DAIFUKU

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2020 [Japan GAAP]

Prepared in accordance with accounting principles generally accepted in Japan

Translated from the original Japanese-language document

August 8, 2019

Daifuku Co., Ltd.
Stock code: 6383, First Section of Tokyo Stock Exchange
URL: www.daifuku.com/jp
Representative: Hiroshi Geshiro, President and CEO
Contact: Tsukasa Saito, General Manager of Finance & Accounting Division
Tel: +81-6-6472-1261
Scheduled date for filing quarterly financial report: August 9, 2019
Scheduled date of commencing dividend payment: -
Quarterly earnings supplementary materials: Yes
Quarterly earnings presentation: Yes (for institutional investors and securities analysts)

Note: Figures are rounded down to the nearest one million yen.

1. Consolidated Financial Results for the First Quarter of Fiscal 2019

(April 1, 2019 - June 30, 2019)

(1) Operating results

(Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of fiscal 2019	**96,160**	**-1.1**	**6,423**	**-24.5**	**6,551**	**-27.0**	**5,229**	**-53.4**
First quarter of fiscal 2018	97,278	14.4	8,508	27.7	8,978	27.8	11,225	123.2

Note: Comprehensive income

First quarter of fiscal 2019: 5,022 million yen (-27.0%)

First quarter of fiscal 2018: 6,876 million yen (27.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter of fiscal 2019	**41.56**	**—**
First quarter of fiscal 2018	89.24	—

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
First quarter of fiscal 2019	**401,104**	**220,231**	**53.9**
Fiscal 2018	409,982	222,885	53.3

Reference: Shareholders' equity

First quarter of fiscal 2019: 216,081 million yen

Fiscal 2018: 218,689 million yen

2. Dividends

	Dividend per share				
	Q1-end	Q2-end	Q3-end	FY-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2018	―	30.00	―	60.00	90.00
Fiscal 2019	―				
Fiscal 2019 (forecast)		30.00	―	60.00	90.00

Note: Revisions to the latest dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal 2019

(April 1, 2019 - March 31, 2020)

(Percentage figures denote increases or decreases compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	210,000	-0.3	16,000	-30.8	16,200	-31.8	12,000	-45.0	95.37
Full-year	460,000	0.1	46,000	-15.9	46,500	-16.7	33,500	-15.3	266.24

Note: Revisions to the latest consolidated financial forecast: Yes

Notes:

(1) Changes in significant subsidiaries that affected the scope of consolidation during the first quarter: None

(2) Adoption of specific accounting methods for preparing the quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates, and restatement

1) Changes in accounting standards associated with the revisions of accounting standards: Yes
2) Other changes: None
3) Changes in accounting estimates: None
4) Restatement: None

(4) Number of shares issued (common stock)

1) Number of shares issued including treasury stock at the end of the period

First quarter of fiscal 2019: 126,610,077 shares

Fiscal 2018: 126,610,077 shares

2) Number of treasury stock at the end of the period

First quarter of fiscal 2019: 780,115 shares

Fiscal 2018: 795,986 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First quarter of fiscal 2019: 125,824,281 shares

First quarter of fiscal 2018: 125,784,623 shares

Note: The number of treasury stock at the end of the first quarter of the fiscal year ending March 31, 2020 includes 71,100 shares owned by the Board Benefit Trust (BBT). The number of treasury stock at the end of the fiscal year ended March 31, 2019 included 75,300 shares owned by the BBT. In addition, the number of treasury stock at the end of the first quarter of the fiscal year ending March 31, 2020 includes 137,400 shares. The number of treasury stock at the end of the fiscal year ended March 31, 2019 includes 149,400 shares owned by a trust on behalf of Daifuku employees' shareholding association.

These quarterly consolidated financial statements are not subject to audit through the certified public accountant or an auditing company.

Disclaimer

The business forecasts contained in this document are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and income may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances. For the business forecasts, please see 1-(3) "Outlook for the fiscal year ending March 31, 2020."

Quarterly earnings supplementary materials are available at the TDnet and our website: www.daifuku.com/ir.

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1. Qualitative Information Relating to Quarterly Consolidated Financial Results

(1) Operating results

During the first quarter of the fiscal year under review, the global economy benefited from moderate growth of a largely firm economy in the U.S., although a trade conflict between the U.S. and China, a slowdown in economic growth in China, and other issues created uncertainty about the future.

Daifuku Group's mainstay material handling systems are expected to continue to grow, bolstered by demand in a broad range of sectors, generated from an increase in the global movement of people and goods, changes in the industrial structure associated with transformations of distribution systems and technological innovations including the Internet of Things (IoT), as well as investment in automatization spurred by labor shortages.

Amid these economic and business conditions, the Daifuku Group has continued to see sustained growth in orders; however, during the first quarter of the fiscal year under review, orders reflected a cautious stance on investment in the semiconductor and flat-panel display (FPD) sectors, as well as a delay in the timing for receiving orders from manufacturers and distributors at non-Japan subsidiaries.

Consequently, the Group received orders of 100,467 million yen, down 22.2% from a year earlier, and recorded net sales of 96,160 million yen, down 1.1%.

Operating income principally reflected the increasingly severe operating environment surrounding the semiconductor and FPD sectors, as well as additional costs incurred for systems for the same sectors. Net income attributable to shareholders of the parent company decreased from a year ago, given the absence of the gain on sales of shares in affiliates (Knapp AG, which was an equity-method affiliate in Austria) of 6,948 million yen (balance of consolidated book value) posted in the same period of the previous fiscal year.

Consequently, the Group posted operating income of 6,423 million yen, down 24.5% from a year earlier, and ordinary income of 6,551 million yen, down 27.0%. Net income attributable to shareholders of the parent company was 5,229 million yen, down 53.4%.

The average exchange rate used for transactions during the first quarter of the fiscal year under review was 110.30 yen to the U.S. dollar (107.50 yen in the year-ago period), 16.44 yen to the Chinese yuan (17.04 yen), and 0.0983 yen to the Korean won (0.1003 yen). As a result, orders increased in value by about 800 million yen, compared with the year-ago period. The impact on net sales and operating income was minor.

Results by reportable segment are described below. Orders from and sales to outside customers are presented as segment orders and sales, and quarterly net income attributable to shareholders of the parent company is recorded as segment income.

Clean Factomation, Inc., which had been previously included in Other, was changed to a reportable segment due to its increased quantitative significance since the second quarter of the previous fiscal year. From the first quarter of the fiscal year under review, Daifuku Plusmore Co., Ltd., which was previously a reportable segment, was included in Other due to its decreased significance. For more details about reportable segments, please see the "Segment information" below.

Daifuku Co., Ltd.

In exports for semiconductor factories in East Asia and North America, orders grew at a sluggish pace. In large systems for manufacturers and distributors in Japan, orders were steady. In automobile production line systems, mainly for production rebuilding and development, services and small upgrade projects of Japanese automakers, orders remained favorable.

Sales remained firm in systems for manufacturers and distributors based on the extensive order backlog; however, sales of semiconductor and FPD production line systems were affected by changes in the business environment.

Segment income decreased from a year ago, reflecting the increasingly severe operating environment surrounding the semiconductor and FPD sectors, additional costs incurred, and the absence of the gain on sales of shares in affiliates (Knapp AG, which was an equity-method affiliate in Austria) of 8,030 million yen (balance of consolidated book value) posted in the same period of the previous fiscal year.

As a result, the Company recorded orders of 52,392 million yen, down 16.2% from the previous fiscal year, sales of 40,188 million yen, down 7.2%, and segment income of 2,320 million yen, down 78.5%.

Contec Co., Ltd. and its subsidiaries

In the Japanese market, sales of industrial computers and measurement control boards for production lines decreased, given stagnating capital investment in the manufacturing industry.

In the U.S. market, sales of industrial computers for airport security related sector remained strong. Meanwhile, sales of products for the medical device sector began to recover.

In terms of profits, Contec posted extraordinary income as a result of sales of investment securities.

As a result, Contec posted orders of 5,283 million yen, up 31.3% from the previous fiscal year, sales of 3,428 million yen, down 7.0%, and segment income of 380 million yen, up 95.0%.

Daifuku North America Holding Company and its subsidiaries

Orders remained strong in systems for airports. On the other hand, orders fell in systems for manufacturers, distributors, automakers, and semiconductor factories, affected by delays in the timing of receiving orders.

Sales decreased in systems for manufacturers, distributors, and automakers, due to delays in project progress, while sales remained strong in systems for semiconductor factories and airports.

Income improved from the year-ago figure, backed by the effect of increased revenue and cost cutting efforts, despite the delays in project progress.

As a result, Daifuku North America achieved orders of 18,438 million yen, down 9.1% from the same period the previous year, sales of 21,944 million yen, up 9.8%, and segment income of 1,346 million yen, up 75.1%.

Clean Factomation, Inc.

Clean Factomation, Daifuku's wholly owned subsidiary in South Korea, mainly provides cleanroom transport systems to the country's semiconductor manufacturers. In collaboration with Group factories in Japan, China, and Taiwan, the company plays a role in global production of these systems, while striving to improve peripheral equipment and develop related improvements.

Orders declined, mainly due to a delay in recovery in demand for semiconductor memory, compared with the same period of the previous fiscal year when there was robust investment accompanying a rapid increase in semiconductor demand. Sales and income were favorable, underpinned by an order backlog.

As a result, Clean Factomation posted orders of 7,632 million yen, down 39.4% from the same period the previous year, sales of 8,011 million yen, up 7.1%, and segment income of 983 million yen, up 15.2%.

Other

The Group has a total of 53 consolidated subsidiaries worldwide. The Other segment includes all Group companies excluding the aforementioned Contec and its subsidiaries, Daifuku North America and its subsidiaries, and Clean Factomation. These companies primarily manufacture and sell material handling systems and equipment, and car wash machines.

Japan subsidiaries

Daifuku Plusmore Co., Ltd. expanded sales of large vehicle wash machines for trucks and buses, in addition to car wash machines for service stations and car dealerships. Accordingly, sales remained firm.

Non-Japan subsidiaries

The Group has production sites in China, Taiwan, South Korea, Thailand, and other countries, which are playing a global role in the optimal local production and procurement framework.

In China, plans for OLED factories are being developed, backed by growth in the introduction of OLED technology into smartphones. In systems for the food, pharmaceutical, auto parts, e-commerce and other distribution sectors, demand for material handling systems is increasing. In the automobile-related sector, the segment is building ties with its customers, centering on Japanese automakers, and results remained firm.

In Taiwan, orders declined in systems for semiconductor factories, although sales remained favorable based on the order backlog.

In South Korea, sales decreased in automobile production line systems. The segment is actively expanding to provide solutions with the aim of increasing orders for services.

In ASEAN countries and India, capital investment in systems for manufacturers, including the food, miscellaneous daily goods, and pharmaceutical sectors, is rising. In particular, demand from the frozen-food sector is growing rapidly. Non-Japan subsidiaries operating in each region strive to meet these needs. In Thailand, construction of a new factory building started. In India, Daifuku acquired the material handling system manufacturer Vega Conveyors and Automation Private Limited in April 2019 (non-consolidated subsidiary during the current fiscal year) and is building a production framework.

New Zealand-based BCS Group Limited is actively expanding its business beyond Oceania.

During the first quarter of the fiscal year under review, as a result of the impact of changes in the environment surrounding the semiconductor and FPD sectors in East Asia, the segment recorded orders of 16,720 million yen, down 43.8% from the previous fiscal year, sales of 22,389 million yen, down 4.8%, and segment income of 414 million yen, down 54.6%.

(2) Financial position

The Group's financial position is as described below.

Assets

Total assets at the end of the first quarter of the fiscal year under review stood at 401,104 million yen, a decrease of 8,878 million yen from the end of the previous fiscal year. Current assets decreased by 13,421 million yen, principally reflecting a decrease of 9,015 million yen in notes and accounts receivable and unbilled receivables and a decrease of 8,484 million yen in cash on hand and in banks.

Non-current assets increased by 4,543 million yen, mainly attributable to an increase of 4,452 million yen in property, plant and equipment resulting from an increase of construction in progress, etc.

Liabilities

Total liabilities at the end of the first quarter of the fiscal year under review amounted to 180,872 million yen, a decrease of 6,224 million yen from the end of the previous fiscal year. Current liabilities decreased by 7,955 million yen. Primary factors included an increase of 6,634 million yen in advances received on uncompleted construction contracts and other resulting from advances by customers for non-Japan projects, a decrease of 5,059 million yen in notes and accounts payable and construction contracts payable due to the payment of notes and accounts payable and a decrease of 9,476 million yen in income taxes payable due to income taxes paid.

Non-current liabilities increased by 1,731 million yen, mainly attributable to an increase of 1,834 million yen in other non-current liabilities.

Net assets

Net assets at the end of the first quarter of the fiscal year under review were 220,231 million yen, a decrease of 2,653 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease of 2,482 million yen in retained earnings resulting from payment of dividends and other.

(3) Outlook for the fiscal year ending March 31, 2020

Daifuku Co., Ltd. has revised its interim and full-year earnings forecasts for the fiscal year ending March 31, 2020, which were announced on May 10, 2019, based on recent performance trends.

Sales of systems for the electronics sector including semiconductors and flat-panel displays (FPDs) account for about 40% of the net sales of the Daifuku Group. Profits during the first half of the fiscal year ending March 2020 will reflect the increasingly severe operating environment surrounding the semiconductor and FPD sectors, additional costs for systems for the same sectors, and other factors. Meanwhile, systems for manufacturers, distributors, and automakers have been favorable. Daifuku will maintain a sustained growth track based on the comprehensive strength of the Group.

Revisions to the interim earnings forecast for the fiscal year ending March 31, 2020

(April 1, 2019 - September 30, 2019)

	Net sales	Operating income	Ordinary income	Net income attributable to shareholders of the parent company	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	230,000	23,000	23,400	16,300	129.58
Current forecast (B)	210,000	16,000	16,200	12,000	95.37
Change (B – A)	-20,000	-7,000	-7,200	-4,300	—
Rate of change (%)	-8.7%	-30.4%	-30.8%	-26.4%	—
Reference: Interim results for fiscal year ended March 31, 2019	210,713	23,114	23,757	21,799	173.31

Revisions to the full-year earnings forecast for the fiscal year ending March 31, 2020

(April 1, 2019 - March 31, 2020)

	Net sales	Operating income	Ordinary income	Net income attributable to shareholders of the parent company	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	480,000	52,800	53,500	38,200	303.67
Current forecast (B)	460,000	46,000	46,500	33,500	266.24
Change (B – A)	-20,000	-6,800	-7,000	-4,700	—
Rate of change (%)	-4.2%	-12.9%	-13.1%	-12.3%	—
Reference: Results for fiscal year ended March 31, 2019	459,486	54,681	55,842	39,567	314.54

The above forecast values are our projections based on information available at the time of this release and contain various uncertainties. Actual results may differ materially from forecast values due to factors such as changes in the business performance of the Company.

Daifuku also revised its interim orders forecast of 280,000 million yen, which was announced on May 10, 2019, to 240,000 million yen, down 14.3%, and full-year orders forecast of 530,000 million yen to 510,000 million yen, down 3.8%, for the fiscal year ending March 31, 2020.

2. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	FY2018 (Year ended March 31, 2019)	First quarter of FY2019 (Quarter ended June 30, 2019)
ASSETS		
Current assets:		
Cash on hand and in banks	90,916	82,432
Notes and accounts receivable and unbilled receivables	191,867	182,851
Merchandise and finished goods	5,497	5,977
Costs incurred on uncompleted construction contracts and other	14,074	17,131
Raw materials and supplies	14,634	16,121
Other current assets	9,475	8,507
Allowance for doubtful accounts	(226)	(204)
Total current assets	326,239	312,818
Non-current assets:		
Property, plant and equipment	37,020	41,472
Intangible assets		
Goodwill	7,561	7,369
Other	4,898	4,893
Total intangible assets	12,460	12,263
Investments and other assets		
Other	34,460	34,747
Allowance for doubtful accounts	(198)	(197)
Total investments and other assets	34,262	34,549
Total non-current assets	83,742	88,286
Total assets	409,982	401,104
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	47,883	42,823
Electronically recorded obligations - operating	23,915	22,494
Short-term borrowings and current portion of long-term borrowings	19,431	19,059
Income taxes payable	13,388	3,912
Advances received on uncompleted construction contracts and other	29,245	35,880
Provision for losses on construction contracts	317	426
Other current liabilities	21,779	23,408
Total current liabilities	155,961	148,006
Non-current liabilities:		
Long-term borrowings	20,569	20,577
Liabilities for retirement benefits	7,459	7,348
Other non-current liabilities	3,105	4,940
Total non-current liabilities	31,135	32,866
Total liabilities	187,097	180,872

(Million yen)

	FY2018 (Year ended March 31, 2019)	First quarter of FY2019 (Quarter ended June 30, 2019)
NET ASSETS		
Shareholders' equity:		
Common stock	31,865	31,865
Capital surplus	21,518	21,518
Retained earnings	162,722	160,240
Treasury stock	(1,449)	(1,376)
Total shareholders' equity	214,656	212,247
Accumulated other comprehensive income:		
Net unrealized gain (loss) on securities	4,554	3,906
Deferred gain (loss) on hedges	(20)	35
Foreign currency translation adjustments	2,003	2,311
Accumulated adjustments on retirement benefits	(2,505)	(2,419)
Total accumulated other comprehensive income	4,032	3,834
Non-controlling interests:	4,195	4,150
Total net assets	222,885	220,231
Total liabilities and net assets	409,982	401,104

(2) Consolidated statements of income and comprehensive income

(Million yen)

	FY2018 Q1 (April 1, 2018 - June 30, 2018)	FY2019 Q1 (April 1, 2019 - June 30, 2019)
Net sales	97,278	96,160
Cost of sales	77,450	79,126
Gross profit	19,828	17,034
Selling, general and administrative expenses:		
Selling expenses	4,682	4,269
General and administrative expenses	6,637	6,340
Total selling, general and administrative expenses	11,319	10,610
Operating income	8,508	6,423
Other income:		
Interest income	94	151
Dividend income	213	233
Rent income	60	54
Miscellaneous income	230	127
Total other income	599	566
Other expenses:		
Interest expenses	69	217
Foreign exchange loss	38	171
Miscellaneous expenses	22	50
Total other expenses	129	439
Ordinary income	8,978	6,551
Extraordinary income:		
Gain on investment securities	—	618
Gain on sales of shares in affiliates	6,948	—
Other	39	0
Total extraordinary income	6,987	619
Extraordinary loss:		
Loss on disposal or sales of property, plant and equipment	98	4
Total extraordinary loss	98	4
Income before income taxes and minority interests	15,868	7,165
Income taxes - current	5,747	1,508
Income taxes - deferred	(1,183)	263
Total income taxes	4,563	1,771
Net income	11,304	5,393
Net income attributable to:		
Shareholders of the parent company	11,225	5,229
Non-controlling interests	78	164

	FY2018 Q1 (April 1, 2018 - June 30, 2018)	FY2019 Q1 (April 1, 2019 - June 30, 2019)
		(Million yen)
Other comprehensive income		
Net unrealized gain (loss) on securities	(26)	(811)
Deferred gain (loss) on hedges	(8)	56
Foreign currency translation adjustments	(3,803)	301
Adjustments on retirement benefits	474	75
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(1,064)	5
Total other comprehensive income (loss)	(4,427)	(371)
Comprehensive income:	6,876	5,022
Comprehensive income (loss) attributable to:		
Shareholders of the parent company	6,896	5,031
Non-controlling interests	(19)	(8)

(3) Notes on consolidated financial statements

Notes on going concern assumption
Not applicable

Notes for a material change in the amount of shareholders' equity
Not applicable

Changes in accounting policies
(Adoption of IFRS 16 Leases)
Starting from the first quarter of the fiscal year under review, subsidiaries that adopt IFRS apply IFRS 16 Leases.

Due to the adoption of this accounting standard, the lessee is required to recognize assets and liabilities for all leases, in principle.

The subsidiaries take a transitional measure for the adoption of this accounting standard and have adopted a method, with which the accumulated impact of the change in accounting policy is recognized on the date of initial adoption of this accounting standard.

As a result, the impact of adopting this accounting standard on the consolidated financial statements of the Group for the first quarter of the fiscal year under review is insignificant.

(Adoption of ASC 606 Revenue from Contracts with Customers)
Starting from the first quarter of the fiscal year under review, subsidiaries in North America that adopt US GAAP apply ASC 606 Revenue from Contracts with Customers.

With the adoption of this accounting standard, they recognize revenue in an amount that reflects consideration for the right expected to be acquired in exchange for goods or services they have promised at the time when the relevant goods or services are transferred to a customer.

The subsidiaries take a transitional measure for the adoption of this accounting standard and have adopted a method, with which the accumulated impact of the change in accounting policy is recognized on the date of initial adoption of this accounting standard and make an adjustment to retained earnings at the beginning of the first quarter of the fiscal year under review.

As a result, the impact of adopting this accounting standard on the consolidated financial statements of the Group for the first quarter of the fiscal year under review is insignificant.

Segment Information

I. The first quarter of the previous fiscal year ended March 31, 2019 (from April 1, 2018 to June 30, 2018)

1. Information relating to the amounts of net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Total		
Net sales							
Sales to outside customers	43,299	3,686	19,980	7,482	74,449	23,513	97,962
Intersegment sales or transfers	11,427	2,499	265	1,318	15,510	3,347	18,858
Total	54,726	6,186	20,246	8,801	89,959	26,860	116,820
Segment income (loss)	10,769	195	768	853	12,587	913	13,500

* "Other" represents an operating segment comprising subsidiaries that are not included in reportable segments.

2. Differences between total amounts of net sales and income (loss) of reportable segments and those in quarterly consolidated statements of income and comprehensive income and details thereof (matters relating to difference reconciliation)

Net sales	(Million yen)
Reportable segment total	89,959
Net sales classified in "Other"	26,860
Elimination of intersegment transactions	(18,858)
Other adjustments for consolidation	(683)
Net sales in quarterly consolidated financial statements	97,278

Segment income	(Million yen)
Reportable segment total	12,587
Segment income classified in "Other"	913
Elimination of cash dividends from affiliates	(163)
Adjustments to gain on sales of shares in affiliates	(797)
Other adjustments for consolidation	(1,314)
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	11,225

II. The first quarter of the fiscal year ending March 31, 2020 (from April 1, 2019 to June 30, 2019)

1. Information relating to the amounts of net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Total		
Net sales							
Sales to outside customers	40,188	3,428	21,944	8,011	73,572	22,389	95,961
Intersegment sales or transfers	10,562	2,353	187	1,633	14,736	2,983	17,720
Total	50,750	5,781	22,131	9,645	88,309	25,372	113,682
Segment income (loss)	2,320	380	1,346	983	5,030	414	5,445

* "Other" represents an operating segment comprising subsidiaries that are not included in reportable segments.

2. Differences between total amounts of net sales and income (loss) of reportable segments and those in quarterly consolidated statements of income and comprehensive income and details thereof (matters relating to difference reconciliation)

Net sales	(Million yen)
Reportable segment total	88,309
Net sales classified in "Other"	25,372
Elimination of intersegment transactions	(17,720)
Other adjustments for consolidation	198
Net sales in quarterly consolidated financial statements	96,160

Segment income	(Million yen)
Reportable segment total	5,030
Segment income classified in "Other"	414
Elimination of cash dividends from affiliates	(117)
Other adjustments for consolidation	(98)
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	5,229

3. Changes to reportable segments

Clean Factomation, Inc., which had been previously included in Other, was changed to a reportable segment due to its increased quantitative significance since the second quarter of the previous fiscal year. From the first quarter of the fiscal year under review, Daifuku Plusmore Co., Ltd., which was previously a reportable segment, was included in Other due to its decreased quantitative significance. Accordingly, the change in the segment classification is as follows.

Formerly: Daifuku Co., Ltd.
Contec Co., Ltd. and its subsidiaries
Daifuku North America Holding Company and its subsidiaries
Daifuku Plusmore Co., Ltd.

From the first quarter of the fiscal year under review:
Daifuku Co., Ltd.
Contec Co., Ltd. and its subsidiaries
Daifuku North America Holding Company and its subsidiaries
Clean Factomation, Inc.

The segment information of the first quarter of the previous fiscal year is based on the new reportable segments.