DAIFUKU

Consolidated Financial Results
for the First Half 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

November 5, 2021

Daifuku Co., Ltd.

Stock code: 6383, First Section of Tokyo Stock Exchange

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Scheduled date for filing quarterly financial report: November 8, 2021

Scheduled date of commencing dividend payment: December 3, 2021

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 2021

(April 1, 2021 - September 30, 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 H1	**243,422**	**5.8**	**20,327**	**3.3**	**20,540**	**1.0**	**13,919**	**(5.5)**
Fiscal 2020 H1	230,006	10.2	19,669	13.8	20,344	15.5	14,732	11.9

Note: Comprehensive income

Fiscal 2021 H1: 20,532 million yen 50.3%

Fiscal 2020 H1: 13,665 million yen 29.3%

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal 2021 H1	**110.46**	—
Fiscal 2020 H1	116.98	—

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Fiscal 2021 Q2	**460,360**	**276,307**	**58.9**
Fiscal 2020	445,456	262,012	57.7

Reference: Shareholders' equity
Fiscal 2021 Q2: 271,000 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)			—	50.00	85.00

Note: Revisions to the latest dividend forecast: None

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	500,000	5.5	45,000	1.0	46,000	0.3	32,500	0.3	257.90

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 Q2: 126,610,077 shares

   Fiscal 2020: 126,610,077 shares

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

   Fiscal 2021 Q2: 594,853 shares

   Fiscal 2020: 604,068 shares

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

   Fiscal 2021 H1: 126,015,586 shares

   Fiscal 2020 H1: 125,942,430 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 first half of the fiscal year ending March 31, 2022 includes 109,300 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 audit 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

Contents

1. Qualitative Information Relating to Quarterly Consolidated Financial Results

(1) Operating results

During the first half of the fiscal year under review, certain parts of the global economy such as the United States and some countries in Europe began to show signs of an economic recovery. Nonetheless, the overall situation remained severe, with economic activity still severely slowed by the COVID-19 pandemic and the resurgence of infections, notably in ASEAN, among other regions. In Japan, with an increase in the number of people infected with highly infectious coronavirus variants, the country has faced intermittent impositions of a state of emergency. However, with progress in vaccinations, the number of infected people has begun to decline, and signs of a normalization of economic activities are now emerging. At the same time, other risks have become apparent, such as soaring raw material costs, difficulty in procuring materials, and rising labor costs in some areas.

Under this economic and business environment, the Daifuku Group revised its management philosophy on October 1 to "Automation that Inspires." In response to the demands of the times, such as changes in the social and business environment surrounding the Group, as well as digital transformation and sustainability management, the revision was made in this fiscal year, the first year of the three-year business plan Value Transformation 2023. The Group aims to inspire society and enhance well-being through its core competence—automated material handling technology—while transforming the value it provides to customers.

For more details, please see the news release, "Daifuku Revises its Management Philosophy" on our website: www.daifuku.com/company/news/2021/1001_01

During the first half, orders recovered significantly, mainly in Japan, from the same period of the previous fiscal year, when business negotiations were stagnant due to the impact of the COVID-19 pandemic. Sales surpassed the level of the year-ago period, underpinned by an extensive order backlog.

Specifically, the Group received orders of 267,267 million yen, up 41.2% from the same period the previous fiscal year, and recorded sales of 243,422 million yen, up 5.8%.

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

Consequently, the Group posted operating income of 20,327 million yen, up 3.3% from the same period the previous fiscal year, and ordinary income of 20,540 million yen, up 1.0%. Net income attributable to shareholders of the parent company was 13,919 million yen, down 5.5%.

The average exchange rates used for transactions during the first half of the fiscal year under review was 108.47 yen to the U.S. dollar (108.25 yen in the year-ago period), 16.77 yen to the Chinese yuan

(15.32 yen), and 0.0968 yen to the Korean won (0.0894 yen). As a result of exchange rate fluctuations, orders increased in value by about 18.6 billion yen, sales by about 4.7 billion yen, and operating income by about 0.2 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 half shows the period from April to September 2021 for the former and the period from January to June 2021 for the latter.

Daifuku Co., Ltd.

Orders increased significantly in intralogistics systems, cleanroom systems, and automotive systems. Sales were favorable, benefiting from an extensive order backlog.

Segment income rose, along with increased sales in each business as a whole.

As a result, the Company recorded orders of 130,039 million yen, up 60.1% from the same period the previous fiscal year, sales of 107,106 million yen, up 7.2%, and segment income of 10,653 million yen, up 9.3%.

Contec Co., Ltd. and its subsidiaries

In the Japanese market, sales of each product remained firm, backed by the recovery of capital investment of manufacturers and the continued strong performance in the semiconductor sector.

On the other hand, in the U.S. market, sales declined mainly due to weak capital investment in the airport security sector and the continued sluggish pace of sales of products for the medical device sector.

Segment income increased, bolstered by cost reduction effects associated with structural reforms.

As a result, Contec posted orders of 9,800 million yen, up 27.4% from the same period the previous fiscal year, sales of 7,187 million yen, down 8.6%, and segment income of 665 million yen, up 16.2%.

Daifuku North America Holding Company and its subsidiaries

In the United States, a full-scale resumption of economic activity is underway. Orders in airport systems fell short of the results of a year ago, but orders in cleanroom systems for the semiconductor sector and intralogistics systems were strong, while orders were favorable in automotive systems.

Sales did not reach the figure of the year-ago period, given a reactionary fall in automotive systems, which had benefited from sales for large projects during the previous fiscal year.

As a result, Daifuku North America achieved orders of 50,308 million yen, up 32.9% from the same period the previous fiscal year, and sales of 66,258 million yen, down 2.4%. Segment income was 2,500 million yen, down 7.5%.

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 favorable based on the order backlog.

As a result, Clean Factomation posted orders of 18,530 million yen, down 14.3% from the same period the previous fiscal year, sales of 17,185 million yen, up 24.4%. Segment income was 1,667 million yen, down 18.7%, 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. manufactures and 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 and cleanroom 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 overall mainly due to strong orders for cleanroom systems from the semiconductor sector, 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 58,588 million yen, up 43.3% from the same period the previous fiscal year, sales of 46,292 million yen, up 17.6%, and a segment loss of 203 million yen, a decrease of 1,292 million yen.

(2) Financial position

Assets, liabilities and net assets

Assets at the end of the second quarter of the fiscal year under review stood at 460,360 million yen, an increase of 14,903 million yen from the end of the previous fiscal year. The result principally reflected a decrease of 6,010 million yen in notes receivable, accounts receivable from completed construction contracts and other, and contract assets (compared to notes receivable, accounts receivable from completed construction contracts and other at the end of the previous fiscal year) and increases of 14,357 million yen in cash on hand and in banks and 3,685 million yen in raw materials and supplies.

Liabilities at the end of the second quarter of the fiscal year under review amounted to 184,052 million yen, an increase of 608 million yen from the end of the previous fiscal year. The result principally reflected a decrease of 4,227 million yen in short-term borrowings and long-term borrowings (in combined total) and an increase of 4,748 million yen in notes and accounts payable and construction contracts payable.

Net assets at the end of the second quarter of the fiscal year under review were 276,307 million yen, an increase of 14,295 million yen from the end of the previous fiscal year. This was mainly attributable to increases of 7,687 million yen in retained earnings and 5,905 million yen in foreign currency translation adjustments.

Cash flows

Cash and cash equivalents during the first half of the fiscal year under review increased 14,346 million yen from the end of the previous fiscal year, to 108,425 million yen.

Cash flows from operating activities

Cash provided by operating activities totaled 27,459 million yen (12,262 million yen in cash provided in the year-ago period). This was mainly attributable to 20,426 million yen of income before income taxes and non-controlling interests and a decrease of 12,251 million yen in notes and accounts receivables and contract assets.

Cash flows from investing activities

Cash used in investing activities was 4,329 million yen (4,254 million yen in cash used in the year-ago period). Major factors included an outlay of 4,349 million yen for the purchase of property, plant and equipment.

Cash flows from financing activities

Cash provided in financing activities was 12,149 million yen (7,394 million yen in cash used in the year-ago period), mainly attributable to dividend payments of 6,302 million yen and repayment of short-term borrowings of 5,097 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 expected impact on profits of soaring raw material costs, difficulty in procuring materials, and rapid increases in labor costs in some regions, which became apparent during the second quarter and later.

The full-year orders forecast has also been revised upward to 565,000 million yen, from the 525,000 million yen announced on August 5, 2021, as intralogistics systems and cleanroom systems remain strong.

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	47,000	47,900	34,000	269.91
Current forecast (B)	500,000	45,000	46,000	32,500	257.90
Change (B – A)	–	(2,000)	(1,900)	(1,500)	–
Rate of change (%)	–	(4.3)	(4.0)	(4.4)	–
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 Q2 (ended September 30, 2021)
ASSETS		
Current assets:		
Cash on hand and in banks	94,167	108,524
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	—	205,896
Merchandise and finished goods	6,355	6,526
Costs incurred on uncompleted construction contracts and other	13,670	12,745
Raw materials and supplies	16,325	20,011
Other current assets	8,749	10,224
Allowance for doubtful accounts	(571)	(583)
Total current assets	350,604	363,345
Non-current assets:		
Property, plant and equipment	49,547	52,375
Intangible assets		
Goodwill	4,212	4,152
Other	5,803	5,844
Total intangible assets	10,015	9,996
Investments and other assets		
Other	35,454	34,704
Allowance for doubtful accounts	(165)	(62)
Total investments and other assets	35,289	34,641
Total non-current assets	94,852	97,014
Total assets	445,456	460,360
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	43,778	48,527
Electronically recorded obligations - operating	20,169	23,822
Short-term borrowings and current portion of long-term borrowings	15,543	20,515
Income taxes payable	9,907	5,492
Advances received on uncompleted construction contracts and other	34,263	—
Contract liabilities	—	37,325
Provision for losses on construction contracts	343	1,173
Other current liabilities	25,172	22,727
Total current liabilities	149,178	159,585

(Million yen)

	FY2020 (ended March 31, 2021)	FY2021 Q2 (ended September 30, 2021)
Non-current liabilities:		
Long-term borrowings	19,600	10,400
Liabilities for retirement benefits	7,674	7,373
Other reserves	351	367
Other non-current liabilities	6,639	6,325
Total non-current liabilities	34,265	24,466
Total liabilities	183,443	184,052
NET ASSETS		
Shareholders' equity:		
Common stock	31,865	31,865
Capital surplus	21,980	21,975
Retained earnings	202,377	210,064
Treasury stock	(941)	(906)
Total shareholders' equity	255,282	262,999
Accumulated other comprehensive income:		
Net unrealized gain (loss) on securities	4,376	4,504
Deferred gain (loss) on hedges	(260)	(97)
Foreign currency translation adjustments	(1,425)	4,480
Accumulated adjustments on retirement benefits	(912)	(886)
Total accumulated other comprehensive income	1,778	8,001
Non-controlling interests	4,952	5,307
Total net assets	262,012	276,307
Total liabilities and net assets	445,456	460,360

(2) Consolidated statements of income and comprehensive income

(Million yen)

	FY2020 H1 (April 1, 2020 - September 30, 2020)	FY2021 H1 (April 1, 2021 - September 30, 2021)
Net sales	230,006	243,422
Cost of sales	188,501	201,880
Gross profit	41,504	41,541
Selling, general and administrative expenses:		
Selling expenses	8,248	7,284
General and administrative expenses	13,586	13,928
Total selling, general and administrative expenses	21,834	21,213
Operating income	19,669	20,327
Other income:		
Interest income	212	182
Dividend income	234	207
Foreign exchange gains	226	—
Rent income	109	113
Other	314	471
Total other income	1,098	975
Other expenses:		
Interest expenses	322	202
Foreign exchange losses	—	528
Other	100	31
Total other expenses	423	763
Ordinary income	20,344	20,540
Extraordinary income:		
Insurance claim income	—	211
Other	3	47
Total extraordinary income	3	259
Extraordinary loss:		
Loss on disposal or sales of property, plant and equipment	164	185
Extra retirement payments	—	175
Other	—	11
Total extraordinary loss	164	372
Income before income taxes	20,183	20,426
Income taxes - current	5,584	5,821
Income taxes - deferred	(351)	413
Total income taxes	5,233	6,234
Net income	14,950	14,191
Net income attributable to:		
Shareholders of the parent company	14,732	13,919
Non-controlling interests	217	272

(Million yen)

	FY2020 H1 (April 1, 2020 - September 30, 2020)	FY2021 H1 (April 1, 2021 - September 30, 2021)
Other comprehensive income		
Net unrealized gain (loss) on securities	845	128
Deferred gain (loss) on hedges	(46)	162
Foreign currency translation adjustments	(2,576)	6,008
Retirement benefits reserves adjustments	501	18
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(9)	22
Total other comprehensive income (loss)	(1,284)	6,341
Comprehensive income:	13,665	20,532
Comprehensive income (loss) attributable to:		
Shareholders of the parent company	13,459	20,141
Non-controlling interests	206	391

(3) Consolidated statements of cash flows

(Million yen)

	FY2020 H1 (April 1, 2020 - September 30, 2020)	FY2021 H1 (April 1, 2021 - September 30, 2021)
Cash flows from operating activities:		
Income before income taxes and non-controlling interests	20,183	20,426
Depreciation	3,072	3,537
Interest and dividend income	(447)	(389)
Interest expenses	322	202
Decrease (increase) in notes and accounts receivables	(5,333)	—
Decrease (increase) in notes and accounts receivables and contract assets	—	12,251
Decrease (increase) in inventories	(6,056)	(2,008)
Increase (decrease) in notes and accounts payable	(2,987)	5,359
Increase (decrease) in advances received on uncompleted contracts	27	—
Increase (decrease) in contract liabilities	—	2,271
Other, net	2,812	(4,353)
Subtotal	11,593	37,297
Interest and dividend received	432	389
Interest paid	(374)	(257)
Income taxes refund (paid)	311	(10,545)
Other, net	301	574
Net cash provided by (used in) operating activities	12,262	27,459
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(4,073)	(4,349)
Proceeds from sales of property, plant and equipment	13	19
Proceeds from sales of investments in securities	—	31
Payments for purchase of investments in securities	(15)	(15)
Other, net	(178)	(15)
Net cash provided by (used in) investing activities	(4,254)	(4,329)

(Million yen)

	FY2020 H1 (April 1, 2020 - September 30, 2020)	FY2021 H1 (April 1, 2021 - September 30, 2021)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	13,783	(5,097)
Repayment of long-term borrowings	(377)	―
Payments for purchase of treasury stock	(8)	(7)
Payments of cash dividends	(5,678)	(6,302)
Other, net	(325)	(742)
Net cash provided by (used in) financing activities	7,394	(12,149)
Effect of exchange rate change on cash and cash equivalents	(1,782)	2,954
Net increase (decrease) in cash and cash equivalents	13,619	13,933
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	85,276	108,425

(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 half 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 trade receivables [notes and accounts receivable]” presented as part of “cash flows from operating activities” in the quarterly consolidated statement of cash flow for the first half of the previous fiscal year is presented under “decrease (increase) in trade receivables [notes and accounts receivable] and contract assets” beginning in the first quarter. “Increase (decrease) in advances received on construction contracts in progress [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 with customers for the first half 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 half of the previous fiscal year ended 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 external 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)

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

II. The first half of the fiscal year ending March 31, 2022 (from April 1, 2021 to September 30, 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	107,106	7,187	66,258	17,185	197,737	46,292	244,030
Intersegment sales or transfers	18,277	5,584	251	1,048	25,161	3,738	28,899
Total	125,383	12,772	66,509	18,234	222,899	50,031	272,930
Segment income (loss)	10,653	665	2,500	1,667	15,486	(203)	15,283

* "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	222,899
Net sales classified in "Other"	50,031
Elimination of intersegment transactions	(28,899)
Other adjustments for consolidation	(608)
Net sales in quarterly consolidated financial statements	243,422

(Million yen)

Income	
Reportable segment total	15,486
Segment income classified in "Other"	(203)
Elimination of cash dividends from affiliates	(413)
Other adjustments for consolidation	(950)
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	13,919

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 half of the fiscal year ending March 31, 2022 (from April 1, 2021 to September 30, 2021)

1. Disaggregation information by industry

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Total		
Automobile, auto parts	8,846	61	7,761	—	16,669	11,071	27,740
Electronics	30,555	466	10,090	17,185	58,298	13,751	72,049
Commerce, retail	34,732	3,740	27,700	—	66,173	12,012	78,185
Transportation, warehousing	10,096	36	2,510	—	12,643	1,267	13,910
Machinery	3,296	435	129	—	3,861	679	4,541
Chemicals, pharmaceuticals	4,888	1,809	25	—	6,723	1,059	7,783
Food	8,030	0	815	—	8,846	765	9,611
Iron, steel, nonferrous metals	1,373	9	4	—	1,386	73	1,460
Precision equipment, printing, office equipment	1,840	541	3	—	2,385	677	3,062
Airport	423	11	14,558	—	14,992	4,520	19,513
Other	3,022	74	2,659	—	5,757	415	6,172
Sales to external customers	107,106	7,187	66,258	17,185	197,737	46,292	244,030
Other adjustments for consolidation	—	—	—	—	—	—	(608)
Net sales in quarterly consolidated financial statements	—	—	—	—	—	—	243,422

* "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			76,921	4,561	13	—	81,496	6,136	87,632
Non-Japan			30,184	2,625	66,244	17,185	116,240	40,156	156,397
	North America		507	1,993	59,917	2	62,420	1,636	64,056
	Asia		28,098	518	350	17,183	46,150	30,366	76,517
		China	8,817	289	30	912	10,050	13,937	23,988
		South Korea	4,478	68	1	16,271	20,819	4,698	25,517
		Taiwan	14,672	92	—	—	14,765	7,561	22,326
		Other	129	67	318	—	515	4,168	4,684
	Europe		1,527	114	3,966	—	5,607	2,862	8,470
	Latin America		5	0	1,570	—	1,576	945	2,521
	Other		46	0	439	—	486	4,345	4,831
Sales to external customers			107,106	7,187	66,258	17,185	197,737	46,292	244,030
Other adjustments for consolidation			—	—	—	—	—	—	(608)
Net sales in quarterly consolidated financial statements			—	—	—	—	—	—	243,422

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

3. Disaggregation information on revenue recognition

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Total		
Performance obligations satisfied at a point in over time	20,294	5,743	6,201	416	32,656	11,216	43,872
Performance obligations satisfied over time	86,812	1,444	60,056	16,768	165,081	35,076	200,158
Sales to external customers	107,106	7,187	66,258	17,185	197,737	46,292	244,030
Other adjustments for consolidation	—	—	—	—	—	—	(608)
Net sales in quarterly consolidated financial statements	—	—	—	—	—	—	243,422

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