

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

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

February 7, 2020

**Daifuku Co., Ltd.**

Stock code: 6383, First Section of Tokyo Stock Exchange

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Scheduled date for filing quarterly financial report: February 12, 2020

Scheduled date of commencing dividend payment: -

Quarterly earnings supplementary materials: Yes

Quarterly earnings presentation: Yes (for institutional investors and securities analysts)

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

**1. Consolidated Financial Results for the First Three Quarters of Fiscal 2019**

(April 1, 2019 - December 31, 2019)

(1) Operating results

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>First 3Qs of fiscal 2019</b>	<b>318,802</b>	<b>-3.6</b>	<b>28,921</b>	<b>-24.1</b>	<b>29,518</b>	<b>-24.4</b>	<b>21,802</b>	<b>-33.3</b>
First 3Qs of fiscal 2018	330,655	13.2	38,108	36.2	39,033	34.5	32,696	60.9

Note: Comprehensive income

First three quarters of fiscal 2019: 18,979 million yen (-38.1%)

First three quarters of fiscal 2018: 30,662 million yen (28.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
<b>First 3Qs of fiscal 2019</b>	<b>173.23</b>	—
First 3Qs of fiscal 2018	259.93	—

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
<b>Fiscal 2019 Q3</b>	<b>403,699</b>	<b>230,625</b>	<b>56.1</b>
Fiscal 2018	409,982	222,885	53.3

Reference: Shareholders' equity

Fiscal 2019 Q3: 226,340 million yen

Fiscal 2018: 218,689 million yen

## 2. Dividends

	Dividend per share				
	Q1-end	Q2-end	Q3-end	FY-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2018	—	30.00	—	60.00	90.00
Fiscal 2019	—	30.00	—		
Fiscal 2019 (forecast)			—	45.00	75.00

Note: Revisions to the latest dividend forecast: None

## 3. Consolidated Earnings Forecast for the Fiscal 2019

(April 1, 2019 - March 31, 2020)

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	440,000	-4.2	39,000	-28.7	39,700	-28.9	28,500	-28.0	226.47

Note: Revisions to the latest consolidated financial 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 standards associated with the revisions of accounting standards: Yes
  - 2) Other changes: None
  - 3) Changes in accounting estimates: None
  - 4) Restatement: None
- (4) Number of shares issued (Common stock)
  - 1) Number of shares issued including treasury stock at the end of the period
 

<b>Fiscal 2019 Q3:</b>	<b>126,610,077 shares</b>
Fiscal 2018:	126,610,077 shares
  - 2) Number of treasury stock at the end of the period
 

<b>Fiscal 2019 Q3:</b>	<b>718,920 shares</b>
Fiscal 2018:	795,986 shares
  - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)
 

<b>Fiscal 2019 Q3:</b>	<b>125,855,313 shares</b>
First 3Qs of fiscal 2018:	125,789,621 shares

Note: The number of treasury stock includes shares owned by the Board Benefit Trust (BBT) and a trust on behalf of Daifuku employees' shareholding association. The number of treasury stock at the end of the third quarter of the fiscal year ending March 31, 2020 includes 159,100 shares owned by the Board Benefit Trust (BBT). The number of treasury stock at the end of the fiscal year ended March 31, 2019 included 75,300 shares owned by the BBT. In addition, the number of treasury stock at the end of the third quarter of the fiscal year ending March 31, 2020 includes 77,400 shares. The number of treasury stock at the end of the

fiscal year ended March 31, 2019 included 149,400 shares owned by a trust on behalf of Daifuku employees' shareholding association.

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

**Disclaimer**

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

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

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## 1. Qualitative Information Relating to Quarterly Consolidated Financial Results

### (1) Operating results

During the first three quarters of the fiscal year under review, the global economic outlook continued to remain uncertain, reflecting a prolonged trade conflict between the U.S. and China and a slowdown in Chinese economic growth, among other issues, despite a firm economy in the U.S.

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

Amid these economic and business conditions, the Group has continued to see sustained growth in orders; however, during the first three quarters of the fiscal year under review, orders reflected the impact from a downturn in investments in the semiconductor and flat-panel display (FPD) sectors. Meanwhile, in systems for manufacturers and distributors, orders mainly from the e-commerce, pharmaceutical wholesaling, and food sectors remained firm. In addition, in automobile production line systems, the Group received a large order in North America.

Sales were negative from a year earlier, reflecting a decrease in orders from the semiconductor and FPD sectors.

Specifically, the Group received orders of 338,107 million yen, down 9.8% from a year earlier, and recorded net sales of 318,802 million yen, down 3.6%.

Operating income principally reflected a severe budget in investments in the semiconductor and FPD sectors, as well as additional costs incurred for large installations at FPD factories and other factors.

Consequently, the Group posted operating income of 28,921 million yen, down 24.1% from a year earlier, and ordinary income of 29,518 million yen, down 24.4%. Net income attributable to shareholders of the parent company was 21,802 million yen, down 33.3%. Net income attributable to shareholders of the parent company decreased from a year ago, given the absence of the gain on sales of shares in affiliates of 6,948 million yen (balance of consolidated book value) posted in the first quarter of the previous fiscal year.

The average exchange rate used for transactions during the first three quarters of the fiscal year under review was 109.22 yen to the U.S. dollar (109.64 yen in the year-ago period), 15.91 yen to the Chinese yuan (16.77 yen), 0.0940 yen to the Korean won (0.1004 yen), and 122.36 yen to the euro (130.61 yen). As a result, orders decreased in value by about 8.2 billion yen and sales decreased by about 4.5 billion yen, compared with the year-ago period. The impact on operating income was minor.

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

Daifuku Plusmore Co., Ltd., which was previously a reportable segment, was included in Other due to its decreased significance from the first quarter. For more details about reportable segments, please see the "Segment information" below.

#### **Daifuku Co., Ltd.**

In large systems for manufacturers and distributors in Japan, orders were steady. In automobile production line systems, orders for services and small upgrade projects remained firm. In exports for semiconductor factories in East Asia and North America, however, orders grew at a sluggish pace.

Sales were positive, underpinned by an extensive order backlog. With the increasing orders from the e-commerce sector and expanding system sizes, Daifuku built a new factory within its Shiga Works to enhance production capacity.

In terms of profits, despite improved profitability and the positive effect on revenue generated by systems for manufacturers and distributors mainly in Japan, income principally reflected a severe budget in investments in the semiconductor and FPD sectors, as well as additional costs incurred for large installations at FPD factories and other factors.

As a result, the Company recorded orders of 141,928 million yen, down 18.9% from the previous fiscal year, sales of 145,775 million yen, up 1.2%, and segment income of 12,348 million yen, down 49.5%. Segment income decreased from a year ago, given the absence of the gain on sales of shares in affiliates of 8,030 million yen (balance of acquisition book value) posted in the first quarter of the previous fiscal year.

#### **Contec Co., Ltd. and its subsidiaries**

In the Japanese market, sales of industrial computers remained firm, including large projects for logistics. In addition, sales of measurement control boards started to recover in the third quarter, after falling during the first half of the fiscal year given sluggish corporate capital investment.

In the U.S. market, sales of industrial computers increased with growing demand from the medical device sector.

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

As a result, Contec posted orders of 12,960 million yen, up 2.8% from the previous fiscal year, sales of 11,924 million yen, down 2.9%, and segment income of 1,328 million yen, up 34.4%.

### **Daifuku North America Holding Company and its subsidiaries**

Orders remained strong by winning an order for a large project for automobile production line systems as part of the remodeling of a facility in response to new model production. In systems for airports, manufacturers, distributors, and semiconductor factories, orders reflected delays in the timing of receiving orders in new projects.

Sales decreased in systems for manufacturers and distributors due to delays in project progress, while sales in systems for the semiconductor, automobile, and airport sectors remained firm.

Income improved in step with increased revenue.

As a result, Daifuku North America achieved orders of 100,079 million yen, up 13.5% from the same period the previous year, sales of 71,317 million yen, up 4.5%, and segment income of 4,725 million yen, up 31.5%.

### **Clean Factomation, Inc.**

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

Orders and sales declined, mainly due to a delay in the recovery in demand for semiconductor memory, however, income improved.

As a result, Clean Factomation posted orders of 18,780 million yen, down 34.9% from the previous fiscal year, sales of 22,834 million yen, down 13.1%, and segment income of 3,018 million yen, up 36.8%.

### **Other**

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

### **Japan subsidiaries**

Daifuku Plusmore Co., Ltd. sells car wash machines in Japan. The company saw firm sales in units including car wash machines for car dealerships and large vehicle wash machines for trucks and buses, backed by demand for car wash machines for service stations accompanying consolidations and tie-ups among oil wholesalers.

### **Non-Japan subsidiaries**

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

In China, construction plans for OLED factories are progressing, although investment in the FPD sector overall is declining. Demand for material handling systems remain firm in the food, pharmaceutical, and e-commerce sectors. In the automobile sector, the segment is building ties with its customers, centering on Japanese automakers, and orders remained firm. Under these circumstances, the segment has been moving forward with factory expansion and upgrades, new sales and service offices opening, and a training center installation.

In Taiwan, orders and sales remained favorable in systems for semiconductor factories.

In South Korea, orders and sales decreased in automobile production line systems, reflecting the generally harsh economic climate. The segment is actively developing solutions with the aim of receiving orders for services.

In ASEAN countries and India, capital investment in systems for manufacturers, including the food, miscellaneous daily goods, and pharmaceutical sectors, is robust notably in India and Vietnam. Non-Japan subsidiaries in each region strive to meet these needs, and a new factory is being built to enhance local production in Thailand.

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

As a result, the segment recorded orders of 64,358 million yen, down 8.1% from the previous fiscal year, sales of 68,052 million yen, down 11.7%, and segment income of 1,340 million yen, down 63.0%.

In April 2019, the Group secured a production hub for systems for manufacturers and distributions through M&A in India, which was followed by the establishment of a new subsidiary, Daifuku Intralogistics Vietnam Co., Ltd., in August in Vietnam, where companies from around the world have been expanding their business, creating a leading production center with rising automation needs. Also, Daifuku acquired Netherlands-based and Australia-based companies through M&A in August to enhance digital technologies in systems for airports.



## (2) Financial position

### **Assets**

Total assets at the end of the third quarter of the fiscal year under review stood at 403,699 million yen, a decrease of 6,282 million yen from the end of the previous fiscal year. Current assets decreased by 13,016 million yen, principally reflecting an increase of 7,670 million yen in other current assets due to the recording of 2,705 million yen in costs incurred on uncompleted construction contracts and other and notes and accounts receivable and unbilled receivables; and a decrease of 24,836 million yen in cash on hand and in banks.

Non-current assets increased by 6,733 million yen, mainly attributable to an increase of 8,002 million yen in property, plant and equipment resulting from the acquisition of buildings, etc.

### **Liabilities**

Total liabilities at the end of the third quarter of the fiscal year under review amounted to 173,074 million yen, a decrease of 14,023 million yen from the end of the previous fiscal year. Current liabilities decreased by 16,553 million yen. Primary factors included decreases of 4,622 million yen in notes and accounts payable and construction contracts payable due to the payment of trade payables and 11,976 million yen in income taxes payable due to income taxes paid respectively.

Non-current liabilities increased by 2,530 million yen, principally reflecting an increase of 1,925 million yen in other non-current liabilities.

### **Net assets**

Net assets at the end of the third quarter of the fiscal year under review were 230,625 million yen, an increase of 7,740 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 10,308 million yen in retained earnings due to the booking of net income attributable to shareholders of the parent company, as well as a decrease of 3,450 million yen in foreign currency translation adjustments.

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

Daifuku Co., Ltd. has revised its full-year earnings forecast for the fiscal year ending March 31, 2020, which was announced on November 8, 2019, as follows.

Net sales are estimated to reflect delays in receiving orders and project progress in systems for manufacturers and distributors in Japan, automobile production line systems and systems for airports in North America. The income forecast remains unchanged.

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

(April 1, 2019 - March 31, 2020)

	Net sales	Operating income	Ordinary income	Net income attributable to shareholders of the parent company	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	450,000	39,000	39,700	28,500	266.47
Current forecast (B)	440,000	39,000	39,700	28,500	226.47
Change (B – A)	-10,000	–	–	–	–
Rate of change (%)	-2.2%	–	–	–	–
Reference: Results for fiscal year ended March 31, 2019	459,486	54,681	55,842	39,567	314.54

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

The full-year orders forecast of 500,000 million yen for the fiscal year ending March 31, 2020, which was announced on November 8, 2019, remains unchanged.

## 2. Consolidated Financial Statements

### (1) Consolidated balance sheets

(Million yen)

	FY2018 (ended March 31, 2019)	FY2019 Q3 (ended December 31, 2019)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash on hand and in banks	90,916	66,079
Notes and accounts receivable and unbilled receivables	191,867	191,899
Merchandise and finished goods	5,497	5,978
Costs incurred on uncompleted construction contracts and other	14,074	16,780
Raw materials and supplies	14,634	15,565
Other current assets	9,475	17,145
Allowance for doubtful accounts	(226)	(225)
Total current assets	326,239	313,223
<b>Non-current assets:</b>		
<b>Property, plant and equipment</b>	37,020	45,022
<b>Intangible assets</b>		
Goodwill	7,561	6,599
Other	4,898	4,680
Total intangible assets	12,460	11,279
<b>Investments and other assets</b>		
Other	34,460	34,360
Allowance for doubtful accounts	(198)	(186)
Total investments and other assets	34,262	34,173
Total non-current assets	83,742	90,476
Total assets	409,982	403,699
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable and construction contracts payable	47,883	43,260
Electronically recorded obligations - operating	23,915	22,945
Short-term borrowings and current portion of long-term borrowings	19,431	19,582
Income taxes payable	13,388	1,412
Advances received on uncompleted construction contracts and other	29,245	32,529
Provision for losses on construction contracts	317	579
Other current liabilities	21,779	19,098
Total current liabilities	155,961	139,408
<b>Non-current liabilities:</b>		
Long-term borrowings	20,569	21,191
Liabilities for retirement benefits	7,459	7,317
Other provision	141	267
Other non-current liabilities	2,964	4,889
Total non-current liabilities	31,135	33,666
Total liabilities	187,097	173,074

(Million yen)

	FY2018 (ended March 31, 2019)	FY2019 Q3 (ended December 31, 2019)
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	31,865	31,865
Capital surplus	21,518	21,987
Retained earnings	162,722	173,031
Treasury stock	(1,449)	(1,513)
Total shareholders' equity	214,656	225,370
<b>Accumulated other comprehensive income:</b>		
Net unrealized gain on securities	4,554	4,607
Deferred gain (loss) on hedges	(20)	(67)
Foreign currency translation adjustments	2,003	(1,447)
Accumulated adjustments on retirement benefits	(2,505)	(2,123)
Total accumulated other comprehensive income	4,032	969
<b>Non-controlling interests:</b>	4,195	4,285
Total net assets	222,885	230,625
Total liabilities and net assets	409,982	403,699

## (2) Consolidated statements of income and comprehensive income

(Million yen)

	First 3Qs of FY2018 (April 1, 2018 - December 31, 2018)	First 3Qs of FY2019 (April 1, 2019 - December 31, 2019)
<b>Net sales</b>	330,655	318,802
<b>Cost of sales</b>	258,123	256,643
Gross profit	72,531	62,159
<b>Selling, general and administrative expenses:</b>		
Selling expenses	14,016	13,040
General and administrative expenses	20,407	20,197
Total selling, general and administrative expenses	34,423	33,238
Operating income	38,108	28,921
<b>Other income:</b>		
Interest income	400	439
Dividend income	407	430
Rent income	180	162
Miscellaneous income	418	367
Total other income	1,407	1,400
<b>Other expenses:</b>		
Interest expenses	270	581
Foreign exchange loss	135	84
Miscellaneous expenses	74	137
Total other expenses	481	803
Ordinary income	39,033	29,518
<b>Extraordinary income:</b>		
Gain on sales of investments securities	31	971
Gain on sales of shares in affiliates	6,948	—
Other	164	15
Total extraordinary income	7,144	987
<b>Extraordinary loss:</b>		
Loss on disposal or sales of property, plant and equipment	188	126
Impairment loss	90	—
Other	2	26
Total extraordinary loss	280	152
Income before income taxes	45,896	30,352
Income taxes - current	14,922	5,510
Income taxes - deferred	(2,100)	2,519
<b>Total income taxes</b>	12,822	8,030
Net income	33,074	22,322
Net income attributable to:		
Shareholders of the parent company	32,696	21,802
Non-controlling interests	378	519

(Million yen)

	First 3Qs of FY2018 (April 1, 2018 - December 31, 2018)	First 3Qs of FY2019 (April 1, 2019 - December 31, 2019)
<b>Other comprehensive income</b>		
Net unrealized gain (loss) on securities	(944)	(171)
Deferred gain (loss) on hedges	(32)	(46)
Foreign currency translation adjustments	(890)	(3,481)
Retirement benefits reserves adjustments	527	374
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(1,072)	(17)
Total other comprehensive income (loss)	(2,412)	(3,343)
<b>Comprehensive income:</b>	30,662	18,979
Comprehensive income attributable to:		
Shareholders of the parent company	30,137	18,738
Non-controlling interests	524	240

(3) Notes on consolidated financial statements

**Notes on going concern assumption**

Not applicable

**Notes for a material change in the amount of shareholders' equity**

Not applicable

**Changes in accounting policies**

(Adoption of IFRS 16 Leases)

Starting from the first quarter of the fiscal year under review, subsidiaries that adopt IFRS apply IFRS 16 Leases.

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

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

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

(Adoption of ASC 606 Revenue from Contracts with Customers)

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

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

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

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

## Segment information

I. The first three quarters of the previous fiscal year ended March 31, 2019 (April 1, 2018 - December 31, 2018)

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

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Total		
Net sales							
Sales to outside customers	144,105	12,278	68,244	26,280	250,908	77,101	328,010
Intersegment sales or transfers	32,820	8,294	733	3,453	45,301	12,010	57,312
Total	176,925	20,572	68,978	29,734	296,210	89,111	385,322
Segment income	24,434	988	3,594	2,206	31,224	3,626	34,850

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

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

Net sales	(Million yen)
Reportable segment total	296,210
Net sales classified in "Other"	89,111
Elimination of intersegment transactions	(57,312)
Other adjustments for consolidation	2,644
Net sales in quarterly consolidated financial statements	330,655

Segment income	(Million yen)
Reportable segment total	31,224
Segment income classified in "Other"	3,626
Elimination of cash dividends from affiliates	(291)
Adjustments to gain on sales of shares in affiliates	(797)
Other adjustments for consolidation	(1,064)
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	32,696



II. The first three quarters of the fiscal year ending March 31, 2020 (April 1, 2019 - December 31, 2019)

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

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Total		
Net sales							
Sales to outside customers	145,775	11,924	71,317	22,834	251,852	68,052	319,904
Intersegment sales or transfers	28,363	7,247	497	3,443	39,552	11,024	50,577
Total	174,139	19,171	71,815	26,277	291,404	79,077	370,481
Segment income	12,348	1,328	4,725	3,018	21,421	1,340	22,761

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

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

Net sales	(Million yen)
Reportable segment total	291,404
Net sales classified in "Other"	79,077
Elimination of intersegment transactions	(50,577)
Other adjustments for consolidation	(1,102)
Net sales in quarterly consolidated financial statements	318,802

Segment income	(Million yen)
Reportable segment total	21,421
Segment income classified in "Other"	1,340
Elimination of cash dividends from affiliates	(366)
Other adjustments for consolidation	(592)
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	21,802

### 3. Changes to reportable segments

From the first quarter of the fiscal year under review, Daifuku Plusmore Co., Ltd., which was previously a reportable segment, was included in Other due to its decreased significance. Accordingly, the change in the segment classification is as follows.

Formerly: Daifuku Co., Ltd.

Contec Co., Ltd. and its subsidiaries

Daifuku North America Holding Company and its subsidiaries

Clean Factomation, Inc.

Daifuku Plusmore Co., Ltd.

From the first quarter of the fiscal year under review:

Daifuku Co., Ltd.

Contec Co., Ltd. and its subsidiaries

Daifuku North America Holding Company and its subsidiaries

Clean Factomation, Inc.

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