

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

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

November 6, 2020

Daifuku Co., Ltd.

Stock code: 6383, First Section of Tokyo Stock Exchange

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

Scheduled date of commencing dividend payment: December 4, 2020

Quarterly earnings supplementary materials: Yes

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

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

1. Consolidated Financial Results for the First Half of Fiscal 2020

(April 1, 2020 - September 30, 2020)

(1) Operating results

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company
	Million yen	%	Million yen	%	Million yen	%	Million yen %
First half of fiscal 2020	230,006	10.2	19,669	13.8	20,344	15.5	14,732 11.9
First half of fiscal 2019	208,734	(0.9)	17,286	(25.2)	17,619	(25.8)	13,168 (39.6)

Note: Comprehensive income

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

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

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

(2) Financial position

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

Reference: Shareholders' equity

First half of fiscal 2020: 241,209 million yen

Fiscal 2019: 232,961 million yen

2. Dividends

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

Note: Revisions to the latest dividend forecast: None

3. Consolidated Earnings Forecast for Fiscal 2020

(April 1, 2020 - March 31, 2021)

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full-year	460,000	3.7	41,000	1.2	41,800	2.0	29,000	230.40

Note: Revisions to the latest consolidated financial forecast: None

Notes:

- (1) Changes in significant subsidiaries that affected the scope of consolidation during the period: None
- (2) Adoption of specific accounting methods for preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates, and restatement
 - 1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: None
 - 2) Changes in accounting policies other than 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None
- (4) Number of shares issued (Common stock)
 - 1) Number of shares issued including treasury stock at the end of the period
Fiscal 2020 Q2: 126,610,077 shares
Fiscal 2019: 126,610,077 shares
 - 2) Number of treasury stock at the end of the period
Fiscal 2020 Q2: 637,983 shares
Fiscal 2019: 703,806 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)
Fiscal 2020 H1: 125,942,430 shares
Fiscal 2019 H1: 125,842,949 shares

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

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

Disclaimer

The consolidated earnings 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.

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

Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

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

(Million yen)

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

(2) Consolidated statements of income and comprehensive income

(Million yen)

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

(Million yen)

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

(3) Consolidated statements of cash flows

(Million yen)

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

(4) Notes on consolidated financial statements

Notes on going concern assumption

Not applicable

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

Not applicable

Segment Information

I. The first half of the previous fiscal year ended March 31, 2020 (from April 1, 2019 to September 30, 2019)

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

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Total		
Net sales							
Sales to outside customers	93,780	7,532	46,338	16,270	163,921	45,444	209,366
Intersegment sales or transfers	18,555	4,535	382	2,458	25,932	6,664	32,596
Total	112,335	12,067	46,720	18,729	189,853	52,109	241,963
Segment income (loss)	7,414	705	2,694	1,946	12,760	835	13,596

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

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

(Million yen)

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

(Million yen)

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

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

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

(Million yen)

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

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

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

(Million yen)

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

(Million yen)

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