

Consolidated Financial Results
for the First Three Quarters of the Fiscal Year Ending March 31, 2022
[Japan GAAP]

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

February 4, 2022

Daifuku Co., Ltd.

Stock code: 6383, First Section of Tokyo Stock Exchange

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Scheduled date for filing quarterly financial report: February 7, 2022

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 Three Quarters of Fiscal 2021

(April 1, 2021 - December 31, 2021)

(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	%
Fiscal 2021 3Qs	369,480	6.5	32,993	9.7	33,940	9.7	23,855	8.0
Fiscal 2020 3Qs	346,770	8.8	30,067	4.0	30,937	4.8	22,084	1.3

Note: Comprehensive income

Fiscal 2021 3Qs: 30,573 million yen 41.9%

Fiscal 2020 3Qs: 21,550 million yen 13.5%

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal 2021 3Qs	189.30	—
Fiscal 2020 3Qs	175.33	—

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Fiscal 2021 Q3	475,413	281,889	58.1
Fiscal 2020	445,456	262,012	57.7

Reference: Shareholders' equity

Fiscal 2021 Q3: 276,438 million yen

Fiscal 2020: 257,060 million yen

2. Dividends

	Dividend per share				
	Q1-end	Q2-end	Q3-end	FY-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	—	30.00	—	50.00	80.00
Fiscal 2021	—	35.00	—		
Fiscal 2021 (forecast)				55.00	90.00

Note: Revisions to the latest dividend forecast: Yes

3. Consolidated Earnings Forecast for Fiscal 2021

(April 1, 2021 - March 31, 2022)

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

	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	505,000	6.6	48,500	8.8	50,000	9.1	35,500	9.6	281.71

Note: Revisions to the latest consolidated earnings forecast: Yes

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: Yes
 - 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 2021 Q3: 126,610,077 shares
Fiscal 2020: 126,610,077 shares
 - 2) Number of treasury stock at the end of the period
Fiscal 2021 Q3: 592,525 shares
Fiscal 2020: 604,068 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)
Fiscal 2021 3Qs: 126,016,250 shares
Fiscal 2020 3Qs: 125,955,508 shares

Note: The number of treasury stock at the end of the period includes shares owned by the Board Benefit Trust (BBT). The number of treasury stock at the end of the third quarter of the fiscal year ending March 31, 2022 includes 106,500 shares owned by the BBT. The number of treasury stock at the end of the fiscal year ended March 31, 2021 included 119,200 shares owned by the BBT.

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, 2022."

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 three quarters of the fiscal year (from April 1 to December 31, 2021) under review, the global economy once again showed evidence of recovering from the economic impact of the COVID-19 pandemic, and some economies such as the United States and certain countries in Europe in particular saw sustained improvements. However, a new and more contagious COVID-19 variant has been identified, and the situation remains unpredictable.

In Japan, while economic activities began to normalize with progress in vaccinations, concern about a resurgence of infections with the new COVID-19 variant emerged, and the economic outlook remained uncertain. In addition, other risks have become apparent, such as soaring raw material costs, difficulty in procuring materials, and rising labor costs in some areas. In particular, a shortage of parts including semiconductors has raised concern that some aspects of production and installations might be delayed in the future.

Amid this economic and business environment, during the first three quarters, Daifuku saw a significant recovery in orders, particularly in Japan, from the same period of the previous fiscal year, when business negotiations were stagnant due to the impact of the pandemic. In particular, orders during the third quarter reached 174,171 million yen, a new record high for a three-month period. Sales surpassed the level of the year-ago period, underpinned by an extensive order backlog.

Specifically, the Group received orders of 441,439 million yen, up 30.3% from the same period the previous fiscal year, and recorded sales of 369,480 million yen, up 6.5%, achieving new record highs in orders and sales for the first three quarters for the fiscal year.

Income remained favorable in all systems, excluding automotive systems where additional costs were recorded, reflecting increased sales and a steadily improved operating margin.

Consequently, the Group posted operating income of 32,993 million yen, up 9.7% from the same period the previous fiscal year, and ordinary income of 33,940 million yen, up 9.7%. Net income attributable to shareholders of the parent company was 23,855 million yen, up 8.0%.

The average exchange rates used for transactions during the first three quarters of the fiscal year under review were 109.13 yen to the U.S. dollar (107.26 yen in the year-ago period), 16.87 yen to the Chinese yuan (15.31 yen), 0.0961 yen to the Korean won (0.0893 yen), etc. As a result of exchange rate fluctuations, orders increased in value by about 25.8 billion yen, sales by about 8.7 billion yen, and operating income by about 0.5 billion yen, respectively, compared with the year-ago period.

Results by reportable segment

Results by reportable segment are described below. Orders from and sales to external 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.

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 three quarters show the period from April to December 2021 for the former and the period from January to September 2021 for the latter.

Daifuku Co., Ltd.

Orders increased significantly in intralogistics systems for manufacturers and distributors, cleanroom systems for the semiconductor and flat-panel display (FPD) sectors, and automotive systems. Sales were favorable, benefiting from an extensive order backlog.

Segment income rose, driven by increased sales of intralogistics systems and cleanroom systems.

As a result, the Company recorded orders of 199,838 million yen, up 51.4% from the same period the previous fiscal year, sales of 159,292 million yen, up 11.4%, and segment income of 14,636 million yen, up 14.2%.

Contec Co., Ltd. and its subsidiaries

In the Japanese market, sales remained firm, backed by a moderate recovery in capital investment by manufacturers and the continued strong performance in the semiconductor sector, offsetting the impact of material supply constraints, among other factors.

On the other hand, in the US market, sales declined from the previous year's results, although signs of recovery were seen in sales to the mainstay medical device sector and the airport security-related sector, which had been sluggish in the first half of the fiscal year under review.

Segment income increased, bolstered by cost reduction effects associated with structural reforms, although affected by rising parts prices.

As a result, Contec posted orders of 15,153 million yen, up 31.3% from the same period the previous fiscal year, sales of 11,334 million yen, down 7.5%, and segment income of 1,090 million yen, up 37.5%.

Daifuku North America Holding Company and its subsidiaries

In the United States, a resumption of economic activity is now fully underway. Orders were favorable in cleanroom systems for the semiconductor sector and automotive systems, and unchanged in intralogistics systems from the previous fiscal year when the performance was strong. In airport systems, orders fell short of the results of a year ago.

Sales were strong in intralogistics systems and airport systems, and favorable in cleanroom systems for the semiconductor sector, even given a reactionary fall in automotive systems, which had benefited from sales for a large project during the previous fiscal year.

Segment income remained favorable, driven by increased profitability in intralogistics systems and airport systems, despite being affected by additional expenses such as labor costs posted in large projects of automotive systems.

As a result, Daifuku North America achieved orders of 100,017 million yen, up 1.3% from the same period the previous fiscal year, sales of 103,670 million yen, down 0.6%, and segment income of 4,777 million yen, up 12.3%.

Clean Factomation, Inc.

Although orders did not reach the figure of the same period the previous year when demand for semiconductors for data centers increased, sales were firm based on the order backlog.

As a result, Clean Factomation posted orders of 23,860 million yen, down 5.7% from the same period the previous fiscal year, sales of 22,498 million yen, up 4.4%. Segment income was 2,180 million yen, down 31.7%, reflecting certain projects with low profitability.

Other

The Group has a total of 72 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. sells car wash machines for service stations and car dealerships, and large vehicle wash machines for trucks and buses. Sales of units remained favorable.

Non-Japan subsidiaries

The Group has production sites in China, Taiwan, South Korea, Thailand, India, and other regions, which also provide sales, installations and services, playing a global role in the optimal local production and procurement framework, through its businesses such as intralogistics systems, cleanroom systems, and automotive systems.

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

Orders increased significantly overall, mainly due to strong orders for cleanroom systems, despite a reactionary decline in large orders received in China, South Korea, and other regions in the previous fiscal year. Sales were favorable, underpinned by the order backlog. Segment income was affected by additional costs such as labor costs posted during the first quarter.

As a result, the segment reported orders of 102,568 million yen, up 44.0% from the same period the previous fiscal year, sales of 73,594 million yen, up 13.8%, and segment income of 2,205 million yen, down 5.0%.

(2) Financial position

Assets, liabilities and net assets

Assets at the end of the third quarter of the fiscal year under review stood at 475,413 million yen, an increase of 29,956 million yen from the end of the previous fiscal year. The result principally reflected increases of 16,144 million yen in cash on hand and in banks and 5,972 million yen in raw materials and supplies.

Liabilities at the end of the third quarter of the fiscal year under review amounted to 193,523 million yen, an increase of 10,080 million yen from the end of the previous fiscal year. Primary factors included an increase of 10,086 million yen in contract liabilities (compared to advances received on uncompleted construction contracts and other at the end of the previous fiscal year).

Net assets at the end of the third quarter of the fiscal year under review were 281,889 million yen, an increase of 19,876 million yen from the end of the previous fiscal year. This was mainly attributable to increases of 13,209 million yen in retained earnings and 6,150 million yen in foreign currency translation adjustments.

Cash flows

Cash and cash equivalents during the first three quarters of the fiscal year under review increased 16,202 million yen from the end of the previous fiscal year, to 110,281 million yen.

Cash flows from operating activities

Cash provided by operating activities totaled 37,075 million yen (27,218 million yen in cash provided in the year-ago period). This was mainly attributable to 33,760 million yen in income before income taxes and non-controlling interests, an increase of 9,835 million yen in notes and accounts payable, and an increase of 6,870 million yen in inventories.

Cash flows from investing activities

Cash used in investing activities was 6,516 million yen (5,868 million yen in cash used in the year-ago period). Major factors included an outlay of 6,674 million yen for payments for purchase of property, plant and equipment.

Cash flows from financing activities

Cash used in financing activities was 17,482 million yen (5,874 million yen in cash provided in the year-ago period), mainly attributable to payments of cash dividends of 10,723 million yen and the repayment of short-term borrowings of 5,860 million yen.

(3) Outlook for the fiscal year ending March 31, 2022

Daifuku Co., Ltd. has revised its full-year earnings forecast for the fiscal year ending March 31, 2022. This is mainly due to the favorable business performance overall, excluding automotive systems that recorded additional costs during the first half of the fiscal year, as well as an expected increase in profits associated with increased sales and an improved operating margin.

The full-year orders forecast has also been revised upward to 575,000 million yen, from the 565,000 million yen announced on November 5, 2021, as cleanroom systems continue to be strong.

In addition, given the favorable results, Daifuku has revised its year-end dividend for the fiscal year ending March 31, 2022, to 55 yen per share, an increase of 5 yen. Accordingly, the annual dividend per share is projected to be 90 yen, a new record high. For details, please see the news release "Notice of Revision to Year-End Dividend Forecast (Increased Dividends)" separately announced on February 4, 2022.

Revisions to the full-year earnings forecast for the fiscal year ending March 31, 2022

(April 1, 2021 - March 31, 2022)

	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)	500,000	45,000	46,000	32,500	257.90
Current forecast (B)	505,000	48,500	50,000	35,500	281.71
Change (B – A)	5,000	3,500	4,000	3,000	–
Rate of change (%)	1.0	7.8	8.7	9.2	–
Reference: Results for fiscal year ended March 31, 2021	473,902	44,566	45,846	32,390	257.13

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.

2. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	FY2020 (ended March 31, 2021)	FY2021 Q3 (ended December 31, 2021)
ASSETS		
Current assets:		
Cash on hand and in banks	94,167	110,312
Notes receivable, accounts receivable from completed construction contracts and other	211,906	—
Notes receivable, accounts receivable from completed construction contracts and other, and contract assets	—	211,524
Merchandise and finished goods	6,355	6,655
Costs incurred on uncompleted construction contracts and other	13,670	15,241
Raw materials and supplies	16,325	22,298
Other current assets	8,749	12,328
Allowance for doubtful accounts	(571)	(588)
Total current assets	350,604	377,771
Non-current assets:		
Property, plant and equipment	49,547	53,040
Intangible assets		
Goodwill	4,212	4,015
Other	5,803	5,950
Total intangible assets	10,015	9,966
Investments and other assets		
Other	35,454	34,697
Allowance for doubtful accounts	(165)	(63)
Total investments and other assets	35,289	34,634
Total non-current assets	94,852	97,641
Total assets	445,456	475,413
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	43,778	51,425
Electronically recorded obligations - operating	20,169	25,505
Short-term borrowings and current portion of long-term borrowings	15,543	19,885
Income taxes payable	9,907	2,625
Advances received on uncompleted construction contracts and other	34,263	—
Contract liabilities	—	44,350
Provision for losses on construction contracts	343	1,088
Other current liabilities	25,172	24,450
Total current liabilities	149,178	169,331

(Million yen)

	FY2020 (ended March 31, 2021)	FY2021 Q3 (ended December 31, 2021)
Non-current liabilities:		
Long-term borrowings	19,600	10,412
Liabilities for retirement benefits	7,674	7,389
Other reserves	351	412
Other non-current liabilities	6,639	5,977
Total non-current liabilities	34,265	24,192
Total liabilities	183,443	193,523
NET ASSETS		
Shareholders' equity:		
Common stock	31,865	31,865
Capital surplus	21,980	21,974
Retained earnings	202,377	215,586
Treasury stock	(941)	(898)
Total shareholders' equity	255,282	268,528
Accumulated other comprehensive income:		
Net unrealized gain (loss) on securities	4,376	4,297
Deferred gain (loss) on hedges	(260)	(212)
Foreign currency translation adjustments	(1,425)	4,725
Accumulated adjustments on retirement benefits	(912)	(900)
Total accumulated other comprehensive income	1,778	7,910
Non-controlling interests	4,952	5,451
Total net assets	262,012	281,889
Total liabilities and net assets	445,456	475,413

(2) Consolidated statements of income and comprehensive income

(Million yen)

	FY2020 3Qs (April 1, 2020 - December 31, 2020)	FY2021 3Qs (April 1, 2021 - December 31, 2021)
Net sales	346,770	369,480
Cost of sales	284,049	304,386
Gross profit	62,721	65,094
Selling, general and administrative expenses:		
Selling expenses	12,150	11,044
General and administrative expenses	20,502	21,056
Total selling, general and administrative expenses	32,653	32,100
Operating income	30,067	32,993
Other income:		
Interest income	276	257
Dividend income	410	383
Foreign exchange gains	213	—
Rent income	164	170
Subsidy income	57	337
Other	410	311
Total other income	1,532	1,460
Other expenses:		
Interest expenses	500	284
Foreign exchange losses	—	195
Other	162	33
Total other expenses	662	513
Ordinary income	30,937	33,940
Extraordinary income:		
Insurance claim income	—	212
Other	54	76
Total extraordinary income	54	289
Extraordinary loss:		
Loss on disposal or sales of property, plant and equipment	179	223
Extra retirement payments	—	223
Settlement package	235	—
Other	0	22
Total extraordinary loss	415	469
Income before income taxes	30,576	33,760
Income taxes - current	9,557	8,963
Income taxes - deferred	(1,325)	492
Total income taxes	8,231	9,456
Net income	22,344	24,303
Net income attributable to:		
Shareholders of the parent company	22,084	23,855
Non-controlling interests	260	448

(Million yen)

	FY2020 3Qs (April 1, 2020 - December 31, 2020)	FY2021 3Qs (April 1, 2021 - December 31, 2021)
Other comprehensive income		
Net unrealized gain (loss) on securities	1,499	(77)
Deferred gain (loss) on hedges	(43)	48
Foreign currency translation adjustments	(2,969)	6,273
Retirement benefits reserves adjustments	708	1
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	10	23
Total other comprehensive income (loss)	(793)	6,269
Comprehensive income:	21,550	30,573
Comprehensive income (loss) attributable to:		
Shareholders of the parent company	21,313	29,987
Non-controlling interests	237	586

(3) Consolidated statements of cash flows

(Million yen)

	FY2020 3Qs (April 1, 2020 - December 31, 2020)	FY2021 3Qs (April 1, 2021 - December 31, 2021)
Cash flows from operating activities:		
Income before income taxes and non-controlling interests	30,576	33,760
Depreciation	4,648	5,344
Interest and dividend income	(686)	(641)
Interest expenses	500	284
Decrease (increase) in notes and accounts receivable	1,980	—
Decrease (increase) in notes and accounts receivables and contract assets	—	7,275
Decrease (increase) in inventories	(6,687)	(6,870)
Increase (decrease) in notes and accounts payables	(7,866)	9,835
Increase (decrease) in advances received on uncompleted contracts	(946)	—
Increase (decrease) in contract liabilities	—	5,120
Other, net	8,010	(1,703)
Subtotal	29,528	52,406
Interest and dividend received	687	630
Interest paid	(510)	(335)
Income taxes refund (paid)	(2,688)	(16,355)
Other, net	201	729
Net cash provided by (used in) operating activities	27,218	37,075
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(5,749)	(6,674)
Proceeds from sales of property, plant and equipment	13	50
Proceeds from sales of investments in securities	87	65
Payments for purchase of investments in securities	(23)	(24)
Other, net	(195)	66
Net cash provided by (used in) investing activities	(5,868)	(6,516)

(Million yen)

	FY2020 3Qs (April 1, 2020 - December 31, 2020)	FY2021 3Qs (April 1, 2021 - December 31, 2021)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	16,129	(5,860)
Repayment of long-term borrowings	(377)	—
Payments for purchase of treasury stock	(15)	(11)
Payments of cash dividends	(9,462)	(10,723)
Other, net	(400)	(885)
Net cash provided by (used in) financing activities	5,874	(17,482)
Effect of exchange rate change on cash and cash equivalents	(2,002)	2,713
Net increase (decrease) in cash and cash equivalents	25,221	15,789
Cash and cash equivalents at beginning of period	70,883	94,079
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	772	412
Cash and cash equivalents at end of period	96,878	110,281

- (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

Changes in accounting policies

(Application of accounting standard for revenue recognition, etc.)

The Company began to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter the "Revenue Recognition Accounting Standard") and the implementation guidance on the Revenue Recognition Accounting Standard from the beginning of the first quarter. Accordingly, the Company recognizes revenue to depict the transfer of goods or services promised in the contract to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. As a result, the Company has changed its method of recognizing revenue from construction contracts, under which the certainty of outcomes from portions in progress is acknowledged, to one that recognizes revenue over a certain period of time as the performance obligation is satisfied over time. The method selected for measuring progress toward satisfaction of a performance obligation is input methods based on cost incurred. The Company uses the cost recovery method to recognize revenue from construction contracts that do not allow for a reasonable estimate of the progress toward satisfying performance obligations.

For the application of the Revenue Recognition Accounting Standard and the like, the Company complies with the transitional handling prescribed in the provision in Section 84 of the same Standard. However, the cumulative effect of applying the new accounting standard retroactively to the periods prior to the beginning of the first quarter has been recognized as an adjustment of the opening balance of retained earnings as of the beginning of the first quarter, and the application of the new accounting policy started from the balance at the beginning of the quarter concerned. The Company applied the method specified in paragraph 86 of the Revenue Recognition Accounting Standard and not applied the new accounting policy retroactively to such contracts, in which almost all revenue is recognized pursuant to the conventional treatment in the periods prior to the beginning of the first quarter. The Company has additionally adopted the method specified in item (1) of the supplementary provisions of paragraph 86 of the Revenue Recognition Accounting Standard, treated changes in contracts made prior to the beginning of the first quarter in accounting based on the contract conditions after applying all such changes, and recognized the cumulative effect of such changes as an adjustment of the opening balance of retained earnings at the beginning of the first quarter.

As a result, the effect on income statement line items for the first three quarters of the fiscal year under review and the effect on the balance of retained earnings at the beginning of the period under review are insignificant.

Due to the application of the Revenue Recognition Accounting Standard and other changes, "notes

receivable, accounts receivable from completed construction contracts and other," which was an item under "current assets" in the consolidated balance sheet of the previous fiscal year, has been transferred to "notes receivable, accounts receivable from completed construction contracts and other, and contract assets" beginning in the first quarter. "Advances received on uncompleted construction contracts and other," which was an item of "current liabilities," is presented as part of "contract liabilities" beginning in the first quarter. "Decrease (increase) in notes and accounts receivable" presented as part of "cash flows from operating activities" in the quarterly consolidated statements of cash flows for the first three quarters of the previous fiscal year is presented under "decrease (increase) in notes and accounts receivable and contract assets" beginning in the first quarter. "Increase (decrease) in advances received on uncompleted construction contracts and other" is presented as an item of "increase (decrease) in contract liabilities" from the first quarter. Pursuant to the transitional treatment specified in paragraph 89-2 of the Revenue Recognition Accounting Standard, the reports for the previous fiscal year have not been reorganized using the new presentation method. Furthermore, in accordance with the transitional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on disaggregation of revenue from contracts for the first three quarters of the previous fiscal year is not disclosed.

(Application of accounting standard for fair value measurement, etc.)

The Company started applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the "Fair Value Measurement Accounting Standard") and the implementation guidance on the Fair Value Measurement Accounting Standard from the first quarter. Accordingly, the Company will apply new accounting policies prescribed in the Fair Value Measurement Accounting Standard and the like in the future in accordance with the transitional handling stipulated in Section 19 of the same Standard and Section 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

The change has no effect on quarterly consolidated financial statements.

Segment information

I. The first three quarters of the previous fiscal year ended March 31, 2021 (from April 1, 2020 to December 31, 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 external customers	143,011	12,259	104,339	21,554	281,164	64,650	345,815
Intersegment sales or transfers	27,635	8,353	225	2,233	38,447	8,030	46,478
Total	170,647	20,613	104,564	23,787	319,612	72,681	392,294
Segment income (loss)	12,819	792	4,253	3,194	21,059	2,321	23,381

* "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	319,612
Net sales classified in "Other"	72,681
Elimination of intersegment transactions	(46,478)
Other adjustments for consolidation	955
Net sales in quarterly consolidated financial statements	346,770

(Million yen)

Income	
Reportable segment total	21,059
Segment income classified in "Other"	2,321
Elimination of cash dividends from affiliates	(1,946)
Other adjustments for consolidation	649
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	22,084

II. The first three quarters of the fiscal year ending March 31, 2022 (from April 1, 2021 to December 31, 2021)

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 external customers	159,292	11,334	103,670	22,498	296,796	73,594	370,391
Intersegment sales or transfers	27,692	8,006	371	1,492	37,562	5,671	43,233
Total	186,984	19,341	104,041	23,990	334,358	79,266	413,624
Segment income (loss)	14,636	1,090	4,777	2,180	22,683	2,205	24,888

* "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	334,358
Net sales classified in "Other"	79,266
Elimination of intersegment transactions	(43,233)
Other adjustments for consolidation	(910)
Net sales in quarterly consolidated financial statements	369,480

(Million yen)

Income	
Reportable segment total	22,683
Segment income classified in "Other"	2,205
Elimination of cash dividends from affiliates	(493)
Other adjustments for consolidation	(539)
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	23,855

3. Changes to reportable segments

As noted the changes in accounting policies, the Company began to apply the Revenue Recognition Accounting Standard from the beginning of the first quarter and changed its accounting process for revenue recognition. As a result, the method of calculating income and loss in the operating segments has been changed in the same manner.

Revenue recognition

Information of disaggregated revenue from contracts with customers

The first three quarters of the fiscal year ending March 31, 2022 (from April 1, 2021 to December 31, 2021)

1. Disaggregation information by industry

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Total		
Automobile, auto parts	12,827	95	12,716	—	25,639	17,143	42,783
Electronics	47,022	879	14,470	22,498	84,871	22,885	107,756
Commerce, retail	48,383	5,726	42,564	—	96,674	15,708	112,382
Transportation, warehousing	16,174	66	5,767	—	22,008	921	22,930
Machinery	5,922	660	167	—	6,749	945	7,695
Chemicals, pharmaceuticals	7,077	2,921	29	—	10,028	1,764	11,793
Food	11,794	0	1,322	—	13,117	1,213	14,331
Iron, steel, nonferrous metals	2,172	11	7	—	2,191	89	2,281
Precision equipment, printing, office equipment	2,152	819	4	—	2,976	1,510	4,487
Airport	944	25	22,368	—	23,337	10,390	33,728
Other	4,820	128	4,251	—	9,200	1,020	10,221
Sales to external customers	159,292	11,334	103,670	22,498	296,796	73,594	370,391
Other adjustments for consolidation	—	—	—	—	—	—	(910)
Net sales in quarterly consolidated financial statements	—	—	—	—	—	—	369,480

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

2. Disaggregation information by destination

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Total		
Japan	113,885	7,086	13	—	120,985	9,384	130,369
Non-Japan	45,406	4,248	103,657	22,498	175,810	64,210	240,021
North America	687	3,219	93,855	9	97,771	2,571	100,343
Asia	42,652	853	560	22,489	66,555	49,402	115,957
China	12,695	484	72	1,218	14,470	24,142	38,613
South Korea	7,404	115	—	21,270	28,791	6,886	35,678
Taiwan	22,122	145	—	—	22,267	11,977	34,245
Other	429	107	488	—	1,025	6,394	7,420
Europe	1,959	172	6,290	—	8,422	3,682	12,105
Latin America	6	2	2,426	—	2,436	1,854	4,290
Other	100	0	524	—	625	6,699	7,325
Sales to external customers	159,292	11,334	103,670	22,498	296,796	73,594	370,391
Other adjustments for consolidation	—	—	—	—	—	—	(910)
Net sales in quarterly consolidated financial statements	—	—	—	—	—	—	369,480

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

3. Disaggregation information by timing of revenue recognition

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Total		
Performance obligations satisfied at a point in time	32,027	9,166	10,326	610	52,131	17,300	69,432
Performance obligations satisfied over time	127,264	2,167	93,344	21,888	244,665	56,293	300,959
Sales to external customers	159,292	11,334	103,670	22,498	296,796	73,594	370,391
Other adjustments for consolidation	—	—	—	—	—	—	(910)
Net sales in quarterly consolidated financial statements	—	—	—	—	—	—	369,480

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

3. Other

Changes in officers

Effective April 1, 2022

(1) Changes in representatives and directors

Toshiaki Hayashi

New: Director and Managing Officer
Automotive and Airport Global Business Head
Chief Officer of Shiga Works

Current: Director and Managing Officer
Automotive and Airport Global Business Head
Automotive Division Manager

(2) Changes in corporate officers

Yoshiyuki Horiba

New: Managing Officer
Auto Wash Global Business Head
Auto Wash Division Manager
President of Daifuku Plusmore Co., Ltd.

Current: Managing Officer
Deputy Cleanroom Division Manager
General Manager of Field Engineering and Service Operations, Cleanroom Division
Chief Officer of Komaki Works

Takuya Gondoh

[Promoted to managing officer]

New: Managing Officer
Advanced Technology & New Business Development Officer*
General Manager of Engineering Operations, Intralogistics Division

Current: Corporate Officer
General Manager of Engineering Operations, Intralogistics Division

Akihiko Nishimura

New: Corporate Officer
Deputy Automotive and Airport Global Business Head
Automotive Division Manager

Current: Corporate Officer
Auto Wash Global Business Head
Auto Wash Division Manager
President of Daifuku Plusmore Co., Ltd.

Atsushi Sonoda

[Promoted to corporate officer]

New: Corporate Officer
General Manager of Sales Operations, Cleanroom Division
Chief Officer of Komaki Works

Current: General Manager of Sales Operations, Cleanroom Division

(3) Changes in audit officers

Tsukasa Saito

New: Audit Officer
Assistant to Audit & Supervisory Board Members

Current: Audit Officer
General Manager of the Audit & Supervisory Board Office

Toshikatsu Takahashi

[Promoted to audit officer]

New: Audit Officer
General Manager of the Audit & Supervisory Board Office

Current: Director and President of Daifuku (China) Co., Ltd.

* To create the role of an officer responsible for advanced technology and new business development, who promotes the development of advanced technologies that form the basis of all businesses and products, and the development of new businesses that drive corporate growth across the Daifuku Group from a medium- to long-term perspective