

Consolidated Financial Results
for the First Half of the Fiscal Year Ending March 31, 2021
[Japan GAAP]

Prepared in accordance with accounting principles generally accepted in Japan
Translated from the original Japanese-language document

November 6, 2020

Daifuku Co., Ltd.

Stock code: 6383, First Section of Tokyo Stock Exchange

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Scheduled date for filing quarterly financial report: November 9, 2020

Scheduled date of commencing dividend payment: December 4, 2020

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 Half of Fiscal 2020

(April 1, 2020 - September 30, 2020)

(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 half of fiscal 2020	230,006	10.2	19,669	13.8	20,344	15.5	14,732	11.9
First half of fiscal 2019	208,734	(0.9)	17,286	(25.2)	17,619	(25.8)	13,168	(39.6)

Note: Comprehensive income

First half of fiscal 2020: 13,665 million yen 29.3%

First half of fiscal 2019: 10,565 million yen (44.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
First half of fiscal 2020	116.98	—
First half of fiscal 2019	104.65	—

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Fiscal 2020 Q2	432,292	245,990	55.8
Fiscal 2019	410,887	237,356	56.7

Reference: Shareholders' equity

Fiscal 2020 Q2: 241,209 million yen

Fiscal 2019: 232,961 million yen

2. Dividends

	Dividend per share				
	Q1-end	Q2-end	Q3-end	FY-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2019	—	30.00	—	45.00	75.00
Fiscal 2020	—	30.00			
Fiscal 2020 (forecast)			—	45.00	75.00

Note: Revisions to the latest dividend forecast: None

3. Consolidated Earnings Forecast for Fiscal 2020

(April 1, 2020 - March 31, 2021)

(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
Full-year	460,000	3.7	41,000	1.2	41,800	2.0	29,000	3.3	230.40

Note: Revisions to the latest consolidated financial forecast: None

Notes:

- (1) Changes in significant subsidiaries that affected the scope of consolidation during the period: 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 policies resulting from the revision of the accounting standards and other regulations: None
 - 2) Changes in accounting policies other than 1): 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
Fiscal 2020 Q2: 126,610,077 shares
Fiscal 2019: 126,610,077 shares
 - 2) Number of treasury stock at the end of the period
Fiscal 2020 Q2: 637,983 shares
Fiscal 2019: 703,806 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)
Fiscal 2020 H1: 125,942,430 shares
Fiscal 2019 H1: 125,842,949 shares

Note: The number of treasury stock at the end of the period includes shares owned by the Board Benefit Trust (BBT) and a trust on behalf of Daifuku employees' shareholding association. The number of treasury stock at the end of the second quarter of the fiscal year ending March 31, 2021 includes 122,400 shares owned by the BBT. The number of treasury stock at the end of the fiscal year ended March 31, 2020 included 159,100 shares owned by the BBT. In addition, the number of treasury stock at the end of the second quarter of the fiscal year ending March 31, 2021 includes 31,900 shares owned by the trust on behalf of Daifuku employees' shareholding association. The number of treasury stock at the end of the fiscal year ended March 31, 2020 included 61,900 shares owned by the 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 firm.

Disclaimer

The consolidated earnings forecast contained in this document is 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 earnings forecast, please see 1-(3) "Outlook for the fiscal year ending March 31, 2021."

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 half of the fiscal year under review, the global economy deteriorated rapidly due to the global spread of COVID-19, which emerged at the beginning of 2020. Since June, economic activities have restarted worldwide. However, given that the impact of COVID-19 continues and it is at present unknown when the pandemic will end, together with the emergence of issues in high-tech trade, the global economic outlook remains uncertain.

Amid these economic and business conditions, orders at the Daifuku Group fell short of the year-ago level, because of delays in negotiations with customers, mainly due to restrictions on international/domestic movements, working at the office and meeting in person, as well as customer facility shutdowns. Sales were favorable, underpinned by an extensive order backlog.

Specifically, the Group received orders of 189,308 million yen, down 11.7% from a year earlier, and recorded sales of 230,006 million yen, up 10.2%.

Income remained favorable, driven by intralogistics systems for manufacturers and distributors in Japan.

Consequently, the Group posted operating income of 19,669 million yen, up 13.8% from the previous fiscal year, and ordinary income of 20,344 million yen, up 15.5%. Net income attributable to shareholders of the parent company was 14,732 million yen, up 11.9%.

The average exchange rates used for transactions during the first half of the fiscal year under review were 108.25 yen to the U.S. dollar (109.98 yen in the year-ago period), 15.32 yen to the Chinese yuan (16.23 yen), and 0.0894 yen to the Korean won (0.0960 yen). As the impact from exchange rate fluctuations, orders decreased in value by about 5.3 billion yen, compared with the year-ago period. Sales fell by about 3.8 billion yen, but its impact on operating income was minor.

Impact of the COVID-19 pandemic

Many of the systems the Group provides are positioned as "essential businesses" that build infrastructure indispensable for social activities. Even amid the COVID-19 pandemic, the Group saw strong demand for its continued business activities.

In response to the COVID-19 pandemic, the Group quickly set up a task force to implement control measures, making it a top priority to ensure the safety of employees and their families, customers and suppliers. We adopted a number of measures, following the government's instructions and customer policies. We actively encouraged employees, particularly sales and administrative personnel, to stagger working hours or work from home, so that we could continue our business activities.

The impact of the COVID-19 pandemic on the Group's results were mainly seen in orders received. During

the second quarter, delays in the timing of recording orders were marked, resulting in a decline from the interim order forecast of 200 billion yen announced on August 6, 2020.

This reflected restrictions on our sales activities during the first quarter. The situation has been gradually turning around since the second quarter, with negotiations with customers ongoing. Inquiries are also returning to the normal level in terms of a full-year basis. Orders are projected to bounce back significantly during the third quarter, including those orders that were delayed.

Meanwhile, despite the impacts from difficulty in parts procurement and delays in installation progress, overall production and installations have proceeded favorably, such that sales and income surpassed their forecasts.

Impacts by region were as follows. Of the Group, Japanese companies such as Daifuku Co., Ltd. and Contec Co., Ltd. close their books on March 31, while most non-Japan subsidiaries have their fiscal year-end on December 31. The first half shows the period from April to September 2020 for the former and the period from January to June 2020 for the latter.

Japan

The Group's mainstay production site, Shiga Works, continued production without any difficulty. During the first quarter, rather than reducing costs, we placed priority on meeting deadlines and ensuring uninterrupted operation of customer systems we had delivered, and thus we swiftly arranged Japan-made parts or components to replace imported products that would have raised issues with procurement. This situation returned to normal from the second quarter.

U.S.A.

In systems for semiconductor factories and distributors, installation and service activities continued, as many customers continued their operations. In automotive systems for automobile production lines, installations and services were temporarily suspended due to customer factory shutdowns; however, since then, normal business activities have continued.

In Airport systems, the impact was minor as a number of projects are strategically developed over the long term by airport operating companies. Along with a decrease of passengers, operation and maintenance activities have now declined in size.

China

Our subsidiaries in China had to wait to resume full-scale operation until May in Wuhan and surrounding areas, as we and our customers temporarily faced severe restraints on working at the office and international/domestic movement. Accordingly, we experienced delays in the timing of orders and installation progress, such that costs increased to make up for the delay in some projects. Since the second quarter, the Chinese economy as a whole has seen a significant turnaround and our business

environment is also improving.

South Korea

Without suspending the operation of factories, our subsidiaries in South Korea were able to continue operations, resulting in a comparatively minor impact.

Other

In Taiwan and Thailand, our factories were able to continue operations without suspension, and business activities are recovering. In other ASEAN countries and India, business activities have been stagnant, and the progress of work remains far behind schedule. In Europe and Oceania, business activities slowed for a while, and projects are gradually resuming.

Toward a post-COVID-19 society

In recent years, the Group's mainstay material handling systems have continued to show strong growth, bolstered by demand across a broad range of sectors, reflecting an increase in the global movement of people and goods, changes in the industrial structure associated with transformations in distribution systems and technological innovations including the Internet of Things (IoT), as well as investment in automatization spurred by labor shortages.

While the outlook for industry in general is unclear due to the COVID-19 pandemic, medium- to long-term growth can still be achieved in this operating environment, underpinned by rising needs including the further expansion of e-commerce, growing demand for semiconductors for 5G mobile communication and data centers.

The Group's systems not only help solve labor shortages and shorten lead times, but also help meet government recommendations to avoid closed spaces, crowded places, and close contact settings, or the "three Cs." Looking ahead, the need for automation with an eye to the creation of human non-contact environments can be expected to accelerate. The Group will develop and provide new logistics solutions to help build the New Normal society that differs from that before the outbreak of the COVID-19 pandemic.

Results by reportable segment

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.

For more details about reportable segments, please see the "Segment information" below.

Daifuku Co., Ltd.

Orders were affected by the COVID-19 pandemic, as negotiations with customers were limited mainly

due to restrictions on international/domestic movement. This had implications for cleanroom systems for semiconductor and flat-panel display (FPD) production lines and for intralogistics systems for manufacturers and distributors. Growth in orders was also sluggish for automotive systems.

Sales increased as a whole, with declines in cleanroom and automotive systems reflecting severe business environments in these sectors, while benefiting from a favorable performance in intralogistics systems based on the extensive order backlog.

Segment income also increased, mainly reflecting the increased sales and profitability in intralogistics systems.

As a result, the Company recorded orders of 81,223 million yen, down 22.1% from the same period the previous year, sales of 99,928 million yen, up 6.6%, and segment income of 9,744 million yen, up 31.4%.

Contec Co., Ltd. and its subsidiaries

In the Japanese market, sales of industrial computers and IoT devices decreased, given sluggish industry-wide capital investment along with an uncertain outlook.

In the U.S. market, sales of industrial computers for the medical device sector remained firm, despite a sluggish capital investment in the airport security related and manufacturing sectors.

Segment income fell, reflecting the absence of the gain on sales of investments in securities posted during the previous year.

As a result, Contec posted orders of 7,692 million yen, down 8.8% from the same period the previous fiscal year, sales of 7,862 million yen, up 4.4%, and segment income of 572 million yen, down 18.9%.

Daifuku North America Holding Company and its subsidiaries

Orders for intralogistics systems were strong, driven by projects for the e-commerce sector, while orders for automotive systems and semiconductor production line systems remained firm. In airport systems, orders decreased, reflecting delays in the timing of receiving orders for large projects.

Sales increased in automotive systems, which received orders for a large project during the previous fiscal year. Also, sales in intralogistics systems increased significantly, driven by e-commerce related projects.

Segment income was affected by certain large projects with low profitability.

As a result, Daifuku North America achieved orders of 37,862 million yen, down 10.1% from the same period the previous year, sales of 67,880 million yen, up 46.5%, and segment income of 2,701 million yen, up 0.3%.

Clean Factomation, Inc.

Orders remained favorable, bolstered by increased demand for semiconductors for data centers due to increased work from home and the extensive use of online meetings. Sales reflected the declined orders from the previous fiscal year. Segment income remained firm.

As a result, Clean Factomation posted orders of 21,632 million yen, up 52.2% from the same period the previous fiscal year, sales of 13,815 million yen, down 15.1%, and segment income of 2,052 million yen, up 5.4%.

Other

The Group has a total of 67 consolidated subsidiaries worldwide. The Other segment includes all consolidated subsidiaries 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. The status of major subsidiaries is as follows.

Japan subsidiaries

Daifuku Plusmore Co., Ltd. is expanding sales of large vehicle wash machines for trucks and buses, in addition to car wash machines for service stations and car dealerships. However, sales of units fell.

Non-Japan subsidiaries

The Group has production sites in China, Taiwan, South Korea, Thailand, and India, which provide sales, installations and services, playing a global role in the optimal local production and procurement framework.

In addition, the Group has subsidiaries in the regions of North and Central America, Asia, Europe, and Oceania, which provide sales, installations and services.

Despite orders for large projects in China, South Korea, and other regions, the results generally reflected restraints on social activities due to the COVID-19 pandemic and the subsequent deterioration in the economic environment. As a result, the segment reported orders of 40,897 million yen, down 9.6% from the previous fiscal year, sales of 39,372 million yen, down 13.4%, and segment income of 1,089 million yen, up 30.4%.

(2) Financial position

Assets, liabilities and net assets

Assets at the end of the second quarter of the fiscal year under review stood at 432,292 million yen, an increase of 21,404 million yen from the end of the previous fiscal year. The result principally reflected increases of 14,389 million yen in cash on hand and in banks and 3,669 million yen in notes and accounts receivable and unbilled receivables.

Liabilities at the end of the second quarter of the fiscal year under review amounted to 186,302 million yen, an increase of 12,770 million yen from the end of the previous fiscal year. Primary factors included an increase of 13,784 million yen in short-term borrowings.

Net assets at the end of the second quarter of the fiscal year under review were 245,990 million yen, an increase of 8,633 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 9,212 million yen in retained earnings.

Cash flows

Cash and cash equivalents during the first half of the fiscal year under review increased 14,392 million yen from the end of the previous fiscal year, to 85,276 million yen.

Cash provided by operating activities totaled 12,262 million yen (6,020 million yen in cash provided in the year-ago period). This was mainly attributable to 20,183 million yen in income before income taxes and non-controlling interests, offsetting an increase of 6,056 million yen in inventories.

Cash used in investing activities was 4,254 million yen (6,428 million yen in cash used in the year-ago period). Major factors included an outlay of 4,073 million yen for the purchase of property, plant and equipment.

Cash provided in financing activities was 7,394 million yen (12,345 million yen in cash used in the year-ago period), mainly attributable to an increase in short-term borrowings of 13,783 million yen, offsetting dividend payments of 5,678 million yen.

(3) Outlook for the fiscal year ending March 31, 2021

Daifuku Co., Ltd. has not revised its full-year earnings forecast for the fiscal year ending March 31, 2021, which was announced on August 6, 2020. For details, please refer to the summary (page 2).

However, the Company has revised its full-year orders forecast of 480 billion yen, which was announced on August 6, 2020, to 460 billion yen, down 4.2%, for the fiscal year ending March 31, 2021, as the timing of receiving orders and the progress in planned projects would be affected by delays in negotiations with customers, given restrictions on international/domestic movement and other factors imposed by the COVID-19 pandemic.

2. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	FY2019 (ended March 31, 2020)	FY2020 Q2 (ended September 30, 2020)
ASSETS		
Current assets:		
Cash on hand and in banks	70,907	85,296
Notes and accounts receivable and unbilled receivables	202,712	206,382
Merchandise and finished goods	6,453	7,081
Costs incurred on uncompleted construction contracts and other	11,169	13,144
Raw materials and supplies	15,720	18,976
Other current assets	13,103	10,560
Allowance for doubtful accounts	(383)	(702)
Total current assets	319,683	340,740
Non-current assets:		
Property, plant and equipment	47,343	47,807
Intangible assets		
Goodwill	4,891	4,657
Other	5,242	5,673
Total intangible assets	10,133	10,331
Investments and other assets		
Other	33,896	33,578
Allowance for doubtful accounts	(169)	(164)
Total investments and other assets	33,727	33,413
Total non-current assets	91,204	91,552
Total assets	410,887	432,292
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	46,509	43,109
Electronically recorded obligations - operating	22,587	21,922
Short-term borrowings and current portion of long-term borrowings	11,772	25,556
Income taxes payable	2,599	6,085
Advances received on uncompleted construction contracts and other	33,091	33,572
Provision for losses on construction contracts	263	311
Other current liabilities	21,870	21,318
Total current liabilities	138,695	151,876
Non-current liabilities:		
Long-term borrowings	21,645	21,255
Liabilities for retirement benefits	8,082	7,928
Other reserves	330	277
Other non-current liabilities	4,777	4,964
Total non-current liabilities	34,836	34,425
Total liabilities	173,531	186,302

(Million yen)

	FY2019 (ended March 31, 2020)	FY2020 Q2 (ended September 30, 2020)
NET ASSETS		
Shareholders' equity:		
Common stock	31,865	31,865
Capital surplus	21,987	21,982
Retained earnings	179,292	188,504
Treasury stock	(1,430)	(1,116)
Total shareholders' equity	231,714	241,235
Accumulated other comprehensive income:		
Net unrealized gain (loss) on securities	2,716	3,559
Deferred gain (loss) on hedges	(89)	(135)
Foreign currency translation adjustments	1,038	(1,523)
Accumulated adjustments on retirement benefits	(2,419)	(1,927)
Total accumulated other comprehensive income	1,246	(26)
Non-controlling interests:		
	4,394	4,780
Total net assets	237,356	245,990
Total liabilities and net assets	410,887	432,292

(2) Consolidated statements of income and comprehensive income

(Million yen)

	FY2019 H1 (April 1, 2019 - September 30, 2019)	FY2020 H1 (April 1, 2020 - September 30, 2020)
Net sales	208,734	230,006
Cost of sales	169,926	188,501
Gross profit	38,808	41,504
Selling, general and administrative expenses:		
Selling expenses	8,559	8,248
General and administrative expenses	12,961	13,586
Total selling, general and administrative expenses	21,521	21,834
Operating income	17,286	19,669
Other income:		
Interest income	302	212
Dividend income	247	234
Foreign exchange gains	—	226
Rent income	108	109
Miscellaneous income	252	314
Total other income	910	1,098
Other expenses:		
Interest expenses	401	322
Foreign exchange losses	69	—
Miscellaneous expenses	107	100
Total other expenses	577	423
Ordinary income	17,619	20,344
Extraordinary income:		
Gain on sales of property, plant and equipment	8	3
Gain on sales of investments in securities	777	—
Other	1	—
Total extraordinary income	786	3
Extraordinary loss:		
Loss on disposal or sales of property, plant and equipment	9	164
Total extraordinary loss	9	164
Income before income taxes and non-controlling interests	18,396	20,183
Income taxes - current	3,177	5,584
Income taxes - deferred	1,769	(351)
Total income taxes	4,946	5,233
Net income	13,450	14,950
Net income attributable to:		
Shareholders of the parent company	13,168	14,732
Non-controlling interests	281	217

(Million yen)

	FY2019 H1 (April 1, 2019 - September 30, 2019)	FY2020 H1 (April 1, 2020 - September 30, 2020)
Other comprehensive income		
Net unrealized gain (loss) on securities	(781)	845
Deferred gain (loss) on hedges	64	(46)
Foreign currency translation adjustments	(2,408)	(2,576)
Adjustments on retirement benefits	248	501
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(7)	(9)
Total other comprehensive income (loss)	(2,884)	(1,284)
Comprehensive income:	10,565	13,665
Comprehensive income (loss) attributable to:		
Shareholders of the parent company	10,524	13,459
Non-controlling interests	40	206

(3) Consolidated statements of cash flows

(Million yen)

	FY2019 H1 (April 1, 2019 - September 30, 2019)	FY2020 H1 (April 1, 2020 - September 30, 2020)
Cash flows from operating activities:		
Income before income taxes	18,396	20,183
Depreciation	2,678	3,072
Interest and dividend income	(549)	(447)
Interest expenses	401	322
Loss (gain) on sales of investments in securities	(777)	—
Decrease (increase) in notes and accounts receivable	8,380	(5,333)
Decrease (increase) in inventories	(3,265)	(6,056)
Increase (decrease) in notes and accounts payable	(6,494)	(2,987)
Increase (decrease) in advances received on uncompleted contracts	774	27
Other, net	(1,728)	2,812
Subtotal	17,813	11,593
Interest and dividend income received	547	432
Interest paid	(394)	(374)
Income taxes refund (paid)	(12,194)	311
Other, net	248	301
Net cash provided by (used in) operating activities	6,020	12,262
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(4,860)	(4,073)
Proceeds from sales of property, plant and equipment	23	13
Proceeds from sales of investments in securities	1,154	—
Payments for purchase of investments in securities	(339)	(15)
Payments for purchase of shares in affiliates	(2,411)	—
Other, net	5	(178)
Net cash provided by (used in) investing activities	(6,428)	(4,254)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	(4,111)	13,783
Repayment of long-term borrowings	(390)	(377)
Payments for purchase of treasury stock	(3)	(8)
Payments of cash dividends	(7,551)	(5,678)
Other, net	(288)	(325)
Net cash provided by (used in) financing activities	(12,345)	7,394
Effect of exchange rate change on cash and cash equivalents	(1,389)	(1,782)
Net increase (decrease) in cash and cash equivalents	(14,142)	13,619
Cash and cash equivalents at beginning of period	90,903	70,883
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	772
Cash and cash equivalents at end of period	76,760	85,276

(4) 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

Segment information

I. The first half of the previous fiscal year ended March 31, 2020 (from April 1, 2019 to September 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	93,780	7,532	46,338	16,270	163,921	45,444	209,366
Intersegment sales or transfers	18,555	4,535	382	2,458	25,932	6,664	32,596
Total	112,335	12,067	46,720	18,729	189,853	52,109	241,963
Segment income (loss)	7,414	705	2,694	1,946	12,760	835	13,596

* "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)

(Million yen)

Net sales	
Reportable segment total	189,853
Net sales classified in "Other"	52,109
Elimination of intersegment transactions	(32,596)
Other adjustments for consolidation	(631)
Net sales in quarterly consolidated financial statements	208,734

(Million yen)

Segment income	
Reportable segment total	12,760
Segment income classified in "Other"	835
Elimination of cash dividends from affiliates	(117)
Other adjustments for consolidation	(310)
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	13,168

II. The first half of the fiscal year ending March 31, 2021 (from April 1, 2020 to September 30, 2020)

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	99,928	7,862	67,880	13,815	189,488	39,372	228,860
Intersegment sales or transfers	17,607	5,834	154	1,154	24,751	5,549	30,300
Total	117,536	13,697	68,035	14,970	214,240	44,921	259,161
Segment income (loss)	9,744	572	2,701	2,052	15,070	1,089	16,160

* "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)

(Million yen)

Net sales	
Reportable segment total	214,240
Net sales classified in "Other"	44,921
Elimination of intersegment transactions	(30,300)
Other adjustments for consolidation	1,145
Net sales in quarterly consolidated financial statements	230,006

(Million yen)

Segment income	
Reportable segment total	15,070
Segment income classified in "Other"	1,089
Elimination of cash dividends from affiliates	(765)
Other adjustments for consolidation	(663)
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	14,732