

Komatsu Ltd.

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Date: July 30, 2020

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

Consolidated Business Results for Three Months of the Fiscal Year Ending March 31, 2021 (U.S. GAAP)

1. Results for Three Months Ended June 30, 2020

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

Millions of yen except per share amounts

	Three Months ended June 30, 2020	Three Months ended June 30, 2019	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	458,731	609,767	(151,036)	(24.8%)
Operating income	26,919	74,760	(47,841)	(64.0%)
Income before income taxes and equity in earnings of affiliated companies	28,497	66,910	(38,413)	(57.4%)
Net income attributable to Komatsu Ltd.	16,251	47,476	(31,225)	(65.8%)
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥17.20	¥50.30	¥(33.10)	
Diluted	¥17.20	¥50.25	¥(33.05)	

Note: Comprehensive income for three months ended June 30, 2020 and 2019

2020: 33,911 millions of yen, up 111.3% from 2019

2019: 16,050 millions of yen, down 80.6% from 2018

(2) Consolidated Financial Position

Millions of yen except per share amounts

	As of June 30, 2020	As of March 31, 2020
Total assets	3,660,884	3,653,686
Total equity	1,853,176	1,856,225
Komatsu Ltd. shareholders' equity	1,763,518	1,771,606
Komatsu Ltd. shareholders' equity ratio	48.2%	48.5%
Komatsu Ltd. shareholders' equity per share (Yen)	¥1,866.83	¥1,875.47

2. Dividends

(For the fiscal years ended March 31, 2020 and ending March 31, 2021)

Yen

	2020	2021 Projections
First quarter period		
Second quarter period	55.00	18.00
Third quarter period		
Year-end	39.00	18.00
Total	94.00	36.00

Note: Changes in the latest projected cash dividend as of July 30, 2020: Applicable

3. Projections for the Fiscal Year Ending March 31, 2021

(From April 1, 2020 to March 31, 2021)

Millions of yen except per share amounts

	2021	
		Changes Increase (Decrease)
Net sales	2,068,000	(15.4%)
Operating income	115,000	(54.1%)
Income before income taxes and equity in earnings of affiliated companies	108,000	(51.6%)
Net income attributable to Komatsu Ltd.	67,000	(56.4%)
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	¥70.93	

Notes: 1) Changes in the latest projected consolidated business results as of July 30, 2020: Applicable

2) Percentages shown above represent the rates of change compared with the corresponding period a year ago.

4. Others

(1) Changes in important subsidiaries during the three-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.: None

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

Note: See (4) Others on page 11 for more details.

(4) Number of common shares outstanding

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

As of June 30, 2020: 972,581,230 shares

As of March 31, 2020: 972,581,230 shares

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

As of June 30, 2020: 27,923,432 shares

As of March 31, 2020: 27,959,273 shares

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

Three months ended June 30, 2020: 944,058,787 shares

Three months ended June 30, 2019: 943,653,998 shares

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Management Performance and Financial Conditions

(1) Outline of Operations and Business Results

Komatsu Ltd. (“Company”) and its consolidated subsidiaries (together “Komatsu”) have engaged in the 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 mid-term management plan, launched in April 2019, Komatsu upholds three 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. The outlook remains unclear and uncertain for Komatsu’s construction, mining and utility equipment business, as well as industrial machinery and others business, as mainly affected by slack business conditions impacted by the coronavirus (COVID-19) pandemic. However, Komatsu will continue to make efforts for sustainable growth through a positive cycle of improving earnings and solving ESG issues in the future.

For the first three-month period (April 1- June 30, 2020) of the fiscal year ending March 31, 2021, the second year of the mid-term management plan, consolidated net sales totaled JPY 458.7 billion, down 24.8% from the corresponding period a year ago. In the construction, mining and utility equipment business, demand fell, centering on North America, Europe and Asia, as particularly affected by the coronavirus (COVID-19) pandemic. As a result, sales declined from the corresponding period a year ago. In the industrial machinery and others business, demand for presses, sheet-metal machines, and machine tools fell against the coronavirus (COVID-19) pandemic. As a result, sales fell from the corresponding period a year ago.

With respect to profits for the first three-month period under review, operating income dropped by 64.0% from the corresponding period a year ago, to JPY 26.9 billion. This was mainly due to reduced sales volume, a change in the geographic composition of sales, and the Japanese yen's appreciation in the construction, mining and utility equipment business. The operating income ratio decreased by 6.4 percentage points to 5.9%. Income before income taxes and equity in earnings of affiliated companies fell by 57.4% to JPY 28.4 billion. Net income attributable to Komatsu Ltd. totaled JPY 16.2 billion, down 65.8%.

In July this year, Komatsu issued its first green bond, an unsecured straight bond, through a public offering on the Japanese market, for which it had decided on issuance in June. By raising funds limited for exclusive use in business, which works to help solve environmental problems, Komatsu is going to further accelerate its ESG management targets defined in the mid-term management plan to help realize a decarbonized society.

	Three Months ended June 30, 2020 1USD=JPY107.5 1EUR=JPY118.6 1RMB=JPY15.1	Three Months ended June 30, 2019 1USD=JPY110.0 1EUR=JPY123.2 1RMB=JPY16.2	Changes Increase (Decrease)
	[A]	[B]	[(A-B)/B]
Net sales	458,731	609,767	(24.8%)
Construction, Mining and Utility Equipment	425,811	561,477	(24.2%)
Retail Finance	15,921	17,279	(7.9%)
Industrial Machinery and Others	25,022	34,021	(26.5%)
Elimination	(8,023)	(3,010)	-
Segment profit	26,638	72,743	(63.4%)
Construction, Mining and Utility Equipment	23,200	68,689	(66.2%)
Retail Finance	1,895	3,404	(44.3%)
Industrial Machinery and Others	1,707	554	208.1%
Corporate & elimination	(164)	96	-
Operating income	26,919	74,760	(64.0%)
Income before income taxes and equity in earnings of affiliated companies	28,497	66,910	(57.4%)
Net income attributable to Komatsu Ltd.	16,251	47,476	(65.8%)

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 first three-month period under review, sales of the construction, mining and utility equipment business decreased by 24.2% from the corresponding period a year ago, to JPY 425.8 billion. Segment profit fell by 66.2% to JPY 23.2 billion.

While demand plunged, as particularly affected by slack economic activities worldwide mainly due to the coronavirus (COVID-19) pandemic, Komatsu has been fulfilling its responsibilities for customers engaging in essential businesses to support critical social infrastructure by providing in the continuous supply of its products, parts and service for them.

Concerning the efforts of focus defined in the three pillars of growth strategies in the mid-term management plan, in the Autonomous Haulage System (AHS) business, Komatsu achieved a steady increase of AHS dump trucks in operation. The total as of June 30, 2020, was 251 units in 11 mines in four countries. Since the start of its commercial deployment in 2008, Komatsu has accomplished a cumulative total of 3 billion tons of hauled materials.

With respect to the “SMARTCONSTRUCTION Digital Transformation”, a solutions business for construction workplaces, which consists of four IoT devices and eight applications, Komatsu is appealing its role as a solution of preventing the spread of the coronavirus (COVID-19) pandemic at construction workplaces. At the same time, it is working to accelerate the speed of achieving digital transformation of overseas construction workplaces in addition to Japan.

In Japan, Komatsu introduced the PC30E-5 electric mini excavator which emphasizes environmental benefits. In Strategic Markets, such as China and Southeast Asia, Komatsu promoted its efforts to launch and

expand sales of new Strategic Market-specific models, such as PC210/215-10M0 and PC500LC-10M0. They feature improved environmental durability in addition to fuel economy and other leading-edge technologies.

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

Millions of yen

	Three Months ended June 30,2020	Three Months ended June 30,2019	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Japan	61,407	63,777	(2,370)	(3.7%)
Americas	North America	143,434	(44,367)	(30.9%)
	Latin America	74,528	(12,952)	(17.4%)
	160,643	217,962	(57,319)	(26.3%)
Europe & CIS	Europe	59,147	(23,338)	(39.5%)
	CIS	24,337	34,050	(9,713)
	60,146	93,197	(33,051)	(35.5%)
China	43,172	36,237	6,935	19.1%
Asia* & Oceania	Asia*	62,383	(39,033)	(62.6%)
	Oceania	50,583	56,135	(5,552)
	73,933	118,518	(44,585)	(37.6%)
Middle East & Africa	Middle East	6,936	(2,714)	(39.1%)
	Africa	16,482	23,971	(7,489)
	20,704	30,907	(10,203)	(33.0%)
Total	420,005	560,598	(140,593)	(25.1%)

Note: *Excluding Japan and China

Komatsu's operations by region are described below.

Japan

For the first three-month period under review, while the coronavirus (COVID-19) pandemic had a small impact on public works, sales declined from the corresponding period a year ago, as adversely affected by slack conditions of private-sector construction, as well as limited sales and service activities of Komatsu under the state of emergency declared by the Japanese government.

Americas

In North America, sales dropped sharply from the corresponding period a year ago, mainly as demand for construction equipment plummeted especially in the rental industry, resulting from slack economic activities under the coronavirus (COVID-19) pandemic. Demand also declined in the energy-related sector due to adverse effects of falling crude prices. In Latin America, sales declined, as demand for construction and mining equipment dropped in Chile and other countries. At the same time, the effects of the coronavirus (COVID-19) pandemic were small, due to the government's economy-prioritized policy in Brazil.

Europe and CIS

In Europe, sales declined drastically from the corresponding period a year ago, as demand plunged especially in the major markets of Germany, the United Kingdom and France under restricted economic activities enforced by the respective governments. In CIS, sales decreased, especially affected by sluggish demand for mining equipment in coal mines, while demand was steady in gold mines.

China

The coronavirus (COVID-19) pandemic pushed back the post-Chinese New Year sales season to March and onward from February this year, and Komatsu steadfastly captured demand which had dynamically expanded. As a result, sales improved from the corresponding period a year ago, even when the share of sales made by domestic manufacturers increased.

Asia and Oceania

In Asia, sales dropped sharply from the corresponding period a year ago, as adversely affected by not only sluggish demand for mining equipment in Indonesia, the largest market of the region, resulting from the declining price of thermal coal, but also reduced demand for construction equipment, mainly in Indonesia, India and the Philippines, as restricted economic activities enforced by the respective governments. In Oceania, sales declined, adversely affected by depreciation of the Australian dollar, while demand remained steady for mining equipment.

Middle East and Africa

In the Middle East, sales declined drastically from the corresponding period a year ago, as adversely affected by not only dropped demand against the coronavirus (COVID-19) pandemic, but also sluggish demand, especially in oil producing countries against the backdrop of sluggish crude oil prices. In Africa, sales dropped sharply, mainly affected by reduced demand as the governments restricted economic activities in response to the coronavirus (COVID-19) pandemic in Southern Africa.

Retail Finance

Revenues decreased by 7.9% from the corresponding period a year ago, to JPY 15.9 billion, supported by reduced assets centering on North America. Segment profit fell by 44.3% to JPY 1.8 billion, mainly reflecting adverse effects of extension of payments and revaluation of vehicles after lease use.

Industrial Machinery and Others

For the first three-month period under review, sales fell by 26.5% from the corresponding period a year ago, to JPY 25.0 billion, mainly affected by declined demand for and delayed installation of presses, sheet-metal machines, and machine tools at customers' workplaces under the coronavirus (COVID-19) pandemic. Meanwhile, sales of Excimer laser-related products in the semiconductor market remained steady. Segment profit expanded by 208.1% to JPY 1.7 billion.

In April this year, Komatsu Industries Corp. began sales of its TFP510-3 TWISTER, a universal, high-performance plasma cutting machine for medium and thick plates of mild steel, which integrates Komatsu's leading-edge plasma cutting technologies.

(2) Financial Conditions

As of June 30, 2020, total assets increased by JPY 7.1 billion from the previous fiscal year-end, to JPY 3,660.8 billion, mainly affected by the Japanese yen's depreciation against the Australian dollar and some other currencies. There were also increased inventories, while receivables decreased. Interest-bearing debt increased by JPY 35.4 billion from the previous fiscal year-end, to JPY 1,047.8 billion. Komatsu Ltd. shareholders' equity decreased by JPY 8.0 billion from the previous fiscal year-end, to JPY 1,763.5 billion. As a result, Komatsu Ltd. shareholders' equity ratio decreased by 0.3 percentage points from the previous fiscal year-end, to 48.2%.

For the first three-month period under review, net cash provided by operating activities totaled JPY 55.0 billion. This is a decrease of JPY 2.8 billion from the corresponding period a year ago, due to increased inventories, while good progress was made in the collection of trade notes and account receivables. Net cash used in investing activities amounted JPY 35.4 billion, a decrease of JPY 12.1 billion, mainly due to the purchase of fixed assets. Net cash used in financing activities amounted to JPY 12.0 billion (as compared to JPY 33.3 billion provided for the corresponding period a year ago), mainly due to the payment of cash dividends, while Komatsu funded by issuing commercial papers. After adding the effects of foreign exchange fluctuations to the total amount of each cash flow, as of June 30, 2020, cash and cash equivalents totaled JPY 255.1 billion, an increase of JPY 7.4 billion from the previous fiscal year-end.

(3) Projection for the Fiscal Year Ending March 31, 2021

(From April 1, 2020 to March 31, 2021)

Concerning the projection for the fiscal year ending March 31, 2021, which was undecided in the "Consolidated Business Results for the Fiscal Year Ended March 31, 2020 (U.S. GAAP)", which Komatsu announced on May 18, 2020, Komatsu has calculated the projections based on information and predictions which are available as of today, and is projecting a decline in both sales and profits as follows.

In the construction, mining and utility equipment business, Komatsu anticipates a decline in sales, reflecting reduced demand as affected by the coronavirus (COVID-19) pandemic. Komatsu expects demand will enter a recovery phase in the third quarter in the Traditional Markets*, and in the fourth quarter in the Strategic Markets*. With respect to China, Komatsu anticipates steady demand, as the post-Chinese New Year sales season was pushed back from February this year and the Chinese government has implemented measures to support the economy, such as infrastructure investment. Komatsu also anticipates that demand for parts and service will recover before equipment, based on KOMTRAX data which shows a recovery trend of machine operations on worksites. Concerning profits, Komatsu estimates a decline, mainly due to reduced sales volume, a change in the geographic composition of sales, and the Japanese yen's appreciation.

In the retail finance business, Komatsu anticipates a decline in revenues mainly affected by a decrease in new contracts. Segment profit will fall mainly due to adverse effects of extension of payments and revaluation of vehicles after lease use.

In the industrial machinery and others business, Komatsu anticipates that challenging conditions will continue, such as a delay or curtailment of new capital investments in the automobile manufacturing industry. On the semiconductor market, however, Komatsu expects that demand will remain steady. As a result, Komatsu anticipates both sales and profits will increase.

As preconditions for its projection, Komatsu anticipates the foreign exchange rates will be USD1=JPY105, EUR1=JPY116, and RMB1=JPY15.0 in the second quarter through the fourth quarter, and assumes the average exchange rates for the full year will be as follows: USD1=JPY105.6, EUR1=JPY116.7 and RMB1=JPY15.0

Notes*: Markets as Positioned by Komatsu

Traditional Markets: Japan, North America and Europe.

Strategic Markets: China, Latin America, Asia, Oceania, Africa, Middle East and CIS.

[Projections]

Millions of yen

	2021 Projections 1USD=JPY105.6 1EUR=JPY116.7 1RMB=JPY15.0	2020 Results 1USD=JPY108.7 1EUR=JPY120.8 1RMB=JPY15.6	Changes Increase (Decrease)
	[A]	[B]	[(A-B)/B]
Net sales	2,068,000	2,444,870	(15.4%)
Construction, Mining and Utility Equipment	1,845,000	2,211,263	(16.6%)
Retail Finance	68,000	70,910	(4.1%)
Industrial Machinery and Others	181,000	177,586	1.9%
Elimination	(26,000)	(14,889)	-
Segment profit	121,000	255,030	(52.6%)
Construction, Mining and Utility Equipment	98,000	227,311	(56.9%)
Retail Finance	10,000	12,673	(21.1%)
Industrial Machinery and Others	14,000	13,703	2.2%
Corporate & elimination	(1,000)	1,343	-
Operating income	115,000	250,707	(54.1%)
Income before income taxes and equity in earnings of affiliated companies	108,000	223,114	(51.6%)
Net income attributable to Komatsu Ltd.	67,000	153,844	(56.4%)

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

Basic Policy for Redistribution of Profits and Dividends for the Fiscal Year under Review

Komatsu is building a sound financial position and is enhancing its competitiveness in order to increase its sustainable corporate value. Concerning cash dividends, Komatsu has the policy of continuing stable payment of dividends after comprehensively considering consolidated business results and reviewing future investment plans, cash flows and the like. Specifically, Komatsu has the policy of maintaining a consolidated payout ratio of 40% or higher.

As described earlier in this report, Komatsu anticipates that demand will decline in all regions, except for China, mainly in the construction, mining and utility equipment business, as affected by the coronavirus (COVID-19) pandemic. Accordingly, Komatsu projects a decline in both consolidated sales and profits. Concerning the projection of cash dividends for the year, which was undecided in the “Consolidated Business Results for the Fiscal Year Ended March 31, 2020 (U.S. GAAP)”, that Komatsu announced on May 18, 2020, Komatsu plans to pay JPY 18 per share for the interim dividend and JPY 18 for the year-end dividend. This was based on the above-mentioned basic policy after considering consolidated business results, and reviewing future business prospects. Therefore, the annual dividends will total JPY 36 per share, a decline from JPY 58 for the previous fiscal year ended March 31, 2020, and the consolidated payout ratio will become 50.8%.

(4) Others

- 1) Changes in important subsidiaries during the three-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.: None
 - 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 June 30, 2020		As of March 31, 2020	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	¥ 255,102		¥ 247,616	
Time deposits	2,128		2,057	
Trade notes and accounts receivable, net	664,554		744,395	
Inventories	866,723		805,309	
Other current assets	148,826		147,413	
Total current assets	1,937,333	52.9	1,946,790	53.3
Long-term trade receivables, net	435,937	11.9	420,918	11.5
Investments				
Investments in and advances to affiliated companies	38,451		38,210	
Investment securities	7,217		7,328	
Other	2,475		2,436	
Total investments	48,143	1.3	47,974	1.3
Property, plant and equipment				
- less accumulated depreciation and amortization	755,282	20.6	757,679	20.8
Operating lease right-of-use assets	53,478	1.5	53,454	1.5
Goodwill	160,403	4.4	157,521	4.3
Other intangible assets				
- less accumulated amortization	164,122	4.5	162,062	4.4
Deferred income taxes and other assets	106,186	2.9	107,288	2.9
Total	¥ 3,660,884	100.0	¥ 3,653,686	100.0

Liabilities and Equity

Millions of yen

	As of June 30, 2020		As of March 31, 2020	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	¥ 473,332		¥ 483,658	
Current maturities of long-term debt	135,186		118,880	
Trade notes, bills and accounts payable	204,263		220,160	
Income taxes payable	22,793		23,169	
Current operating lease liabilities	14,778		14,933	
Other current liabilities	291,773		297,825	
Total current liabilities	1,142,125	31.2	1,158,625	31.7
Long-term liabilities				
Long-term debt	439,347		409,840	
Liability for pension and retirement benefits	94,911		96,392	
Long-term operating lease liabilities	38,659		38,624	
Deferred income taxes and other liabilities	92,666		93,980	
Total long-term liabilities	665,583	18.2	638,836	17.5
Total liabilities	1,807,708	49.4	1,797,461	49.2
Komatsu Ltd. shareholders' equity				
Common stock	68,689		68,689	
Capital surplus	136,381		136,459	
Retained earnings:				
Appropriated for legal reserve	47,178		46,813	
Unappropriated	1,678,504		1,699,477	
Accumulated other comprehensive income (loss)	(118,141)		(130,666)	
Treasury stock	(49,093)		(49,166)	
Total Komatsu Ltd. shareholders' equity	1,763,518	48.2	1,771,606	48.5
Noncontrolling interests	89,658	2.4	84,619	2.3
Total equity	1,853,176	50.6	1,856,225	50.8
Total	¥ 3,660,884	100.0	¥ 3,653,686	100.0

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

Consolidated Statements of Income

Millions of yen except per share amounts

	Three Months ended June 30, 2020		Three Months ended June 30, 2019	
		Ratio (%)		Ratio (%)
Net sales	¥ 458,731	100.0	¥ 609,767	100.0
Cost of sales	334,720	73.0	427,357	70.1
Selling, general and administrative expenses	97,373	21.2	109,667	18.0
Other operating income (expenses), net	281	0.1	2,017	0.3
Operating income	26,919	5.9	74,760	12.3
Other income (expenses), net				
Interest and dividend income	1,185	0.3	1,746	0.3
Interest expense	(3,841)	(0.8)	(6,650)	(1.1)
Other, net	4,234	0.9	(2,946)	(0.5)
Total other income (expenses), net	1,578	0.4	(7,850)	(1.3)
Income before income taxes and equity in earnings of affiliated companies	28,497	6.2	66,910	11.0
Income taxes	9,818	2.1	17,831	2.9
Income before equity in earnings of affiliated companies	18,679	4.1	49,079	8.0
Equity in earnings of affiliated companies	551	0.1	668	0.1
Net income	19,230	4.2	49,747	8.2
Less: Net income attributable to noncontrolling interests	2,979	0.6	2,271	0.4
Net income attributable to Komatsu Ltd.	¥ 16,251	3.5	¥ 47,476	7.8
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 17.20		¥ 50.30	
Diluted	¥ 17.20		¥ 50.25	

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months ended June 30, 2020	Three Months ended June 30, 2019
Net income	¥ 19,230	¥ 49,747
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	14,654	(33,311)
Pension liability adjustments	264	328
Net unrealized holding gains (losses) on derivative instruments	(237)	(714)
Total other comprehensive income (loss), for the period, net of tax	14,681	(33,697)
Comprehensive income	33,911	16,050
Less: Comprehensive income (loss) attributable to noncontrolling interests	5,135	(447)
Comprehensive income attributable to Komatsu Ltd.	¥ 28,776	¥ 16,497

(3) Consolidated Statements of Cash Flows

Millions of yen

	Three Months ended June 30, 2020	Three Months ended June 30, 2019
Operating activities		
Net income	¥ 19,230	¥ 49,747
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	31,822	32,677
Deferred income taxes	(258)	4,749
Impairment loss and net loss (gain) on valuation of investment securities	88	(18)
Net loss (gain) on sale of fixed assets	(56)	(444)
Loss on disposal of fixed assets	353	694
Pension and retirement benefits, net	(1,110)	(1,554)
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	80,129	35,377
Decrease (increase) in inventories	(52,889)	(56,019)
Increase (decrease) in trade payables	(16,319)	(7,657)
Increase (decrease) in income taxes payable	(652)	(16,858)
Other, net	(5,310)	17,215
Net cash provided by (used in) operating activities	55,028	57,909
Investing activities		
Capital expenditures	(37,267)	(43,998)
Proceeds from sale of fixed assets	3,127	4,390
Proceeds from sale of investment securities	7	415
Purchases of investment securities	(34)	(218)
Acquisition of subsidiaries and equity investees, net of cash acquired	(1,717)	(7,459)
Other, net	439	(757)
Net cash provided by (used in) investing activities	(35,445)	(47,627)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	193,557	138,093
Payment on debt (Original maturities greater than three months)	(148,444)	(115,411)
Short-term debt, net (Original maturities three months or less)	(18,955)	70,053
Dividends paid	(36,859)	(55,719)
Other, net	(1,343)	(3,685)
Net cash provided by (used in) financing activities	(12,044)	33,331
Effect of exchange rate change on cash and cash equivalents	(53)	1,395
Net increase (decrease) in cash and cash equivalents	7,486	45,008
Cash and cash equivalents, beginning of year	247,616	148,479
Cash and cash equivalents, end of period	¥ 255,102	¥ 193,487

(4) Note to the Going Concern Assumption

None

(5) Business Segment Information

1) Information by Operating Segments

(For Three Months ended June 30, 2020)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	420,005	13,948	24,778	458,731	-	458,731
Intersegment	5,806	1,973	244	8,023	(8,023)	-
Total	425,811	15,921	25,022	466,754	(8,023)	458,731
Segment profit	23,200	1,895	1,707	26,802	(164)	26,638

(For Three Months ended June 30, 2019)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	560,598	15,466	33,703	609,767	-	609,767
Intersegment	879	1,813	318	3,010	(3,010)	-
Total	561,477	17,279	34,021	612,777	(3,010)	609,767
Segment profit	68,689	3,404	554	72,647	96	72,743

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 optical machinery

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 Three Months ended June 30, 2020 and 2019)

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2020	74,243	173,149	62,282	46,700	81,593	20,764	458,731
FY2019	78,076	233,182	94,971	43,290	129,308	30,940	609,767

Note: * Excluding Japan and China

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

None

(end)