

Komatsu Ltd.

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

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

1. Results for Nine Months Ended December 31, 2020

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

Millions of yen except per share amounts

	Nine Months ended December 31, 2020	Nine Months ended December 31, 2019	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	1,513,310	1,827,442	(314,132)	(17.2%)
Operating income	107,536	207,828	(100,292)	(48.3%)
Income before income taxes and equity in earnings of affiliated companies	103,359	189,922	(86,563)	(45.6%)
Net income attributable to Komatsu Ltd.	65,976	135,268	(69,292)	(51.2%)
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥69.83	¥143.27	¥(73.44)	
Diluted	¥69.80	¥143.15	¥(73.35)	

Note: Comprehensive income for nine months ended December 31, 2020 and 2019

2020: 93,430 millions of yen, down 6.0% from 2019

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

(2) Consolidated Financial Position

Millions of yen except per share amounts

	As of December 31, 2020	As of March 31, 2020
Total assets	3,592,994	3,653,686
Total equity	1,892,125	1,856,225
Komatsu Ltd. shareholders' equity	1,799,500	1,771,606
Komatsu Ltd. shareholders' equity ratio	50.1%	48.5%
Komatsu Ltd. shareholders' equity per share (Yen)	¥1,904.04	¥1,875.47

2. Dividends

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

Yen

	The entire FY ending March 31, 2021		The entire FY ended March 31, 2020
	Results	2021 Projections	
First quarter period	-		-
Second quarter period	18.00		55.00
Third quarter period	-		-
Year-end		25.00	39.00
Total		43.00	94.00

Note: Changes in the projected cash dividend as of January 29, 2021: None

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	2,119,000	(13.3%)
Operating income	134,000	(46.6%)
Income before income taxes and equity in earnings of affiliated companies	127,000	(43.1%)
Net income attributable to Komatsu Ltd.	80,000	(48.0%)
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	¥84.67	

Notes: 1) Changes in the projected consolidated business results as of January 29, 2021: None

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 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.: None

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

(4) Number of common shares outstanding

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

As of December 31, 2020: 972,887,610 shares

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

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

As of December 31, 2020: 27,792,138 shares

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

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

Nine months ended December 31, 2020: 944,121,075 shares

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

[Reference]

Results for Three Months ended December 31, 2020

Millions of yen except per share amounts

	Three Months ended December 31, 2020	Three Months ended December 31, 2019	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	555,593	613,957	(58,364)	(9.5%)
Operating income	47,194	65,846	(18,652)	(28.3%)
Income before income taxes and equity in earnings of affiliated companies	44,829	61,710	(16,881)	(27.4%)
Net income attributable to Komatsu Ltd.	28,682	45,206	(16,524)	(36.6%)
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥30.35	¥47.87	¥(17.52)	
Diluted	¥30.34	¥47.83	¥(17.49)	

Appendix

Management Performance and Financial Conditions

(1) Outline of Operations and Business Results	P.5
(2) Financial Conditions	P.9
(3) Projection for the Fiscal Year Ending March 31, 2021	P.9
(4) Others.....	P.10

Consolidated Financial Statements

(1) Consolidated Balance Sheets	P.11
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	P.13
(3) Consolidated Statements of Cash Flows	P.17
(4) Note to the Going Concern Assumption	P.18
(5) Business Segment Information	P.18
(6) Note in Case of Notable Changes in the Amount of Shareholders' Equity	P.20

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. While economic activities remain sluggish, due to the coronavirus (COVID-19) pandemic, Komatsu will continue to make efforts for sustainable growth through a positive cycle of improving earnings and solving ESG issues into the future.

For the nine-month period (April 1- December 31, 2020) of the fiscal year ending March 31, 2021, the second year of the mid-term management plan, consolidated net sales totaled JPY 1,513.3 billion, down 17.2% from the corresponding period a year ago. In the construction, mining and utility equipment business, although demand showed steady recovery, centering on construction equipment, it remained sluggish for mining equipment in coal mines and was adversely 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 was slack as affected by the coronavirus (COVID-19) pandemic. As a result, sales fell from the corresponding period a year ago.

With respect to profits for the nine-month period under review, operating income dropped by 48.3% from the corresponding period a year ago, to JPY 107.5 billion. This was mainly due to reduced sales volume, and changes in the compositions of sales in the construction, mining and utility equipment business, as well as the Japanese yen’s appreciation, even while Komatsu worked to reduce fixed costs. The operating income ratio decreased by 4.3 percentage points to 7.1%. Income before income taxes and equity in earnings of affiliated companies fell by 45.6% to JPY 103.3 billion. Net income attributable to Komatsu Ltd. totaled JPY 65.9 billion, down 51.2%.

Concerning its efforts to solve ESG issues, which Komatsu upholds as a new management target starting with the mid-term management plan, Komatsu was selected as a component of the Dow Jones Sustainability Indices World Index (DJSI World) again, during the current fiscal year under review. Also, Komatsu was awarded as a position on this year's A List for climate change and water security by CDP, the non-profit global environmental disclosure platform. Together with its customers, Komatsu is working to realize safe, highly productive, smart and clean workplaces of the future.

	Nine Months ended December 31, 2020 1USD=JPY106.4 1EUR=JPY122.1 1RMB=JPY15.4	Nine Months ended December 31, 2019 1USD=JPY108.9 1EUR=JPY121.0 1RMB=JPY15.7	Changes Increase (Decrease)
	[A]	[B]	[(A-B)/B]
Net sales	1,513,310	1,827,442	(17.2%)
Construction, Mining and Utility Equipment	1,381,765	1,658,093	(16.7%)
Retail Finance	49,511	52,914	(6.4%)
Industrial Machinery and Others	102,007	127,000	(19.7%)
Elimination	(19,973)	(10,565)	-
Segment profit	108,206	204,253	(47.0%)
Construction, Mining and Utility Equipment	89,947	182,853	(50.8%)
Retail Finance	8,176	10,899	(25.0%)
Industrial Machinery and Others	8,984	9,633	(6.7%)
Corporate & elimination	1,099	868	-
Operating income	107,536	207,828	(48.3%)
Income before income taxes and equity in earnings of affiliated companies	103,359	189,922	(45.6%)
Net income attributable to Komatsu Ltd.	65,976	135,268	(51.2%)

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 16.7% from the corresponding period a year ago, to JPY 1,381.7 billion. Segment profit fell by 50.8% to JPY 89.9 billion.

Komatsu has worked to strengthen the Autonomous Haulage System (AHS) as an effort of focus of growth strategies in the mid-term management plan, increasing the total number of AHS trucks in operation to 297 units as of December 31, 2020. In addition to mining automation, Komatsu has been working to develop an optimization platform designed to improve the safety and optimize operations at customers' mines.

With respect to the "SMARTCONSTRUCTION Digital Transformation", a solutions business for construction workplaces, Komatsu is appealing its role as a solution to help customers optimize their construction work. In Japan, Komatsu started the use of its retrofit kits, which offer ICT functions to conventional construction equipment, to mini excavators. Komatsu will continue to accelerate the speed of achieving digital transformation of construction workplaces.

As awareness for climate change has been rapidly growing around the world, Komatsu embarked on PoC (Proof of Concept) verification tests for electrification of its small and medium-sized hydraulic excavators. As part of the structural reforms for growth strategy, Komatsu Mining Corp. restructured its production sites of underground equipment for coal mining in order to adjust its production capacity to an appropriate level.

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

Millions of yen

	Nine Months ended December 31, 2020	Nine Months ended December 31, 2019	Changes	
			Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Japan	212,695	226,232	(13,537)	(6.0%)
North America	318,974	435,474	(116,500)	(26.8%)
Latin America	201,437	231,783	(30,346)	(13.1%)
Americas	520,411	667,257	(146,846)	(22.0%)
Europe	123,217	160,471	(37,254)	(23.2%)
CIS	78,753	99,984	(21,231)	(21.2%)
Europe & CIS	201,970	260,455	(58,485)	(22.5%)
China	106,106	94,153	11,953	12.7%
Asia*	86,086	159,767	(73,681)	(46.1%)
Oceania	159,407	152,427	6,980	4.6%
Asia* & Oceania	245,493	312,194	(66,701)	(21.4%)
Middle East	20,060	20,734	(674)	(3.3%)
Africa	61,674	73,412	(11,738)	(16.0%)
Middle East & Africa	81,734	94,146	(12,412)	(13.2%)
Total	1,368,409	1,654,437	(286,028)	(17.3%)

Note: *Excluding Japan and China

Komatsu's operations by region are described below.

Japan

For the nine-month period under review, sales of new equipment recovered, centering on public works, as the coronavirus (COVID-19) pandemic had a small impact. Nevertheless, nine-month sales declined from the corresponding period a year ago, as adversely affected by slack private-sector construction as well as limited sales and service activities in the first six-month period.

Americas

In North America, sales dropped from the corresponding period a year ago. While demand for construction equipment was on a recovery track in the housing sector, it fell in the rental industry under slack economic activities, and the energy-related sector, which was adversely affected by declining crude prices. Demand for mining equipment also remained sluggish. In Latin America, demand for construction equipment remained steady in Brazil. However, sales declined as mainly affected by the coronavirus (COVID-19) pandemic, especially in the first six-month period.

Europe and CIS

In Europe, sales decreased from the corresponding period a year ago, as demand remained sluggish in the first six-month period, although demand was on a recovery track from the adverse effects of the coronavirus (COVID-19) pandemic in the major markets of Germany, the United Kingdom, and France, as well as in Italy. In CIS, sales declined, especially affected by sluggish demand for mining equipment in coal mines, while demand was steady in gold mines and that for construction equipment was on a recovery track in infrastructure development and energy-related sector.

China

Demand has remained steady, supported by the government's economic stimulus measures, such as infrastructure investment, after containing the coronavirus (COVID-19) pandemic. As a result of steadily capturing growing demand, sales increased from the corresponding period a year ago, even while the share of sales made by domestic manufacturers increased.

Asia and Oceania

While demand showed steady recovery, centering on construction equipment, in Indonesia, Thailand, and Malaysia, that for mining equipment remained sluggish, especially in coal mines, and the coronavirus (COVID-19) pandemic impacted the market conditions in the region in the first six-month period. As a result, sales fell sharply from the corresponding period a year ago. In Oceania, sales increased, supported by steady demand for mining equipment in iron ore mines, as well as for construction equipment.

Middle East and Africa

In the Middle East, where market demand is on a recovery track, sales fell from the corresponding period a year ago, as demand remained slack, particularly in Saudi Arabia, largely affected by sluggish crude oil prices and the coronavirus (COVID-19) pandemic. In Africa, sales dropped, as demand for construction equipment remained slack, mainly affected by the coronavirus (COVID-19) pandemic, while sales of mining equipment increased in Southern Africa.

Retail Finance

Revenues decreased by 6.4% from the corresponding period a year ago, to JPY 49.5 billion, supported by reduced assets centering on North America. Segment profit fell by 25.0% to JPY 8.1 billion, mainly reflecting adverse effects of extension of payments and revaluation of vehicles after lease use.

Industrial Machinery and Others

For the nine-month period under review, sales fell by 19.7% from the corresponding period a year ago, to JPY 102.0 billion. This was mainly affected by slack demand for, and delayed installation of, presses, sheet-metal machines, and machine tools at customers' overseas workplaces under the coronavirus (COVID-19) pandemic. Meanwhile, sales remained steady for Excimer laser-related business in the semiconductor market. Segment profit decreased by 6.7% to JPY 8.9 billion.

In November 2020, under the theme of "Proposing GEMBA (workplaces) of the Future", Komatsu opened the East Japan Showroom, where customers can also watch demonstrations of industrial machinery and machine tools, on the premises of the Tochigi Plant. Komatsu will make further contributions to improve customers' productivity, as it meets the diversifying needs of a changing society, by taking full advantage of its accumulated technology, knowhow and advanced technologies as the collective capabilities of the Komatsu Group.

(2) Financial Conditions

As of December 31, 2020, total assets decreased by JPY 60.6 billion from the previous fiscal year-end, to JPY3,592.9 billion. While inventories increased, the Japanese yen appreciated against the U.S. dollar, and receivables and cash declined, compared to the previous fiscal year-end. Interest-bearing debt decreased by JPY 95.9 billion from the previous fiscal year-end, to JPY 916.3 billion. Komatsu Ltd. shareholders' equity increased by JPY 27.8 billion from the previous fiscal year-end, to JPY 1,799.5 billion. As a result, Komatsu Ltd. shareholders' equity ratio increased by 1.6 percentage points from the previous fiscal year-end, to 50.1%.

For the nine-month period under review, net cash provided by operating activities totaled JPY 239.3 billion, an increase of JPY 81.4 billion from the corresponding period a year ago. This increase is due to good progress made in the collection of trade notes and accounts receivable, while inventories increased. Net cash used in investing activities amounted to JPY 126.5 billion, a decrease of JPY 22.7 billion from the corresponding period a year ago, mainly due to the purchase of fixed assets. Net cash used in financing activities amounted to JPY 147.3 billion (as compared to JPY 26.2 billion provided for the corresponding period a year ago), mainly due to the repayment of debt and payment of cash dividends. After adding the effects of foreign exchange fluctuations to the total amount of each cash flow, as of December 31, 2020, cash and cash equivalents totaled JPY 217.0 billion, a decrease of JPY 30.5 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)

Komatsu makes no change in the projection of October 28, 2020, concerning consolidated business results for the fiscal year ending March 31, 2021, 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.: 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 December 31, 2020		As of March 31, 2020	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	¥ 217,057		¥ 247,616	
Time deposits	1,436		2,057	
Trade notes and accounts receivable, net	688,849		744,395	
Inventories	821,963		805,309	
Other current assets	131,325		147,413	
Total current assets	1,860,630	51.8	1,946,790	53.3
Long-term trade receivables, net	433,709	12.1	420,918	11.5
Investments				
Investments in and advances to affiliated companies	37,853		38,210	
Investment securities	7,750		7,328	
Other	2,522		2,436	
Total investments	48,125	1.3	47,974	1.3
Property, plant and equipment				
- less accumulated depreciation and amortization	765,092	21.3	757,679	20.8
Operating lease right-of-use assets	54,483	1.5	53,454	1.5
Goodwill	160,069	4.5	157,521	4.3
Other intangible assets				
- less accumulated amortization	163,284	4.5	162,062	4.4
Deferred income taxes and other assets	107,602	3.0	107,288	2.9
Total	¥ 3,592,994	100.0	¥ 3,653,686	100.0

Liabilities and Equity

Millions of yen

	As of December 31, 2020		As of March 31, 2020	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	¥ 307,336		¥ 483,658	
Current maturities of long-term debt	92,187		118,880	
Trade notes, bills and accounts payable	217,914		220,160	
Income taxes payable	25,075		23,169	
Current operating lease liabilities	14,777		14,933	
Other current liabilities	304,600		297,825	
Total current liabilities	961,889	26.8	1,158,625	31.7
Long-term liabilities				
Long-term debt	516,862		409,840	
Liability for pension and retirement benefits	93,589		96,392	
Long-term operating lease liabilities	39,918		38,624	
Deferred income taxes and other liabilities	88,611		93,980	
Total long-term liabilities	738,980	20.5	638,836	17.5
Total liabilities	1,700,869	47.3	1,797,461	49.2
Komatsu Ltd. shareholders' equity				
Common stock	69,037		68,689	
Capital surplus	136,262		136,459	
Retained earnings:				
Appropriated for legal reserve	47,378		46,813	
Unappropriated	1,710,653		1,699,477	
Accumulated other comprehensive income (loss)	(114,896)		(130,666)	
Treasury stock	(48,934)		(49,166)	
Total Komatsu Ltd. shareholders' equity	1,799,500	50.1	1,771,606	48.5
Noncontrolling interests	92,625	2.6	84,619	2.3
Total equity	1,892,125	52.7	1,856,225	50.8
Total	¥ 3,592,994	100.0	¥ 3,653,686	100.0

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

Nine months ended December 31, 2020 and 2019

Consolidated Statements of Income

Millions of yen except per share amounts

	Nine Months ended December 31, 2020		Nine Months ended December 31, 2019	
		Ratio (%)		Ratio (%)
Net sales	¥ 1,513,310	100.0	¥ 1,827,442	100.0
Cost of sales	1,109,060	73.3	1,296,944	71.0
Selling, general and administrative expenses	296,044	19.6	326,245	17.9
Other operating income (expenses), net	(670)	(0.0)	3,575	0.2
Operating income	107,536	7.1	207,828	11.4
Other income (expenses), net				
Interest and dividend income	3,476	0.2	5,403	0.3
Interest expense	(10,566)	(0.7)	(18,892)	(1.0)
Other, net	2,913	0.2	(4,417)	(0.2)
Total other income (expenses), net	(4,177)	(0.3)	(17,906)	(1.0)
Income before income taxes and equity in earnings of affiliated companies	103,359	6.8	189,922	10.4
Income taxes	30,946	2.0	49,871	2.7
Income before equity in earnings of affiliated companies	72,413	4.8	140,051	7.7
Equity in earnings of affiliated companies	2,174	0.1	2,717	0.1
Net income	74,587	4.9	142,768	7.8
Less: Net income attributable to noncontrolling interests	8,611	0.6	7,500	0.4
Net income attributable to Komatsu Ltd.	¥ 65,976	4.4	¥ 135,268	7.4
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 69.83		¥ 143.27	
Diluted	¥ 69.80		¥ 143.15	

Consolidated Statements of Comprehensive Income

Millions of yen

	Nine Months ended December 31, 2020	Nine Months ended December 31, 2019
Net income	¥ 74,587	¥ 142,768
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	17,626	(43,371)
Pension liability adjustments	827	399
Net unrealized holding gains (losses) on derivative instruments	390	(430)
Total other comprehensive income (loss), for the period, net of tax	18,843	(43,402)
Comprehensive income	93,430	99,366
Less: Comprehensive income attributable to noncontrolling interests	11,684	4,286
Comprehensive income attributable to Komatsu Ltd.	¥ 81,746	¥ 95,080

Three months ended December 31, 2020 and 2019

Consolidated Statements of Income

Millions of yen except per share amounts

	Three Months ended December 31, 2020		Three Months ended December 31, 2019	
		Ratio (%)		Ratio (%)
Net sales	¥ 555,593	100.0	¥ 613,957	100.0
Cost of sales	409,248	73.7	441,626	71.9
Selling, general and administrative expenses	98,896	17.8	108,767	17.7
Other operating income (expenses), net	(255)	(0.0)	2,282	0.4
Operating income	47,194	8.5	65,846	10.7
Other income (expenses), net				
Interest and dividend income	1,062	0.2	1,671	0.3
Interest expense	(3,160)	(0.6)	(5,784)	(0.9)
Other, net	(267)	(0.0)	(23)	(0.0)
Total other income (expenses), net	(2,365)	(0.4)	(4,136)	(0.7)
Income before income taxes and equity in earnings of affiliated companies	44,829	8.1	61,710	10.1
Income taxes	13,848	2.5	14,253	2.3
Income before equity in earnings of affiliated companies	30,981	5.6	47,457	7.7
Equity in earnings of affiliated companies	985	0.2	987	0.2
Net income	31,966	5.8	48,444	7.9
Less: Net income attributable to noncontrolling interests	3,284	0.6	3,238	0.5
Net income attributable to Komatsu Ltd.	¥ 28,682	5.2	¥ 45,206	7.4
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 30.35		¥ 47.87	
Diluted	¥ 30.34		¥ 47.83	

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months ended December 31, 2020	Three Months ended December 31, 2019
Net income	¥ 31,966	¥ 48,444
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	11,120	22,843
Pension liability adjustments	340	254
Net unrealized holding gains (losses) on derivative instruments	138	801
Total other comprehensive income (loss), for the period, net of tax	11,598	23,898
Comprehensive income	43,564	72,342
Less: Comprehensive income attributable to noncontrolling interests	4,369	4,647
Comprehensive income attributable to Komatsu Ltd.	¥ 39,195	¥ 67,695

(3) Consolidated Statements of Cash Flows

Millions of yen

	Nine Months ended December 31, 2020		Nine Months ended December 31, 2019	
Operating activities				
Net income	¥	74,587	¥	142,768
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization		98,266		97,221
Deferred income taxes		(2,470)		2,439
Impairment loss and net loss (gain) on valuation of investment securities		16		(236)
Net loss (gain) on sale of fixed assets		(239)		(3,759)
Loss on disposal of fixed assets		1,730		2,465
Pension and retirement benefits, net		(1,650)		(1,566)
Changes in assets and liabilities:				
Decrease (increase) in trade receivables		39,646		30,046
Decrease (increase) in inventories		(15,889)		(84,027)
Increase (decrease) in trade payables		(3,212)		(33,018)
Increase (decrease) in income taxes payable		887		(20,730)
Other, net		47,710		26,354
Net cash provided by (used in) operating activities		239,382		157,957
Investing activities				
Capital expenditures		(137,239)		(139,560)
Proceeds from sale of fixed assets		10,520		11,881
Proceeds from sale of investment securities		21		844
Purchases of investment securities		(601)		(492)
Acquisition of subsidiaries and equity investees, net of cash acquired		(1,717)		(21,646)
Other, net		2,461		(340)
Net cash provided by (used in) investing activities		(126,555)		(149,313)
Financing activities				
Proceeds from debt issued (Original maturities greater than three months)		564,126		363,503
Payment on debt (Original maturities greater than three months)		(576,116)		(310,560)
Short-term debt, net (Original maturities three months or less)		(76,556)		85,778
Dividends paid		(53,878)		(107,687)
Other, net		(4,900)		(4,786)
Net cash provided by (used in) financing activities		(147,324)		26,248
Effect of exchange rate change on cash and cash equivalents		3,938		275
Net increase (decrease) in cash and cash equivalents		(30,559)		35,167
Cash and cash equivalents, beginning of year		247,616		148,479
Cash and cash equivalents, end of period	¥	217,057	¥	183,646

(4) Note to the Going Concern Assumption

None

(5) Business Segment Information

1) Information by Operating Segments

Nine Months ended December 31, 2020 and 2019

(For Nine Months ended December 31, 2020)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	1,368,409	43,688	101,213	1,513,310	-	1,513,310
Intersegment	13,356	5,823	794	19,973	(19,973)	-
Total	1,381,765	49,511	102,007	1,533,283	(19,973)	1,513,310
Segment profit	89,947	8,176	8,984	107,107	1,099	108,206

(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

Three Months ended December 31, 2020 and 2019

(For Three Months ended December 31, 2020)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	504,095	14,760	36,738	555,593	-	555,593
Intersegment	1,120	1,999	331	3,450	(3,450)	-
Total	505,215	16,759	37,069	559,043	(3,450)	555,593
Segment profit	37,730	3,494	4,882	46,106	1,343	47,449

(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

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 Nine Months ended December 31, 2020 and 2019

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2020	263,344	566,798	210,637	119,780	270,758	81,993	1,513,310
FY2019	285,373	718,281	269,073	115,876	344,423	94,416	1,827,442

Note: * Excluding Japan and China

For Three Months ended December 31, 2020 and 2019

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2020	94,632	208,518	78,412	40,776	100,038	33,217	555,593
FY2019	101,538	246,638	85,700	41,731	106,118	32,232	613,957

Note: * Excluding Japan and China

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

None

(end)