procedures and adoption of specific accounting procedures for the preparation of consolidated quarterly financial statements: None

(3) Changes in significant accounting rules, procedures and presentation and changes in significant accounting policies and estimates

1) Changes resulting from revisions in accounting standards, etc.: Applicable

2) Changes in other matters except for 1) above: None

Note: See (4) Others on page 10 for more details.

(4) Number of common shares outstanding

1) The numbers of common shares issued (including treasury stock) were as follows:

As of December 31, 2019: 972,581,230 shares

As of March 31, 2019: 972,252,460 shares

2) The numbers of shares of treasury were as follows:

As of December 31, 2019: 28,187,916 shares

As of March 31, 2019: 28,343,514 shares

3) The weighted average numbers of common shares outstanding were as follows:

Nine months ended December 31, 2019: 943,730,719 shares

Nine months ended December 31, 2018: 943,418,372 shares

[Reference]

Results for Three Months ended December 31, 2019

Millions of yen except per share amounts

	Three Months ended December 31, 2019	Three Months ended December 31, 2018	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	613,957	700,568	(86,611)	(12.4%)
Operating income	65,846	95,528	(29,682)	(31.1%)
Income before income taxes and equity in earnings of affiliated companies	61,710	85,471	(23,761)	(27.8%)
Net income attributable to Komatsu Ltd.	45,206	58,812	(13,606)	(23.1%)
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥47.87	¥62.32	¥(14.45)	
Diluted	¥47.83	¥62.25	¥(14.42)	

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Management Performance and Financial Conditions

(1) Outline of Operations and Business Results

Starting in April last year, Komatsu Ltd. (“Company”) and its consolidated subsidiaries (together “Komatsu”) have embarked on the new three-year mid-term management plan (FY2019 - 2021), “DANTOTSU Value - *FORWARD* Together for Sustainable Growth” for its 100th anniversary in 2021 and beyond. Under the new mid-term management plan, Komatsu upholds three new pillars of growth strategies of 1) value creation by means of innovation, 2) growth strategies based on business reforms, and 3) structural reforms for growth. Komatsu has begun making efforts for sustainable growth through a positive cycle of improving earnings and solving ESG issues.

For the nine-month period (April 1 - December 31, 2019) of the fiscal year ending March 31, 2020, the first year of the new mid-term management plan, consolidated net sales totaled JPY1,827.4 billion, down 9.5% from the corresponding period a year ago. In the construction, mining and utility equipment business, while demand remained steady in Traditional Markets, such as Japan and North America, demand declined in Strategic Markets centering on Asia. As a result, sales decreased from the corresponding period a year ago. In the industrial machinery and others business, sales declined, mainly affected by reduced sales of presses and machine tools to the automobile manufacturing industry, as well as declined sales of Excimer laser-related products on the semiconductor market.

With respect to profits for the nine-month period under review, while Komatsu worked to improve selling prices, operating income declined by 29.7% from the corresponding period a year ago, to JPY207.8 billion. This was mainly due to reduced sales volume, a change in the geographic composition of sales, and adverse effects of the Japanese yen’s appreciation. The operating income ratio decreased by 3.3 percentage points to 11.4%. Income before income taxes and equity in earnings of affiliated companies fell by 31.7% to JPY189.9 billion. Net income attributable to Komatsu Ltd. totaled JPY135.2 billion, down by 26.6%.

	Nine Months ended December 31, 2019 1USD=JPY108.9 1EUR=JPY121.0 1RMB=JPY15.7	Nine Months ended December 31, 2018 1USD=JPY111.0 1EUR=JPY129.8 1RMB=JPY16.6	Changes Increase (Decrease)
	[A]	[B]	[(A-B)/B]
Net sales	1,827,442	2,018,609	(9.5%)
Construction, Mining and Utility Equipment	1,658,093	1,845,898	(10.2%)
Retail Finance	52,914	46,172	14.6%
Industrial Machinery and Others	127,000	142,745	(11.0%)
Elimination	(10,565)	(16,206)	-
Segment profit	204,253	296,288	(31.1%)
Construction, Mining and Utility Equipment	182,853	272,545	(32.9%)
Retail Finance	10,899	13,120	(16.9%)
Industrial Machinery and Others	9,633	12,678	(24.0%)
Corporate & elimination	868	(2,055)	-
Operating income	207,828	295,835	(29.7%)
Income before income taxes and equity in earnings of affiliated companies	189,922	277,980	(31.7%)
Net income attributable to Komatsu Ltd.	135,268	184,197	(26.6%)

Note: Unless otherwise noted, all sales by segment in this report indicate the amounts before elimination of inter-segment transactions.

Business results by operation are described below.

Construction, Mining and Utility Equipment

For the nine-month period under review, sales of the construction, mining and utility equipment business decreased by 10.2% from the corresponding period a year ago, to JPY1,658.0 billion. Segment profit declined by 32.9% to JPY182.8 billion.

In the area of value creation by means of innovation, one of the three pillars of growth strategies in the mid-term management plan, Komatsu is upholding the reinforcement of Autonomous Haulage System (AHS) as one of the efforts of focus. Komatsu has prepared to deploy 37 units of the 930E ultra-class electrical dump truck as part of AHS in the Carajás iron mine, the world's largest class mine in northern Brazil. Komatsu also opened its first AHS training center near the mine and began efforts to provide a broad range of training for the operation and maintenance of AHS in northern Brazil.

With respect to "SMARTCONSTRUCTION," a solutions business for construction jobsites, which Komatsu launched in Japan in February 2015, Komatsu has made steady progress, introducing this new business model to over 9,700 construction jobsites to date (cumulative) in Japan. Overseas, Komatsu has engaged in pilot deployments, mainly in the United States and Germany, and made steady progress for full-scale market introduction.

Komatsu will continue its efforts to achieve the safe, highly productive, smart and clean workplaces of the future together with our customers.

[Sales to Outside Customers of Construction, Mining and Utility Equipment by Region]

Millions of yen

	Nine Months ended December 31, 2019	Nine Months ended December 31, 2018	Changes Increase (Decrease)	
			[A-B]	[(A-B)/B]
	[A]	[B]		
Japan	226,232	225,182	1,050	0.5%
North America	435,474	447,805	(12,331)	(2.8%)
Latin America	231,783	244,812	(13,029)	(5.3%)
Americas	667,257	692,617	(25,360)	(3.7%)
Europe	160,471	146,600	13,871	9.5%
CIS	99,984	102,043	(2,059)	(2.0%)
Europe & CIS	260,455	248,643	11,812	4.8%
China	94,153	118,728	(24,575)	(20.7%)
Asia*	159,767	266,061	(106,294)	(40.0%)
Oceania	152,427	164,026	(11,599)	(7.1%)
Asia* & Oceania	312,194	430,087	(117,893)	(27.4%)
Middle East	20,734	23,209	(2,475)	(10.7%)
Africa	73,412	97,093	(23,681)	(24.4%)
Middle East & Africa	94,146	120,302	(26,156)	(21.7%)
Total	1,654,437	1,835,559	(181,122)	(9.9%)

Note: *Excluding Japan and China

Komatsu's operations by region are described below.

Japan

For the nine-month period under review, sales remained flat from the corresponding period a year ago. This was mainly supported by the recovery from reduced sales, as affected by the reactionary drop of pre-buy demand in anticipation of the new emission control regulations enforced in September 2017, and the steady demand in infrastructure development projects.

Americas

In North America, while demand remained steady, centering on construction equipment in the rental industry, sales decreased from the corresponding period a year ago, as Komatsu promoted the inventory adjustment of its distributors. In Latin America, while sales of mining equipment increased in Chile, demand declined in Argentina and Mexico, where economic conditions continued to deteriorate. As a result, sales declined from the corresponding period a year ago.

Europe and CIS

In Europe, while demand declined in the United Kingdom, sales advanced from the corresponding period a year ago, supported by steady demand, centering on other major markets of Germany and France, in particular. In CIS, sales fell, as adversely affected by the reduced demand for mining equipment in the coal sector and construction equipment.

China

Sales declined from the corresponding period a year ago, as adversely affected by a growing uncertainty of the prospects of the domestic economy and an increase in sales by domestic manufacturers.

Asia and Oceania

In Asia, sales dropped sharply from the corresponding period a year ago, as adversely affected by not only reduced demand for mining equipment in Indonesia, the largest market of the region, resulting from the declining price of thermal coal, but also sluggish demand for construction equipment overall in Asia. In Oceania, sales declined from the corresponding period a year ago, as mainly affected by reduced sales of both construction and mining equipment, while Komatsu steadily captured sales of parts and service revenues for mining equipment.

Middle East and Africa

In the Middle East, sales decreased from the corresponding period a year ago, as demand remained slack in Turkey, a major market of the region, against the backdrop of depreciation of the currency, while demand for construction equipment increased in the United Arab Emirates. In Africa, while sales of construction equipment remained flat in Southern Africa, demand remained sluggish in other regions. As a result, sales dropped from the corresponding period a year ago.

Retail Finance

Revenues increased by 14.6% from the corresponding period a year ago, to JPY52.9 billion, supported by the benefits of increased assets centering on North America and Europe. Segment profit fell by 16.9% to JPY10.8 billion, mainly reflecting no more reversal of allowances for doubtful accounts in China.

Industrial Machinery and Others

For the nine-month period under review, sales declined by 11.0% from the corresponding period a year ago, to JPY127.0 billion, mainly affected by reduced sales of presses and machine tools to the automobile manufacturing industry, as well as reduced sales of Excimer laser-related products on the semiconductor market. Segment profit declined by 24.0% to JPY9.6 billion.

GIGAPHOTON CHINA Inc., which is the new company to oversee GIGAPHOTON INC.'s service sites in China, began operations in November last year, working to strengthen support and provide improved service there.

(2) Financial Conditions

As of December 31, 2019, total assets increased by JPY91.0 billion from the previous fiscal year-end, to JPY3,729.2 billion. While the Japanese yen appreciated mainly against the US dollar, Euro and Renminbi more than the previous fiscal year-end, Komatsu recognized right-of-use assets under operating lease on the consolidated balance sheet in compliance with the new accounting standard it adopted, and inventories increased. Interest-bearing debt increased by JPY117.6 billion from the previous fiscal year-end, to JPY1,048.3 billion. Komatsu Ltd. shareholders' equity decreased by JPY11.9 billion from the previous fiscal year-end, to JPY1,803.6 billion. As a result, Komatsu Ltd. shareholders' equity ratio decreased by 1.5 percentage points from the previous fiscal year-end, to 48.4%.

For the nine-month period under review, while working capital increased from the corresponding period a year ago, net cash provided by operating activities totaled JPY157.9 billion, an increase of JPY57.6 billion from the corresponding period a year ago, due mainly to net income and depreciation. Net cash used in investing activities amounted to JPY149.3 billion, an increase of JPY7.0 billion, due mainly to the purchase of fixed assets. Net cash provided by financing activities totaled JPY26.2 billion, as compared to JPY50.7 billion provided for the corresponding period a year ago, mainly due to financing for the payment of corporate taxes and cash dividends. After the effects of foreign exchange fluctuations are reflected, cash and cash equivalents totaled JPY183.6 billion, an increase of JPY35.1 billion from the previous fiscal year-end.

(3) Projection for the Fiscal Year Ending March 31, 2020

(From April 1, 2019 to March 31, 2020)

Komatsu makes no change in the projection of October 30, 2019, concerning consolidated business results for the fiscal year ending March 31, 2020, which are shown on page 2 of this report.

(4) Others

- 1) Changes in important subsidiaries during the nine-month period under review: None
- 2) Use of simplified accounting procedures and adoption of specific accounting procedures for the preparation of consolidated quarterly financial statements: None
- 3) Changes in significant accounting rules, procedures and presentation and changes in significant accounting policies and estimates
 - a) Changes resulting from revisions in accounting standards, etc.

From the three months ended June 30, 2019, Komatsu has adopted the Accounting Standards Update (“ASU”) 2016-02 “Leases”. This Update requires lessees to recognize most leases as the right-of-use assets and the lease liabilities on their balance sheets. This Update does not substantially change lessor accounting. The Financial Accounting Standards Board (“FASB”) also modified the definition of lease. Additionally, the guidance expands qualitative and quantitative disclosures related to lease. Concerning accounting in relation to this Update, Komatsu has adopted the rule in which an entity does not separate lease and non-lease components and regards all components as those of a single lease, and the exceptional rule in which an entity does not recognize short-term leases on the balance sheet. Concerning the transition methods in relation to this Update, Komatsu has adopted a series of practical expedients in which an entity does not reassess whether any expired or existing lease contracts are or contain leases, the lease classification for them and initial direct costs for them. Komatsu has also adopted the additional transition methods in which an entity does not retrospectively restate presentation or disclosure of comparative years at the period of the application of the new accounting standards and an entity does not assess whether existing or expired land easements that were not previously accounted for as leases. The application of the provision has no significant impact on Komatsu’s financial position and results of operations.

From the three months ended June 30, 2019, Komatsu has adopted the ASU 2017-12, “Targeted Improvements to Accounting for Hedging Activities”. This Update improves the application of hedge accounting under certain circumstances to reflect the economic consequences of an entity's risk management activities in financial statements more appropriately. The Update eliminates the requirement to separately measure and present effective portion and ineffective portion of hedging and requires an entity to record the full amount of change in fair value of the hedging instrument in the same income statement line as gain or loss arising from the hedged item. The application of the provision has no significant impact on Komatsu’s financial position and results of operations.

b) Changes in other matters except for a) above: None

Cautionary Statement

The announcement set forth herein contains forward-looking statements which reflect management's current views with respect to certain future events, including expected financial position, operating results, and business strategies. These statements can be identified by the use of terms such as "will," "believes," "should," "projects" and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes in exchange rates or the impact of increased competition; unanticipated cost or delays encountered in achieving the Company's objectives with respect to globalized product sourcing and new Information Technology tools; uncertainties as to the results of the Company's research and development efforts and its ability to access and protect certain intellectual property rights; and, the impact of regulatory changes and accounting principles and practices.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

Assets

Millions of yen

	As of December 31, 2019		As of March 31, 2019	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	¥ 183,646		¥ 148,479	
Time deposits	1,852		2,331	
Trade notes and accounts receivable, net	768,644		842,183	
Inventories	900,036		837,552	
Other current assets	150,260		138,415	
Total current assets	2,004,438	53.8	1,968,960	54.1
Long-term trade receivables, net	426,378	11.4	416,363	11.4
Investments				
Investments in and advances to affiliated companies	38,746		37,321	
Investment securities	7,151		7,473	
Other	2,391		2,528	
Total investments	48,288	1.3	47,322	1.3
Property, plant and equipment	767,016	20.6	776,422	21.3
- less accumulated depreciation and amortization				
Operating lease right-of-use assets	49,284	1.3	-	-
Goodwill	168,901	4.5	161,921	4.5
Other intangible assets	170,952	4.6	166,406	4.6
- less accumulated amortization				
Deferred income taxes and other assets	93,969	2.5	100,825	2.8
Total	¥ 3,729,226	100.0	¥ 3,638,219	100.0

Liabilities and Equity

Millions of yen

	As of December 31, 2019		As of March 31, 2019	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	¥ 529,406		¥ 404,659	
Current maturities of long-term debt	112,244		53,556	
Trade notes, bills and accounts payable	229,608		266,951	
Income taxes payable	22,133		43,022	
Current operating lease liabilities	14,079		-	
Other current liabilities	311,720		313,951	
Total current liabilities	1,219,190	32.7	1,082,139	29.7
Long-term liabilities				
Long-term debt	406,652		472,485	
Liability for pension and retirement benefits	87,454		90,187	
Long-term operating lease liabilities	34,739		-	
Deferred income taxes and other liabilities	90,418		90,540	
Total long-term liabilities	619,263	16.6	653,212	18.0
Total liabilities	1,838,453	49.3	1,735,351	47.7
Komatsu Ltd. shareholders' equity				
Common stock	68,689		68,311	
Capital surplus	136,845		136,798	
Retained earnings:				
Appropriated for legal reserve	46,773		46,028	
Unappropriated	1,680,941		1,654,105	
Accumulated other comprehensive income (loss)	(80,009)		(39,792)	
Treasury stock	(49,563)		(49,868)	
Total Komatsu Ltd. shareholders' equity	1,803,676	48.4	1,815,582	49.9
Noncontrolling interests	87,097	2.3	87,286	2.4
Total equity	1,890,773	50.7	1,902,868	52.3
Total	¥ 3,729,226	100.0	¥ 3,638,219	100.0

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

Nine months ended December 31, 2019 and 2018

Consolidated Statements of Income

Millions of yen except per share amounts

	Nine Months ended December 31, 2019		Nine Months ended December 31, 2018	
		Ratio (%)		Ratio (%)
Net sales	¥ 1,827,442	100.0	¥ 2,018,609	100.0
Cost of sales	1,296,944	71.0	1,392,524	69.0
Selling, general and administrative expenses	326,245	17.9	329,797	16.3
Other operating income (expenses), net	3,575	0.2	(453)	(0.0)
Operating income	207,828	11.4	295,835	14.7
Other income (expenses), net				
Interest and dividend income	5,403	0.3	5,470	0.3
Interest expense	(18,892)	(1.0)	(17,755)	(0.9)
Other, net	(4,417)	(0.2)	(5,570)	(0.3)
Total other income (expenses)	(17,906)	(1.0)	(17,855)	(0.9)
Income before income taxes and equity in earnings of affiliated companies	189,922	10.4	277,980	13.8
Income taxes	49,871	2.7	81,635	4.0
Income before equity in earnings of affiliated companies	140,051	7.7	196,345	9.7
Equity in earnings of affiliated companies	2,717	0.1	2,854	0.1
Net income	142,768	7.8	199,199	9.9
Less: Net income attributable to noncontrolling interests	7,500	0.4	15,002	0.7
Net income attributable to Komatsu Ltd.	¥ 135,268	7.4	¥ 184,197	9.1
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 143.27		¥ 195.22	
Diluted	¥ 143.15		¥ 194.99	

Consolidated Statements of Comprehensive Income

Millions of yen

	Nine Months ended December 31, 2019	Nine Months ended December 31, 2018
Net income	¥ 142,768	¥ 199,199
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	(43,371)	(35,179)
Pension liability adjustments	399	(1,178)
Net unrealized holding gains (losses) on derivative instruments	(430)	(781)
Total other comprehensive income (loss), for the period, net of tax	(43,402)	(37,138)
Comprehensive income	99,366	162,061
Less: Comprehensive income attributable to noncontrolling interests	4,286	11,382
Comprehensive income attributable to Komatsu Ltd.	¥ 95,080	¥ 150,679

Three months ended December 31, 2019 and 2018

Consolidated Statements of Income

Millions of yen except per share amounts

	Three Months ended December 31, 2019		Three Months ended December 31, 2018	
		Ratio (%)		Ratio (%)
Net sales	¥ 613,957	100.0	¥ 700,568	100.0
Cost of sales	441,626	71.9	492,005	70.2
Selling, general and administrative expenses	108,767	17.7	111,408	15.9
Other operating income (expenses), net	2,282	0.4	(1,627)	(0.2)
Operating income	65,846	10.7	95,528	13.6
Other income (expenses), net				
Interest and dividend income	1,671	0.3	1,787	0.3
Interest expense	(5,784)	(0.9)	(6,345)	(0.9)
Other, net	(23)	(0.0)	(5,499)	(0.8)
Total other income (expenses)	(4,136)	(0.7)	(10,057)	(1.4)
Income before income taxes and equity in earnings of affiliated companies	61,710	10.1	85,471	12.2
Income taxes	14,253	2.3	24,096	3.4
Income before equity in earnings of affiliated companies	47,457	7.7	61,375	8.8
Equity in earnings of affiliated companies	987	0.2	592	0.1
Net income	48,444	7.9	61,967	8.8
Less: Net income attributable to noncontrolling interests	3,238	0.5	3,155	0.5
Net income attributable to Komatsu Ltd.	¥ 45,206	7.4	¥ 58,812	8.4
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 47.87		¥ 62.32	
Diluted	¥ 47.83		¥ 62.25	

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months ended December 31, 2019	Three Months ended December 31, 2018
Net income	¥ 48,444	¥ 61,967
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	22,843	(76,884)
Pension liability adjustments	254	(1,768)
Net unrealized holding gains (losses) on derivative instruments	801	1,909
Total other comprehensive income (loss), for the period, net of tax	23,898	(76,743)
Comprehensive income (loss)	72,342	(14,776)
Less: Comprehensive income (loss) attributable to noncontrolling interests	4,647	(2,319)
Comprehensive income (loss) attributable to Komatsu Ltd.	¥ 67,695	¥ (12,457)

(3) Consolidated Statements of Cash Flows

Millions of yen

	Nine Months ended December 31, 2019	Nine Months ended December 31, 2018
Operating activities		
Net income	¥ 142,768	¥ 199,199
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	97,221	98,114
Deferred income taxes	2,439	(5,399)
Impairment loss and net loss (gain) on valuation of investment securities	(236)	600
Net loss (gain) on sale of fixed assets	(3,759)	(486)
Loss on disposal of fixed assets	2,465	1,556
Pension and retirement benefits, net	(1,566)	(1,622)
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	30,046	(22,445)
Decrease (increase) in inventories	(84,027)	(115,117)
Increase (decrease) in trade payables	(33,018)	(45,097)
Increase (decrease) in income taxes payable	(20,730)	(37,571)
Other, net	26,354	28,610
Net cash provided by (used in) operating activities	157,957	100,342
Investing activities		
Capital expenditures	(139,560)	(144,862)
Proceeds from sale of fixed assets	11,881	9,567
Proceeds from sale of investment securities	844	1,815
Purchases of investment securities	(492)	(342)
Acquisition of subsidiaries and equity investees, net of cash acquired	(21,646)	(8,025)
Other, net	(340)	(373)
Net cash provided by (used in) investing activities	(149,313)	(142,220)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	363,503	272,607
Payment on debt (Original maturities greater than three months)	(310,560)	(203,315)
Short-term debt, net (Original maturities three months or less)	85,778	87,909
Dividends paid	(107,687)	(93,457)
Other, net	(4,786)	(13,022)
Net cash provided by (used in) financing activities	26,248	50,722
Effect of exchange rate change on cash and cash equivalents	275	(5,026)
Net increase (decrease) in cash and cash equivalents	35,167	3,818
Cash and cash equivalents, beginning of year	148,479	144,397
Cash and cash equivalents, end of period	¥ 183,646	¥ 148,215

(4) Note to the Going Concern Assumption

None

(5) Business Segment Information

1) Information by Operating Segments

Nine Months ended December 31, 2019 and 2018

(For Nine Months ended December 31, 2019)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	1,654,437	47,210	125,795	1,827,442	-	1,827,442
Intersegment	3,656	5,704	1,205	10,565	(10,565)	-
Total	1,658,093	52,914	127,000	1,838,007	(10,565)	1,827,442
Segment profit	182,853	10,899	9,633	203,385	868	204,253

(For Nine Months ended December 31, 2018)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	1,835,559	41,764	141,286	2,018,609	-	2,018,609
Intersegment	10,339	4,408	1,459	16,206	(16,206)	-
Total	1,845,898	46,172	142,745	2,034,815	(16,206)	2,018,609
Segment profit	272,545	13,120	12,678	298,343	(2,055)	296,288

Three Months ended December 31, 2019 and 2018

(For Three Months ended December 31, 2019)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	545,124	16,066	52,767	613,957	-	613,957
Intersegment	1,295	2,065	504	3,864	(3,864)	-
Total	546,419	18,131	53,271	617,821	(3,864)	613,957
Segment profit	53,020	4,089	5,594	62,703	861	63,564

(For Three Months ended December 31, 2018)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	640,373	15,139	45,056	700,568	-	700,568
Intersegment	4,929	1,596	647	7,172	(7,172)	-
Total	645,302	16,735	45,703	707,740	(7,172)	700,568
Segment profit	88,607	3,538	5,164	97,309	(154)	97,155

Notes: 1) Business categories and principal products & services included in each operating segment are as follows:

a) Construction, Mining and Utility Equipment

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

b) Retail Finance

Financing

c) Industrial Machinery and Others

Metal forging & stamping presses, sheet-metal machines, machine tools, defense systems, temperature-control equipment, and others

2) Transfers between segments are made at estimated arm's-length prices.

2) Geographic Information

Net sales determined by customer location were as follows:

For Nine Months ended December 31, 2019 and 2018

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2019	285,373	718,281	269,073	115,876	344,423	94,416	1,827,442
FY2018	285,345	749,307	261,619	138,620	463,265	120,453	2,018,609

For Three Months ended December 31, 2019 and 2018

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2019	101,538	246,638	85,700	41,731	106,118	32,232	613,957
FY2018	106,436	267,285	87,310	45,114	153,581	40,842	700,568

Note: * Excluding Japan and China

(6) Note in Case of Notable Changes in the Amount of Shareholders' Equity

None

(end)