

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2022
[Japan GAAP]

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

May 13, 2022

Daifuku Co., Ltd.

Stock exchange listing: Tokyo

Stock code: 6383

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Scheduled date of general meeting of shareholders: June 24, 2022

Scheduled date of commencing dividend payment: June 27, 2022

Scheduled date for filing financial statements: June 27, 2022

Earnings supplementary materials: Yes

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 Fiscal 2021

(April 1, 2021 - March 31, 2022)

(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	512,268	8.1	50,252	12.8	51,253	11.8	35,877	10.8
Fiscal 2020	473,902	6.8	44,566	10.0	45,846	11.9	32,390	15.4

Note: Comprehensive income

Fiscal 2021: 46,368 million yen 39.1%

Fiscal 2020: 33,345 million yen 30.1%

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal 2021	284.71	—	13.1	11.0	9.8
Fiscal 2020	257.13	—	13.2	10.7	9.4

Reference: Equity in earnings of affiliates during the period

Fiscal 2021: 48 million yen

Fiscal 2020: 39 million yen

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2021	483,322	292,059	60.2	2,307.38
Fiscal 2020	445,456	262,012	57.7	2,040.07

Reference: Shareholders' equity

Fiscal 2021: 290,769 million yen

Fiscal 2020: 257,060 million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal 2021	56,691	(9,828)	(27,550)	118,672
Fiscal 2020	38,229	(6,132)	(8,932)	94,079

2. Dividends

	Dividend per share					Total cash dividends (annual)	Dividends payout (consolidated)	Net assets dividend ratio (consolidated)
	Q1-end	Q2-end	Q3-end	FY-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal 2020	—	30.00	—	50.00	80.00	10,090	31.1	4.1
Fiscal 2021	—	35.00	—	55.00	90.00	11,351	31.6	4.1
Fiscal 2022 (forecast)	—	40.00	—	65.00	105.00		33.4	

3. Consolidated Earnings Forecast for Fiscal 2022

(April 1, 2022- March 31, 2023)

(Figures in percentage denote the year-on-year change from 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	%	
Interim	275,000	13.0	27,500	35.3	28,000	36.3	18,500	32.9	146.81
Full-year	565,000	10.3	56,500	12.4	57,500	12.2	39,600	10.4	314.24

Notes:

- (1) Changes in significant subsidiaries that affected the scope of consolidation during the fiscal year: None
- (2) 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
- (3) Number of shares issued (Common stock)
 - 1) Number of shares issued including treasury stock at the end of the period
Fiscal 2021: 126,610,077 shares
Fiscal 2020: 126,610,077 shares
 - 2) Number of treasury stock at the end of the period
Fiscal 2021: 592,870 shares
Fiscal 2020: 604,068 shares
 - 3) Average number of shares during the period
Fiscal 2021: 126,016,507 shares
Fiscal 2020: 125,966,030 shares

Note: For the number of shares, which is the basis for the calculation of net income per share, please see "Per share information" on page 32.

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 fiscal year ended 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 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 earning forecast, please see 1-(5) "Outlook for the fiscal year ending March 31, 2023."

Earnings supplementary materials are available at the [TDnet](#) and our website: www.daifuku.com/ir.

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1. Operating Results and Financial Review

(1) Operating results

During the fiscal year (from April 1, 2021 to March 31, 2022) under review, the global economy continued to experience a moderate recovery overall, emerging out of the economic stagnation created by the COVID-19 pandemic. Nonetheless, the outlook remains uncertain, with risks including a resurgence of infections with new COVID-19 variants, soaring raw material and energy prices, rising labor costs in some regions, and delays in production and sales caused by difficulty in procuring materials.

Amid this business environment, orders received by the Daifuku Group increased significantly, particularly in intralogistics systems for manufacturers and distributors in Japan and cleanroom systems for the semiconductor and flat-panel display (FPD) sectors in Asia, backed by strong capital investment in customer industries. Sales also surpassed the level of the previous fiscal year, underpinned by an extensive order backlog from the end of the previous fiscal year.

Specifically, the Group received orders of 589,069 million yen, up 30.6% from a year earlier, and recorded sales of 512,268 million yen, up 8.1%, achieving new record highs in orders and sales.

Income remained favorable overall, driven by profitability in intralogistics systems in Japan, despite being affected by additional costs posted in large projects involving automotive systems outside of Japan.

Consequently, the Group posted operating income of 50,252 million yen, up 12.8% from the previous fiscal year, and ordinary income of 51,253 million yen, up 11.8%. Net income attributable to shareholders of the parent company was 35,877 million yen, up 10.8%.

The average exchange rates used for transactions during the fiscal year under review were 110.39 yen to the U.S. dollar (106.44 yen in the previous fiscal year), 17.13 yen to the Chinese yuan (15.42 yen), and 0.0963 yen to the Korean won (0.0905 yen). As a result of exchange rate fluctuations, orders increased in value by about 34.5 billion yen, sales by about 14.7 billion yen, and operating income by about 0.9 billion yen, respectively, compared with the previous fiscal year.

Impact of the COVID-19 pandemic

As described above, the impact of the COVID-19 pandemic on business performance was minor, with normalizing economic activities in Japan and other countries.

Impact of soaring raw material costs, logistics costs, etc.

Since the previous fiscal year, the Group has been taking steps to increase inventory and place early orders to secure materials in a planned way. In addition, we have been proceeding with localization near our customer sites to produce a majority of our product components, and as a result we have been less susceptible to supply disruptions.

However, as material supply constraints are expected to be prolonged, we will extend our production reform methods, including cost cutting, across the entire Group to offset the results with further gains in productivity, among other measures.

Impact of Russia's invasion of Ukraine

Daifuku Co., Ltd. has an office in St. Petersburg, Russia, but it mainly provides servicing and maintenance of systems delivered in the past. Its sales are extremely small, and the impact on the Group's results, including future results, will be limited.

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 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 fiscal years show the period from April 2021 to March 2022 for the former and the period from January to December 2021 for the latter.

Daifuku Co., Ltd.

Orders increased significantly in intralogistics systems, cleanroom systems, and automotive systems. Sales were favorable, benefiting from an order backlog from the end of the previous fiscal year.

Segment income rose, driven by intralogistics systems.

As a result, the Company recorded orders of 262,494 million yen, up 42.5% from the previous fiscal year, sales of 225,057 million yen, up 12.9%, and segment income of 28,652 million yen, up 10.0%.

Contec Co., Ltd. and its subsidiaries

- Industrial computers

In the Japanese market, sales remained firm, backed by recovering industry-wide capital investment. In contrast, in the US market, sales declined year-on-year, although signs of a 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.

- IoT devices

Sales of products including measuring and control boards used in factories, etc. increased, reflecting a recovery in industry-wide capital investment.

- Solution products

Sales of automobile-related systems fell, despite a recovery in capital investment in the automobile-related sector. Meanwhile, service-related sales remained firm, and overall sales were almost flat.

Segment income increased, bolstered by cost reduction effects associated with structural reforms, despite the impact of rising parts prices.

As a result, Contec posted orders of 19,606 million yen, up 27.8% from the previous fiscal year, sales of 15,798 million yen, down 2.7%, and segment income of 1,229 million yen, up 5.0%.

Daifuku North America Holding Company and its subsidiaries

In the United States, economic activity has been normalized. Orders for intralogistics systems fell year on year, but orders were favorable in cleanroom systems for the semiconductor sector and automotive systems, and in airport systems orders remained at the same level as the previous fiscal year.

Sales were strong in intralogistics systems and airport systems benefiting from an order backlog from the end of the previous fiscal year, and were 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 increased, 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 135,199 million yen, up 13.2% from the previous fiscal year, sales of 140,473 million yen, up 2.4%, and segment income of 7,505 million yen, up 24.1%.

Clean Factomation, Inc.

Orders increased year on year, mainly due to vigorous investment of semiconductor manufacturers, and sales were firm, underpinned by an order backlog from the end of the previous fiscal year.

As a result, Clean Factomation posted orders of 36,779 million yen, up 18.3% from the previous fiscal year, sales of 28,671 million yen, down 6.2%, and segment income of 2,097 million yen, down 24.9%.

Other

The Group has a total of 69 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, large vehicle wash machines for trucks and buses, and related products. Sales volume was favorable until the first half of the fiscal year under review, but it did not reach the results of the previous fiscal year.

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 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 an order backlog from the previous fiscal year. Segment income increased, bolstered by increased sales.

As a result, the segment reported orders of 134,987 million yen, up 33.6% from the previous fiscal year, sales of 104,865 million yen, up 17.0%, and segment income of 3,732 million yen, up 61.7%.

(2) Financial position

Assets at the end of the fiscal year under review stood at 483,322 million yen, an increase of 37,865 million yen from the end of the previous fiscal year. The result principally reflected increases of 24,601 million yen in cash on hand and in banks and 6,452 million yen in raw materials and supplies.

Liabilities at the end of the fiscal year under review amounted to 191,263 million yen, an increase of 7,819 million yen from the end of the previous fiscal year. Primary factors included a decrease of 8,787 million yen in short-term borrowings and long-term borrowings (combined total) and increases of 7,915 million yen in electronically recorded obligations and 6,418 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 fiscal year under review were 292,059 million yen, an increase of 30,046 million yen from the end of the previous fiscal year. This was mainly attributable to increases of 25,231 million yen in retained earnings and 9,805 million yen in foreign currency translation adjustments.

(3) Cash flows

Cash and cash equivalents at the end of the fiscal year under review increased 24,593 million yen from the end of the previous fiscal year, to 118,672 million yen.

Cash flows from operating activities

Cash provided by operating activities totaled 56,691 million yen (38,229 million yen in cash provided in the year-ago period). This was mainly attributable to 50,978 million yen in income before income taxes and non-controlling interests, a decrease of 12,775 million yen in notes and accounts receivables and contract assets.

Cash flows from investing activities

Cash used in investing activities was 9,828 million yen (6,132 million yen in cash used in the year-ago period). Major factors included an outlay of 10,461 million yen for payments for the purchase of property, plant and equipment.

Cash flows from financing activities

Cash used in financing activities was 27,550 million yen (8,932 million yen in cash used in the year-ago period), mainly attributable to payments of cash dividends of 10,720 million yen, outlay of 8,320 million yen in short-term borrowings, and 5,683 million yen in payments from changes in ownership interests in subsidiaries that do not result in a change in the scope of consolidation.

<Reference> Changes in cash flow indicators

	FY2017	FY2018	FY2019	FY2020	FY2021
Equity ratio (%)	50.4	53.3	56.7	57.7	60.2
Equity ratio based on market capitalization (%)	214.8	176.8	209.9	306.6	229.2
Ratio of interest-bearing liabilities to cash flows (Year)	3.3	4.7	2.4	0.9	0.5
Interest coverage ratio (Times)	30.9	20.2	17.7	61.2	140.1

Equity ratio: (Net assets – Non-controlling interests – Equity warrants)/Total assets

Equity ratio based on market capitalization: Market capitalization of shares/Total assets

Ratio of interest-bearing liabilities to cash flows: Interest-bearing liabilities/Operating cash flows

Instant coverage ratio: Cash flows/Interest paid

(Notes)

1. The above indicators are calculated based on the figures in the consolidated financial statements.
2. Market capitalization is calculated based on the following formula: Closing price of shares at the end of the period × Number of shares issued at the end of the period (excluding treasury stock)
3. Operating cash flows are used for cash flows.
4. Interest-bearing liabilities are short-term borrowings and long-term borrowings recorded in the consolidated balance sheets that pay interest.
5. Additionally, interest paid is the amount of interest paid in the consolidated statements of cash flows.

(4) Basic policy for dividends for the fiscal year under review and the following fiscal year

Daifuku regards the return of profits to shareholders as its most important management task and has adopted a performance-based policy for cash dividends based on consolidated net income, with the aim of achieving additional profit distribution to shareholders. The Company appropriates the remaining surplus to internal reserves for future growth.

Under its three-year business plan Value Transformation 2023, which started in April 2021, Daifuku aims to achieve a consolidated dividend payout ratio of 30% or more on average for the three years and increase its corporate value through investment in growth.

For the fiscal year ended March 31, 2022, the Company paid an interim dividend of 35 yen per share, and the Board of Directors passed a resolution to pay a year-end dividend of 55 yen per share at a meeting held on May 13, 2022, for an annual dividend of 90 yen per share, an increase of 5 yen per share from the initial plan. This represents a dividend payout ratio of 31.6%.

With respect to dividends for the fiscal year ending March 31, 2023, the Company plans to pay an annual dividend of 105 yen (an interim dividend of 40 yen per share and a year-end dividend of 65 yen) and a dividend payout ratio of 33.4%, taking into consideration the earnings forecast for the fiscal year ending March 31, 2023 and the basic policy described above.

(5) Outlook for the fiscal year ending March 31, 2023

The earnings forecast for the fiscal year ending March 31, 2023 is as follows:

Consolidated earnings forecast for the fiscal year ending March 31, 2023

Orders received	600.0 billion yen	(up 1.9% year-on-year)
Net sales	565.0 billion yen	(up 10.3% year-on-year)
Operating income	56.5 billion yen	(up 12.4% year-on-year)
Ordinary income	57.5 billion yen	(up 12.2% year-on-year)
Net income attributable to shareholders of the parent company	39.6 billion yen	(up 10.4% year-on-year)

Looking ahead, we anticipate that the situation will remain highly uncertain, with the ongoing COVID-19 pandemic, the economic impact of the situation in Ukraine, soaring prices of raw materials, shortages of parts, and other factors.

In this economic and business environment, the Group will work to increase sales by steadily linking the trend towards automation, which is accelerating due to labor shortages, to orders, and will continue to increase profitability and productivity by promoting digital transformation (DX). In addition, the Group will aim to contribute to realizing a sustainable society and increase its corporate value.

The exchange rate of 117.81 yen to the U.S. dollar (110.39 yen of the actual rate in the fiscal year ended March 2022), 18.56 yen to the Chinese yuan (17.13 yen), and 0.0975 yen to the Korean won (0.0963 yen) is assumed in preparing the plan for the fiscal year ending March 31, 2023. No significant impact from the exchange rate is factored into forecasts.

The Daifuku Group has revised its management target of consolidated net sales for the fiscal year ending March 2024, the final year of its three-year business plan Value Transformation 2023, which was published on February 5, 2021, upward from 540 billion yen to 600 billion yen, as a result of a review taking into account the recent business environment. For details, please see the Company's statement "Notice of Revision of the Management Targets for the Three-Year Business Plan" separately announced on May 13, 2022.

The above forecast represents the judgment of the Company based on information presently available. Actual results may differ materially from forecasts due to various uncertainties, including economic and competitive conditions worldwide as well as various risk factors.

2. Basic Stance on Selecting Accounting Standards

Daifuku has adopted Japan GAAP. Regarding the future application of International Financial Reporting Standards (IFRS), the Company is studying information gathering, discussion points, and application timing.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	FY2020 (ended March 31, 2021)	FY2021 (ended March 31, 2022)
ASSETS		
Current assets:		
Cash on hand and in banks	94,167	118,769
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	—	208,915
Merchandise and finished goods	6,355	7,045
Costs incurred on uncompleted construction contracts and other	13,670	11,430
Raw materials and supplies	16,325	22,778
Other current assets	8,749	13,148
Allowance for doubtful accounts	(571)	(777)
Total current assets	350,604	381,310
Non-current assets:		
Property, plant and equipment		
Buildings and structures, net	21,304	22,734
Machinery and vehicles, net	5,802	7,799
Tools and fixtures, net	2,637	2,602
Land	12,228	12,496
Other, net	7,574	9,583
Total property, plant and equipment	49,547	55,215
Intangible assets		
Software	3,998	5,077
Goodwill	4,212	3,956
Other	1,804	1,687
Total intangible assets	10,015	10,720
Investments and other assets		
Investments in securities	14,965	13,322
Long-term loans	117	44
Assets for retirement benefits	7,738	9,002
Deferred tax assets	9,566	10,082
Other	3,066	3,627
Allowance for doubtful accounts	(165)	(3)
Total investments and other assets	35,289	36,076
Total non-current assets	94,852	102,012
Total assets	445,456	483,322

(Million yen)

	FY2020 (ended March 31, 2021)	FY2021 (ended March 31, 2022)
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	43,778	48,046
Electronically recorded obligations - operating	20,169	28,084
Short-term borrowings and current portion of long-term borrowings	15,543	22,449
Income taxes payable	9,907	7,252
Advances received on uncompleted construction contracts and other	34,263	—
Contact liabilities	—	40,682
Provision for losses on construction contracts	343	711
Other current liabilities	25,172	26,419
Total current liabilities	149,178	173,645
Non-current liabilities:		
Long-term borrowings	19,600	3,907
Deferred tax liabilities	516	802
Liabilities for retirement benefits	7,674	7,494
Other reserves	351	327
Other non-current liabilities	6,123	5,086
Total non-current liabilities	34,265	17,617
Total liabilities	183,443	191,263
NET ASSETS		
Shareholders' equity:		
Common stock	31,865	31,865
Capital surplus	21,980	20,691
Retained earnings	202,377	227,609
Treasury stock	(941)	(901)
Total shareholders' equity	255,282	279,264
Accumulated other comprehensive income:		
Net unrealized gain (loss) on securities	4,376	4,107
Deferred gain (loss) on hedges	(260)	(637)
Foreign currency translation adjustments	(1,425)	8,380
Accumulated adjustments on retirement benefits	(912)	(344)
Total accumulated other comprehensive income	1,778	11,504
Non-controlling interests	4,952	1,289
Total net assets	262,012	292,059
Total liabilities and net assets	445,456	483,322

(2) Consolidated statements of income and comprehensive income

(Million yen)

	FY2020 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2021 - March 31, 2022)
Net sales	473,902	512,268
Cost of sales	385,744	417,968
Gross profit	88,157	94,299
Selling, general and administrative expenses:		
Selling expenses	16,185	15,162
General and administrative expenses	27,405	28,883
Total selling, general and administrative expenses	43,591	44,046
Operating income	44,566	50,252
Other income:		
Interest income	347	346
Dividend income	415	384
Foreign exchange gains	296	—
Subsidy income	128	645
Land and house rental revenue	218	227
Other	680	419
Total other income	2,086	2,023
Other expenses:		
Interest expenses	644	352
Foreign exchange losses	—	279
Tender offer related expenses	—	275
Other	162	116
Total other expenses	806	1,022
Ordinary income	45,846	51,253
Extraordinary income:		
Gain on sales of property, plant and equipment	14	7
Gain on sales of investments in securities	920	234
Insurance claim income	—	215
Other	—	24
Total extraordinary income	935	481
Extraordinary loss:		
Loss on sales of property, plant and equipment	3	0
Loss on disposal of property, plant and equipment	235	300
Loss on valuation of shares in affiliates	1,027	—
Settlement package	234	—
Extra retirement payments	—	278
Loss on liquidation of affiliates	—	143
Other	170	33
Total extraordinary loss	1,671	756

(Million yen)

	FY2020 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2021 - March 31, 2022)
Income before income taxes	45,109	50,978
Income taxes - current	14,010	14,032
Income taxes - deferred	(1,683)	501
Total income taxes	12,326	14,534
Net income	32,783	36,444
Net income attributable to:		
Shareholders of the parent company	32,390	35,877
Non-controlling interests	393	566
Other comprehensive income		
Net unrealized gain (loss) on securities	1,666	(267)
Deferred gain (loss) on hedges	(171)	(375)
Foreign currency translation adjustments	(2,539)	9,974
Retirement benefits reserves adjustments	1,589	553
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	16	39
Total other comprehensive income (loss)	562	9,924
Comprehensive income:	33,345	46,368
Comprehensive income (loss) attributable to:		
Shareholders of the parent company	32,921	45,604
Non-controlling interests	423	764

(3) Consolidated statements of changes in net assets
 FY2020 (April 1, 2020 - March 31, 2021)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	31,865	21,987	179,292	(1,430)	231,714
Cumulative effects of changes in accounting policies					—
Restated balance	31,865	21,987	179,292	(1,430)	231,714
Changes of items during the period					
Cash dividends			(9,459)		(9,459)
Net income attributable to shareholders of the parent company			32,390		32,390
Purchase of treasury stock				(22)	(22)
Disposal of treasury stock		0		511	512
Change in scope of consolidation			155		155
Change in the parent's ownership interest arising from transactions with non-controlling shareholders		(7)			(7)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(7)	23,085	489	23,567
Balance at the end of the period	31,865	21,980	202,377	(941)	255,282

(Million yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Accumulated adjustments on retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the period	2,716	(89)	1,038	(2,419)	1,246	4,394	237,356
Cumulative effects of changes in accounting policies							—
Restated balance	2,716	(89)	1,038	(2,419)	1,246	4,394	237,356
Changes of items during the period							
Cash dividends							(9,459)
Net income attributable to shareholders of the parent company							32,390
Purchase of treasury stock							(22)
Disposal of treasury stock							512
Change in scope of consolidation							155
Change in the parent's ownership interest arising from transactions with non-controlling shareholders							(7)
Net changes of items other than shareholders' equity	1,659	(171)	(2,463)	1,507	531	557	1,089
Total changes of items during the period	1,659	(171)	(2,463)	1,507	531	557	24,656
Balance at the end of the period	4,376	(260)	(1,425)	(912)	1,778	4,952	262,012

FY2021 (April 1, 2021 - March 31, 2022)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	31,865	21,980	202,377	(941)	255,282
Cumulative effects of changes in accounting policies			(3)		(3)
Restated balance	31,865	21,980	202,374	(941)	255,278
Changes of items during the period					
Cash dividends			(10,720)		(10,720)
Net income attributable to shareholders of the parent company			35,877		35,877
Purchase of treasury stock				(14)	(14)
Disposal of treasury stock				54	54
Change in scope of consolidation			77		77
Change in the parent's ownership interest arising from transactions with non-controlling shareholders		(1,288)			(1,288)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(1,288)	25,235	39	23,985
Balance at the end of the period	31,865	20,691	227,609	(901)	279,264

(Million yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Accumulated adjustments on retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the period	4,376	(260)	(1,425)	(912)	1,778	4,952	262,012
Cumulative effects of changes in accounting policies							(3)
Restated balance	4,376	(260)	(1,425)	(912)	1,778	4,952	262,009
Changes of items during the period							
Cash dividends							(10,720)
Net income attributable to shareholders of the parent company							35,877
Purchase of treasury stock							(14)
Disposal of treasury stock							54
Change in scope of consolidation							77
Change in the parent's ownership interest arising from transactions with non-controlling shareholders						(4,322)	(5,611)
Net changes of items other than shareholders' equity	(269)	(377)	9,805	567	9,726	660	10,386
Total changes of items during the period	(269)	(377)	9,805	567	9,726	(3,662)	30,050
Balance at the end of the period	4,107	(637)	8,380	(344)	11,504	1,289	292,059

(4) Consolidated statements of cash flows

(Million yen)

	FY2020 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2021 - March 31, 2022)
Cash flows from operating activities:		
Income before income taxes and non-controlling interests	45,109	50,978
Depreciation	6,401	7,326
Amortization of goodwill	695	639
Interest and dividend income	(763)	(731)
Interest expenses	644	352
Loss (gain) on sales of investments in securities	(920)	(234)
Loss (gain) on disposal or sales of property, plant and equipment	224	292
Loss on valuation of shares in affiliates	1,027	—
Decrease (increase) in notes and accounts receivables	(10,669)	—
Decrease (increase) in notes and accounts receivables and contract assets	—	12,775
Decrease (increase) in inventories	(3,279)	(3,510)
Increase (decrease) in notes and accounts payable	(4,599)	7,464
Increase (decrease) in advances received on uncompleted construction contracts	647	—
Increase (decrease) in contract liabilities	—	3,796
Other, net	7,259	(6,463)
Subtotal	41,778	72,686
Interest and dividend received	763	729
Interest paid	(624)	(404)
Income taxes refund (paid)	(4,173)	(17,146)
Other, net	485	826
Net cash provided by (used in) operating activities	38,229	56,691
Cash flows from investing activities:		
Investments in time deposits	(62)	(3)
Proceeds from refund of time deposits	0	1
Payments for purchase of property, plant and equipment	(7,481)	(10,461)
Proceeds from sales of property, plant and equipment	23	53
Payments for purchase of investments in securities	(27)	(29)
Proceeds from sales of investments in securities	1,596	625
Collection of loans receivable	6	15
Other, net	(186)	(29)
Net cash provided by (used in) investing activities	(6,132)	(9,828)

(Million yen)

	FY2020 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2021 - March 31, 2022)
Cash flows from financing activities:		
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(5,683)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	152
Increase (decrease) in short-term borrowings, net	1,760	(8,320)
Proceeds from long-term borrowings	—	131
Repayment of long-term borrowings	(482)	(1,647)
Proceeds from disposal of treasury stock	662	38
Payments for purchase of treasury stock	(22)	(14)
Payments of cash dividends	(9,462)	(10,720)
Other, net	(1,387)	(1,486)
Net cash provided by (used in) financing activities	(8,932)	(27,550)
Effect of exchange rate change on cash and cash equivalents	(741)	4,868
Net increase (decrease) in cash and cash equivalents	22,422	24,180
Cash and cash equivalents at beginning of year	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 year	94,079	118,672

(5) Notes on consolidated financial statements

Note on going concern assumption

Not applicable

Additional information

Board Benefit Trust (BBT)

The Company has introduced the BBT system for its directors and corporate officers (hereinafter "Directors, etc.").

This system was introduced to motivate Directors, etc. in contributing to the improvement of the Company's business performance and the enhancement of corporate value over the medium and long term by further clarifying the linkage between the remuneration of Directors, etc. and the Company's business performance and stock value, and having them share with the shareholders not only the benefits of a rise in the stock price but also the risks of a fall in the stock price.

(1) Outline of the transaction

This system is a stock compensation plan linked directly to its business performance by acquiring the Company's stock through the trust using funds that the Company contributes (hereinafter referred to as "the Trust") and providing remuneration for directors, etc. through the Trust, in accordance with the stock compensation regulations for its officers. The remuneration is the Company's shares commensurate with points granted based on business performance and monies equivalent to the amount obtained by converting the Company's shares at a market price as of the retirement date. The Company's shares, etc. are provided to Directors, etc., in principle, upon retirement.

The Company applies the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts (ASBJ Practical Issues Task Force No. 30, March 26, 2015) in accounting for the trust agreement.

(2) The Company's shares still held by the Trust

The Company records its shares remaining in the Trust as treasury stock in net assets at the book value (excluding incidental expenses) of the Trust.

Book value and number of shares of treasury stock

509 million yen and 119 thousand shares for the fiscal year ended March 31, 2021

455 million yen and 106 thousand shares for the fiscal year ended March 31, 2022

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 fiscal year under review.

Previously, construction contracts were measured using the percentage-of-completion method where the outcome of completion of construction activity by the end of the fiscal year could be estimated reliably. From the beginning of the fiscal year under review, for the performance obligations that are fulfilled over a certain period of time, the Company has changed its method to one that recognizes revenue over a certain period of time based on the percentage of completion of construction after a rational estimate of the progress in satisfying performance obligations. 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 fiscal year under review has been recognized as an adjustment of the opening balance of retained earnings as of the beginning of the first quarter under review, and the application of the new accounting policy started from the balance at the beginning of the year concerned. The Company applied the method specified in paragraph 86 of the Revenue Recognition Accounting Standard and has 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 fiscal year under review. 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 fiscal year 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 fiscal year.

As a result, the effect on income statement line items for the fiscal year under review and the effect on the balance of retained earnings at the beginning of the year 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 fiscal year. "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 fiscal year. "Decrease (increase) in notes and accounts receivable" presented as part of "cash flows from operating activities" in the

consolidated statements of cash flows for the previous fiscal year is presented under “decrease (increase) in notes and accounts receivable and contract assets” beginning in the fiscal year under review. “Increase (decrease) in advances received on uncompleted construction contracts” is presented as an item of “increase (decrease) in contract liabilities” from the fiscal year under review. Pursuant to the transitional measures stipulated 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.

Further, pursuant to the transitional measures stipulated in paragraph 89-3 of the Revenue Recognition Accounting Standard, notes on “Revenue Recognition” for the previous fiscal year have not been provided.

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 fiscal year. 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 consolidated financial statements.

Segment information, etc.

Segment information

1. Overview of reportable segments

Reportable segments comprise components for which discrete financial information is available, and which the Board of Directors reviews regularly to determine the allocation of management resources and assess operating results.

The Daifuku Group manufactures and sells material handling systems, car wash machines, industrial personal computers, interface boards, and other equipment in Japan and overseas. Each company within the Group conducts manufacturing and sales activities based on its roles as an independent management unit.

There are four reportable segments: Daifuku Co., Ltd., the core company dealing in material handling systems and equipment, and car wash machines; Contec Co., Ltd. and its subsidiaries, the core company group engaging in the manufacture and sale of industrial personal computers, interface boards, and other equipment in Japan and overseas; Daifuku North America Holding Company and its subsidiaries, the U.S. company group that is responsible for key business activities, primarily in North America, with a significant volume of sales; and Clean Factomation, Inc., the company providing semiconductor manufacturers with cleanroom transport systems mainly in South Korea.

2. Methods of calculating the amount of net sales, income or losses, assets, liabilities and other items by reportable segment

The method of accounting for the reported business segments is based on the principles and procedures of accounting policies adopted for preparing consolidated financial statements. Intersegment sales or transfers are determined based on the prevailing market price.

3. Information on the amount of net sales, income or losses, assets, liabilities and other items by reportable segment

FY2021 (April 1, 2021 - March 31, 2022)

(Million yen)

	Reportable segments					Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Subtotal		
Net sales							
Sales to external customers	225,057	15,798	140,473	28,671	410,001	104,865	514,867
Intersegment sales or transfers	41,403	10,451	505	2,005	54,366	8,809	63,176
Total	266,460	26,249	140,979	30,677	464,367	113,675	578,043
Segment income	28,652	1,229	7,505	2,097	39,485	3,732	43,217
Segment assets	330,068	26,151	93,094	22,587	471,901	112,323	584,225
Segment liabilities	108,148	12,247	34,422	11,753	166,572	62,309	228,881
Other							
Depreciation	3,508	495	846	351	5,201	2,125	7,326
Amortization of goodwill	33	133	589	—	756	0	756
Interest income	10	1	31	145	188	209	397
Interest expenses	91	19	5	3	120	280	401
Extraordinary income	249	8	217	0	476	285	762
<i>Gain on sales of property, plant and equipment</i>	0	—	2	0	2	5	7
<i>Gain on sales of shares of investments in securities</i>	225	8	—	—	234	—	234
Extraordinary loss	927	14	9	0	951	514	1,466
<i>Loss on valuation of shares in affiliates</i>	699	—	—	—	699	—	699
<i>Loss on sales of property, plant and equipment</i>	—	—	—	—	—	0	0
<i>Loss on disposal of property, plant and equipment</i>	212	14	3	0	230	69	300
Income tax expenses	10,502	509	729	623	12,364	1,895	14,260
Increase in property, plant and equipment and intangible assets	5,674	379	2,198	413	8,666	2,899	11,565

Note: "Other" represents an operating segment comprising subsidiaries that are not in reportable segments.

4. Differences between total amounts for reportable segments and the reported amount in the consolidated financial statements and main details of the differences (matters relating to difference reconciliation)

(Million yen)

Net sales	Fiscal year ended March 31, 2022
Reportable segments total	464,367
Segment net sales classified in "Other"	113,675
Elimination of intersegment transactions	(63,176)
Other adjustment for consolidation	(2,598)
Net sales in consolidated financial statements	512,268

(Million yen)

Income	Fiscal year ended March 31, 2022
Reportable segments total	39,485
Segment income classified in "Other"	3,732
Elimination of dividends from affiliates	(6,492)
Other adjustment for consolidation	(846)
Net income in consolidated financial statements	35,877

(Million yen)

Assets	Fiscal year ended March 31, 2022
Reportable segments total	471,901
Segment assets classified in "Other"	112,323
Elimination of investment securities in affiliates in consolidation process	(58,031)
Elimination of intercompany receivables	(38,754)
Other adjustment for consolidation	(4,117)
Total assets in consolidated financial statements	483,322

(Million yen)

Liabilities	Fiscal year ended March 31, 2022
Reportable segments total	166,572
Segment liabilities classified in "Other"	62,309
Elimination of intercompany payables	(38,754)
Other adjustments for consolidation	1,135
Total liabilities in consolidated financial statements	191,263

(Million yen)

Other items	Reportable segments total	Other	Adjustment	Consolidated total
Depreciation	5,201	2,125	0	7,326
Amortization of goodwill	756	0	(117)	639
Interest income	188	209	(51)	346
Interest expenses	120	280	(49)	352
Extraordinary income	476	285	(280)	481
<i>Gain on sales of property, plant and equipment</i>	2	5	0	7
<i>Gain on sales of investments in securities</i>	234	—	—	234
Extraordinary loss	951	514	(709)	756
<i>Loss on valuation of shares in affiliates</i>	699	—	(699)	—
<i>Loss on sales of property, plant and equipment</i>	—	0	—	0
<i>Loss on disposal of property, plant and equipment</i>	230	69	—	300
Income tax expenses	12,364	1,895	274	14,534
Increase in property, plant and equipment and intangible assets	8,666	2,899	—	11,565

Note: Main items in the adjustment above are as follows:

Loss on valuation of shares in affiliates of minus 699 million yen is due to elimination of loss on valuation of shares in affiliates upon consolidation.

5. 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.

Related information

FY2021 (April 1, 2021 - March 31, 2022)

1. Information by product and service

(Million yen)

	Logistics systems	Electronics	Other	Total
Net sales to external customers	480,667	15,738	15,862	512,268

2. Information by geographic area

Net sales

(Million yen)

Japan	U. S. A.	China	South Korea	Other	Total
182,721	131,722	57,310	46,264	94,248	512,268

Note: Sales are classified into countries or regions based on the location of customers.

Revenue recognition

Information of disaggregated revenue from contracts with customers
FY2021 (April 1, 2021 - March 31, 2022)

1. Disaggregation information by industry

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Total		
Automobile, auto parts	19,075	165	17,447	—	36,687	22,351	59,039
Electronics	67,935	1,361	19,298	28,671	117,267	34,112	151,379
Commerce, retail	67,805	7,662	57,052	—	132,519	22,612	155,132
Transportation, warehousing	21,356	85	7,872	—	29,314	3,552	32,867
Machinery	9,111	930	229	—	10,270	1,307	11,578
Chemicals, pharmaceuticals	10,507	4,193	32	—	14,732	2,875	17,608
Food	14,714	0	2,147	—	16,862	3,223	20,085
Iron, steel, nonferrous metals	3,395	16	12	—	3,423	100	3,524
Precision equipment, printing, office equipment	2,880	1,041	5	—	3,927	2,351	6,279
Airport	1,776	131	30,740	—	32,648	11,108	43,757
Other	6,498	209	5,637	—	12,344	1,269	13,614
Sales to external customers	225,057	15,798	140,473	28,671	410,001	104,865	514,867
Other adjustments for consolidation	—	—	—	—	—	—	(2,598)
Net sales in consolidated financial statements	—	—	—	—	—	—	512,268

Note: "Other" represents an operating segment comprising subsidiaries that are not in reportable segments.

2. Disaggregation information by destination

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Total		
Japan	160,986	9,646	30	—	170,663	12,118	182,781
Non-Japan	64,071	6,151	140,443	28,671	239,337	92,747	332,085
North America	999	4,793	127,452	14	133,260	3,502	136,762
Asia	60,577	1,117	699	28,657	91,051	73,274	164,326
China	18,836	601	111	1,362	20,911	36,365	57,276
South Korea	9,833	164	—	27,295	37,292	9,292	46,585
Taiwan	31,254	185	—	—	31,440	17,617	49,057
Other	653	165	587	—	1,406	9,999	11,406
Europe	2,168	230	8,706	—	11,105	4,711	15,816
Latin America	54	2	2,946	—	3,003	2,208	5,212
Other	270	6	638	—	916	9,051	9,967
Sales to external customers	222,057	15,798	140,473	28,671	410,001	104,865	514,867
Other adjustments for consolidation	—	—	—	—	—	—	(2,598)
Net sales in consolidated financial statements	—	—	—	—	—	—	512,268

Note: "Other" represents an operating segment comprising subsidiaries that are not 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	47,209	12,423	13,719	793	74,146	23,647	97,793
Performance obligations satisfied over time	177,847	3,374	126,754	27,878	335,854	81,218	417,073
Sales to external customers	225,057	15,798	140,473	28,671	410,001	104,865	514,867
Other adjustments for consolidation	—	—	—	—	—	—	(2,598)
Net sales in consolidated financial statements	—	—	—	—	—	—	512,268

Note: "Other" represents an operating segment comprising subsidiaries that are not in reportable segments.

Per share information

(Yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets per share	2,040.07	2,307.38
Net income per share	257.13	284.71

Notes:

- Diluted net income per share is not recorded, as dilutive shares do not exist.
- The shares of the Company remaining in the BBT, which are recorded as treasury stock under equity capital, are included in the treasury stock to be deducted in the calculation of the average number of shares during the year for the purpose of calculation of net income per share, and are also included in the number of treasury stock to be deducted from the aggregate number of issued shares as of the end of the year for the purpose of calculation of net assets per share. The average number of shares of treasury stock deducted during the year for the purpose of calculation of net income per share is 107 thousand shares for the year ended March 31, 2022 and 129 thousand shares for the year ended March 31, 2021 for the BBT. The number of shares of treasury stock deducted at the end of the year for the purpose of calculating net assets per share is 106 thousand shares for the ended March 31, 2022 and 119 thousand shares for the year ended March 31, 2021 for the BBT.
- The basis for the calculation of net income per share was as shown in the table below.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net income per share		
Net income attributable to shareholders of the parent company (million yen)	32,390	35,877
Amount not attributable to shareholders of common stock (million yen)	—	—
Net income attributable to shareholders of the parent company related to common stock (million yen)	32,390	35,877
Weighted average number of common stock issued and outstanding during the year (thousand shares)	125,966	126,016

- The basis for the calculation of net assets per share is as shown in the table below.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Total net assets (million yen)	262,012	292,059
Amount deducted from total net assets (million yen)	4,952	1,289
<i>Of which, non-controlling interests</i> (million yen)	4,952	1,289
Total net assets attributable to common stock at fiscal year-end (million yen)	257,060	290,769
Number of common stock issued and outstanding at fiscal year-end for the purpose of calculation of net assets per share (thousand shares)	126,006	126,017

Business combinations, etc.

1. Outline of the accounting treatment

(1) Names of the acquired companies and their businesses

Acquired company name: Contec Co., Ltd.

Business: Electronics

(2) Date of business combination

Acquisition by tender offer: March 23, 2022 (Deemed acquisition date: March 31, 2022)

(3) Percentage of voting rights the Company has acquired

Percentage of voting rights owned before the acquisition date: 60.7%

Percentage of voting rights acquired additionally on the acquisition date: 31.9%

Percentage of voting rights on the acquisition date: 92.6%

(4) Legal form of the business combination

Cash paid in exchange for acquisition of shares from non-controlling interests

(5) Matters concerning outline of the transaction

Daifuku is working to review the best business operation system in consideration of the specific goals set forth in the three-year business plan announced on February 5, 2021, Value Transformation 2023, which consists of three concepts: (i) Transformation of the value provided through DX², (ii) Creation of new value in the new normal, and (iii) Towards realizing a sustainable society.

At the same time, with the growing focus on structural conflict-of-interest risks between a listed parent and its subsidiaries and to strengthen countermeasures against them, the Company has been examining the optimal capital and alliance relationships with the target company from the perspective of its business portfolio management and corporate governance.

As a result, the Company have come to realize that it is essential to better facilitate mutual utilization of the target company and the Company's management resources, etc. and to promptly make decisions as a united Group. Accordingly, the Company has decided to acquire all of the target company's shares (excluding the target company's shares owned by the Company and the treasury stock owned by the target company) and make the target company a wholly owned subsidiary of the Company.

2. Outline of the accounting treatment

Based on the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019), it is treated as a transaction with a non-controlling shareholder among transactions under common control.

3. Matters to be listed when shares of a subsidiary are acquired additionally

Cash and cash equivalents spent on the acquisition: 5,683 million yen

4. Matters concerning change in the parent's ownership interest arising from transactions with non-controlling shareholders

(1) Major variables of capital surplus

Additional acquisition of subsidiary shares

(2) Amount of capital surplus reduced due to transactions with non-controlling interests

1,282 million yen

Major subsequent events

Not applicable

4. Other

Changes in officers

(Effective June 24, 2022)

1. Changes in representatives

Not applicable

2. Candidates for new Audit & Supervisory Board members

Tsukasa Saito

Audit & Supervisory Board Member (full-time)

Current: Audit Officer, assistant to Audit & Supervisory Board members

3. Audit & Supervisory Board members to retire

Yoshihisa Kimura

Audit & Supervisory Board Member (full-time)