

DAIFUKU PROFILE
2023

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PROFILE
2023

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Notes:

1. Fractional points of monetary values below unit numbers have been rounded down.
2. Percentages have been rounded so percentage totals become 100%.

Business: Comprehensive manufacturer and integrator of material handling systems that provides logistics solutions

Corporate name: Daifuku Co., Ltd.

Established: May 20, 1937

Paid-in capital: 31,865 million yen (as of March 31, 2023)

Representative: Hiroshi Geshiro, President and CEO

Employees: 13,020 (Group total, as of end of FY2022)

Osaka Headquarters: 3-2-11 Mitejima, Nishiyodogawa-ku, Osaka, JAPAN

Tokyo Head Office: 1-2-3 Kaigan, Minato-ku, Tokyo, JAPAN

Listed: Prime, Tokyo Stock Exchange (Securities code: 6383)

(Listed on the JPX-Nikkei Index 400)

Ratings: Long-term: A (single A) [Positive]

Short-term: a-1 (a-one)

Rated by Rating and Investment Information, Inc. (R&I)

FY2022 consolidated results (April 1, 2022 - March 31, 2023)

Net sales: 601,922 million yen

Non-Japan sales ratio to net sales: 67 %

Service sales ratio to net sales: 26 %

Operating income: 58,854 million yen

Annual dividend: 110 yen per share



Osaka Headquarters



Tokyo Head Office

Company Creed



Today we are doing better than we were yesterday.
Tomorrow we will be growing ahead of where we are today.

Management Philosophy

Automation that Inspires

Inspire society, deliver prosperity and enhance well-being through our core competence—automated material handling technology.

We will

- 1) strive to realize a sustainable society that minimizes burdens on people and the environment, respects human rights, and encourages responsible manufacturing.
- 2) work together with customers around the world to create optimal smart logistics solutions that incorporate innovative technologies.
- 3) ensure a fair and open corporate culture that respects diversity and allows each individual to excel. Further, we will strengthen our fundamental management practices globally to have a high level of transparency.

Group Code of Conduct

Basic stance

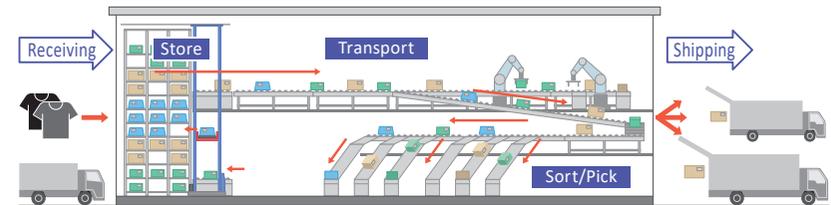
- We will act in accordance with applicable laws, rules, regulations, social norms and ethics.
- We will place safety as a major premise in all aspects of our business activities.
- We will remain committed to the creed of “Hini Arata” as we take on new challenges and make changes for the better.

Material handling refers to the effective storage, transport, sorting, and picking of goods. A material handling system is a mechanism (an automation technology) that provides a smooth flow of goods by integrating equipment with functions and software that control and manage system operations.

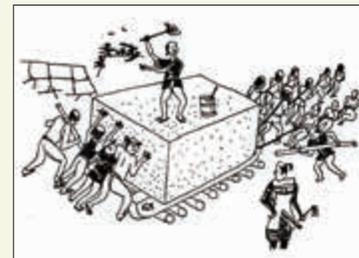
Using the material handling system generates new value by reducing the volume of heavy labor and repetitive work.

Daifuku addresses diversified customer needs by capitalizing on its strength as the world’s leading supplier and system integrator of in-house manufactured products for storage, transport, sorting, and picking.

Typical distribution center flow



Looking to antiquity for the foundation of mechanics



Ancient material handling—the conveyance of large stones throughout ancient history often relied on human power

Transporting heavy objects has always been a challenge for humans.

Since the time of the first human settlements, human power as well as animal power—draft animals, including horses and cattle—were the primary means. As mathematics and dynamics developed in the ancient Greek period, mechanics emerged as a science for moving heavy objects. Thus, materials handling was the origin of mechanical engineering.

Later, as steam, electric and other forms of energy became available through the industrial revolution, tools developed into full-scale facilities.

Combined with computers later in the twentieth century, they became even more advanced.

Source: The Avant-Garde of Material Handling Machinery, Daifuku

| | | | | | | | | |
|----------------------|---|---|---|--|---|------------------|--|---|
| Business environment | World War II | | Rebirth of Japan | | Japan's postwar economic boom | | | |
| Year | 1937 | 1939 | 1944 | 1947 | 1957 | 1963 | 1964 | 1966 |
| Topics | Founded as Sakaguchi Kikai Seisakusho Ltd. | Builds the Mitejima Factory (now Osaka Headquarters). | Joins a general trading company group, changing company name to <i>Kanematsu Kiko</i> . | Changes company name to Daifuku Machinery Works Co., Ltd.* | Enters into a partnership with U.S.-based Jervis B. Webb Company. | | | Delivers Japan's first automated warehouse system. |
| Products | Forging machines Cranes | | | Pilers used in port logistics | Chain conveyors | Bowling machines | Automatic guided vehicles | Rack-supported building AS/RS** – Rackbuil System |
| Management policy | Strictly follow the contract, especially meeting deadlines, with high responsibility in products and after-sales services. Mobilize human resources, including engineers. | | | | Focus on automotive factory automation with Webb conveyors | | Establishes the company creed, Hini Arata. | [Currently manufactured products are in bold] |
| Providing value | | | | | Mass production of automobiles | | | Factory automation at electric and chemical manufacturers |
| Slogan | | | | Becoming an all-around material handling systems provider | Daifuku for Material Handling | | | Challenging Automatic Guide Operation |

*The origin of the name *Daifuku* came from the Chinese character *Dai*, which relates to the city of Osaka, and *Fuku* from Fukuchiyama, the city of factory location. The name also means to "bring you good fortune" in Chinese.
 **AS/RS: Automated Storage and Retrieval System

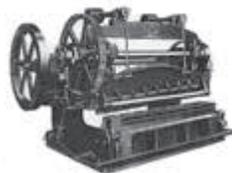
▶ Foundation

On May 20, 1937, Sakaguchi Kikai Seisakusho Ltd., the predecessor of Daifuku Co., Ltd. was founded. It mainly manufactured rolling machinery, air hammers, forging machines for ironworks (picture right bottom), and various hoisting cranes.

In 1939, the company built its main factory in Mitejima, Nishiyodogawa-ku, Osaka (now Osaka Headquarters).



Mitejima Factory in 1939



Forging machine for ironworks

▶ Company creed, Hini Arata

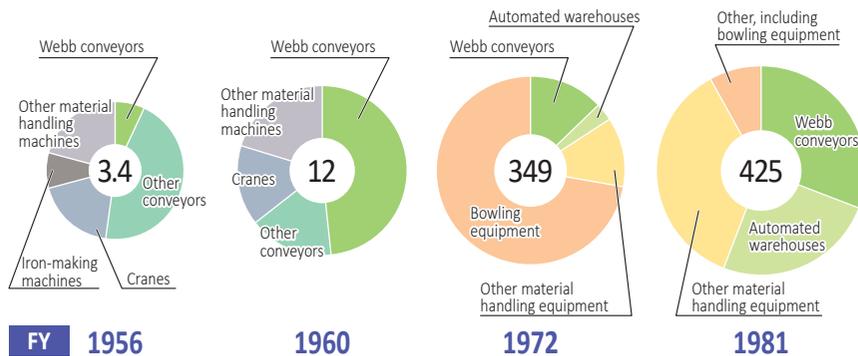
**Today we are doing better than we were yesterday.
 Tomorrow we will be growing ahead of where we are today.**

The company creed, Hini Arata, expresses Daifuku's corporate spirit, with aspiration and inventive motivation, which bolsters employees' mindset and is connected to a principle of behaviors.

It is based on an anecdote of King Tang, the founder of the Yin Dynasty, find personal inspiration, around the 16th century BC. He laid the foundation for the dynasty that lasted for hundreds of years by engraving the words "苟日新、日日新、又日新" on a washbasin and chanting them three times every day. They mean, "Today's deeds are newer and better than yesterday's, and tomorrow's deeds are newer and better than today's."

| | | | | | | | | | |
|----------------------|---|------|---|--|---|--|---|-------------------------------------|---|
| Business environment | — Japan's postwar economic boom — Leisure boom | | End of bowling boom | Toward stable growth | Japan becoming world's top country of auto production | "Robots make robots" | | | |
| Year | 1969 | 1971 | 1973 | 1975 | 1980 | 1984 | 1986 | 1987 | 1991 |
| Topics | Proactively invests in computerization and product developments with profits from bowling business. | | Delivers Japan's first automated cold storage system. | Establishes a subsidiary Contec Co., Ltd. Shiga Works starts its operation. | Establishes the first global subsidiary in the U.S. | Changes company name to Daifuku Co., Ltd. | | | |
| Products | Online-controlled automated warehouse systems Electric forklift trucks | | Unit load AS/RS (Page 18) | Automated sorters Light- & medium-duty racks TELELIFT (Page 9) | Car wash machines (Page 25) | Electrified monorail system for auto production – RAMRUN Semiconductor production line systems (Page 22) | Pick-to-light systems (Page 19) | Mini load AS/RS (Page 18) | Chainless conveyor systems (Page 23) Roller conveyors <i>[Currently manufactured products are in bold]</i> |
| Management policy | Growth and enhancement | | Tertiary industry also requires labor-saving policy | | | | | | |
| Providing value | Improvement of consumer living levels | | Supermarket & library automation | | Semiconductor factory automation | | | | |
| Slogan | Daifuku for Factory Automation (FA) | | | | Advanced FA | | | | |

► Innovation in business portfolios (sales by product) (100 million yen)



Daifuku overcame major hardships in post-World War II and the transitioning period from rapid to stable economic growth in Japan.

In 1957, Daifuku gave up on manufacturing products, such as cranes and iron-making machines. In fiscal 1960, the Company established a production framework centered on chain conveyors, which were developed by U.S.-based Jervis B. Webb Company (Webb). Founded in 1919, Webb was a well-established company that had supported motorization in the U.S. Webb joined the Daifuku Group in 2007.

In fiscal 1972, sales of bowling machines accounted for 72% of net sales. Mechanism of material handling systems can be applied to produce bowling machines. Unlike on-demand products, a managerial merit was the fact that bowling machines were produced as planned.

Taking advantage of a bowling boom, the bowling business grew rapidly. After the boom ended, Daifuku returned to its initial business activities focusing on material handling systems.

| | | | | | | | | | | | | |
|----------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| Business environment | Asian economic crisis | | Growth of the Internet | | Globalization | | Global financial crisis | | | | | |
| Year | 1994 | | 1995 | | 1999 | | 2002 | | 2007 | | 2008 | |
| Topics | Opens demo center Hini Arata Kan (Page 53). Begins to obtain ISO 9001 certification. | | Establishes Clean Factomation in South Korea. | | Shiga and Komaki Works obtain ISO 14001 certification. | | Shiga Works becomes world's largest material handling production site. | | U.S.-based Jervis B. Webb joins the Daifuku Group. | | Global production sites obtain ISO 9001 and 14001 certification. | |
| Products | High-speed sorters World's first non-contact power supply systems | | Automated columbarium (Page 10) | | 5G LCD panel transport systems | | Automobile paint line system – E-DIP | | High-throughput mini load AS/RS – DUOSYS | | <i>[Currently manufactured products are in bold]</i> | |
| Management policy | Contribute to the development of industry by supplying quality material handling systems, equipment and electronic devices to the global market. | | Production & procurement in optimal locations worldwide | | Aiming to become a world leader in the material handling industry in both quality and volume | | | | | | | |
| Providing value | | | | | Environmentally friendly, safe, and reliable products/systems | | | | | | | |
| Slogan | Logistics Navigator | | Daifuku Challenging Information Technology and Logistics Revolutions | | Material Handling and Beyond | | | | | | | |

► Consolidated sales by industry with needs of the era

100 million yen (Composition ratio)

| FY | 1996* | 2005 | 2009 | 2013 |
|-----------------------------|-------------|------------|-------------------------|------------|
| Industry Background | Advanced FA | LCD growth | Increased air travelers | E-commerce |
| Automobile, auto parts | 257 (20%) | 542 (27%) | 237 (15%) | 589 (24%) |
| Electronics | 242 (19%) | 637 (32%) | 456 (30%) | 593 (25%) |
| Other manufacturers | 377 (30%) | 263 (13%) | 264 (17%) | 332 (14%) |
| Commerce, retail | 145 (12%) | 304 (16%) | 280 (18%) | 459 (19%) |
| Transportation, warehousing | 94 (7%) | 141 (7%) | 92 (6%) | 84 (3%) |
| Airport | - (-) | - (-) | 104 (7%) | 205 (9%) |
| Other | 156 (12%) | 98 (5%) | 106 (7%) | 153 (6%) |
| Total | 1,273 | 1,988 | 1,542 | 2,418 |

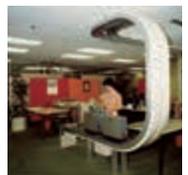
*1996: Non-consolidated

Daifuku is continuing to innovate by combining its accumulated expertise and technologies and applying these to new industrial fields.

In the 1980s, demand for cleanroom transport systems for semiconductor factories increased rapidly. Overhead monorail system Cleanway (picture top) was developed with an upgrade from TELELIFT (picture bottom), which was used for conveying medical records at hospitals, books at libraries, and documents at airports.

Daifuku also began a business for LCD panel (now flat-panel display) factories in the 2000s. In 2007, Daifuku acquired Jervis B. Webb Company and entered the airport baggage handling systems business.

In recent years, sales of systems for distributors, specifically commerce, retail, transportation and warehousing sectors, have been increasing year by year. Daifuku continues to develop systems that meet needs of various distributors, such as convenience stores, general merchandise stores, drug wholesalers, 100-yen or US\$1 stores, and online stores (e-commerce).



| | | | | | | |
|----------------------|--|--|---|--|--|---|
| Business environment | Great East Japan Earthquake | China's GDP becomes second in the world | Living standards improved in emerging countries | Growth of e-commerce | | |
| Year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Topics | Establishes a U.S. holding company (now Daifuku North America Holding Company). | | U.S.-based Wynright joins the Daifuku Group. Builds Shiga Prefecture's largest solar facility. | Joins United Nations Global Compact. | | |
| Products | World's fastest airport baggage handling system (Page 24) High-throughput pick-to-light system – eye-navi | Automatic checking system for dispensaries (Picture 1) Nitrogen purge systems for semiconductor factories High-throughput multi shuttle mini load AS/RS (Page 18) | | Area Management System High-throughput mini load AS/RS – Smart Stocker Quattro Temporary storage/sortation system for parts logistics (Page 23) | Wireless battery charging system for electric forklifts (Picture 2) <i>[Currently manufactured products are in bold]</i> | |
| Management policy | Taking on five new challenges: entering new markets; creating new products and systems; developing new production methods; building new global partnerships; and launching new businesses. | | Create "one-of-a-kind" products and services. | Prioritizing safety. Spread safety culture worldwide | | Becoming the truly global leader in material handling |
| Providing value | Providing the best solutions for customers to help them gain a competitive edge | | | | | |
| Slogan | Always an Edge Ahead | | | | | |

► Material handling systems used in various fields

Daifuku provides various material handling systems and equipment to a wide range of industries worldwide, harnessing the know-how that it has cultivated over the years.

Daifuku's official YouTube channel, "D-Tube!"
View our products and case studies:
www.youtube.com/user/daifukuglobalchannel

Temples/Cemeteries

Daifuku develops and provides models to address the issue of a shortage of urban graveyards.



Automated columbarium

Dispensaries

This system prevents dosing mistakes by using image recognition and weight inspection.



(Picture 1) Automatic checking system for dispensaries – *audit*

Installation and logistics sites

This system charges a battery-powered electric vehicle in a non-contact manner.



(Picture 2) Wireless battery charging system for electric forklifts – D-PAD

| | | | | | | |
|----------------------|---|---|--|---|--|---|
| Business environment | Labor shortage at logistics sites | | COVID-19 pandemic | | | |
| Year | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Topics | Paid-in capital increased to 31.8 billion yen. | Strategic global partnership agreement with Fast Retailing | India-based Vega Conveyors and Automation joins the Daifuku Group. Airport-related software companies join the Group. Assents to the TCFD recommendations. | | Business tie-up with Germany-based AFT Industries AG | Acquires shares of Contec to make it a wholly owned subsidiary. Hini Arata Kan Reopens. New manufacturing plant for airport systems begins operations in the U.S. |
| Products | 10.5G flat-panel display production line systems – Clean Stocker | Drive-through truck station – TRTS (pronounced “tortoise”) | | | Extra high-density unit load AS/RS – Shuttle Rack D³ | |
| | <i>[Currently manufactured products are in bold]</i> | | | | | |
| Management policy | | | Rapid innovation | | Strengthen global competitiveness | |
| Providing value | Provide smart logistics for customers | | | Towards realizing a sustainable society | | |
| Slogan | Automation that Inspires | | | | | |

Hini Arata Kan Reopens

In June 2022, Daifuku’s demo center Hini Arata Kan reopened after major renovations. Situated within the Shiga Works (Shiga Prefecture, Japan), Hini Arata Kan is one of the world’s largest demo centers for material handling and logistics.

We expanded the product lineup, with 57 of the latest systems and equipment, including automated warehouses and automatic guided vehicles, developed and manufactured in-house, on display. Moreover, we now present video clips on a large display, which feature case studies of individual products and on-site applications.

We offer customers the opportunity to experience the superiority of our advanced technologies and systems and propose solutions to solve their problems.



Robot Vehicle, a newly exhibited system

New manufacturing plant for airport systems begins operations in the U.S.

In October 2022, our Group company Jervis B. Webb Company’s new manufacturing plant was completed in Boyne City, Michigan. The manufacturing process, previously dispersed throughout the United States, has been integrated into one plant, to create a more efficient production system.

Investment amount: USD 26 million

Site area: Approx. 89,000 sq.m

Building area: Approx. 20,900 sq.m



New manufacturing plant for airport systems in the U.S.

▶ Concept of Value Transformation 2023

1. Transformation of the value provided through DX²

DX² (DX Squared) = Digital Transformation × Daifuku Transformation

The Daifuku Group will transform the value provided to its customers and other stakeholders through the promotion of Digital Transformation (DX) and of the transformation of the Group itself (Daifuku Transformation).

2. Creation of new value in the new normal

The goal of the Group is to continue to stride forward in a society that demands the creation of new value, leveraging its flexible, creative ability to create ideas free from precedent and its power to execute its plans to transform existing frameworks.

3. Towards realizing a sustainable society

From the perspective of promoting efforts for ESG (environment, society and governance), sustainability, and related endeavors, the Group positions its three-year business plan and Sustainability Action Plan as the two wheels of its business strategy. The Group will implement these plans to contribute to the achievement of the Sustainable Development Goals (SDGs) of the United Nations.

Value Transformation 2023 Concept Map



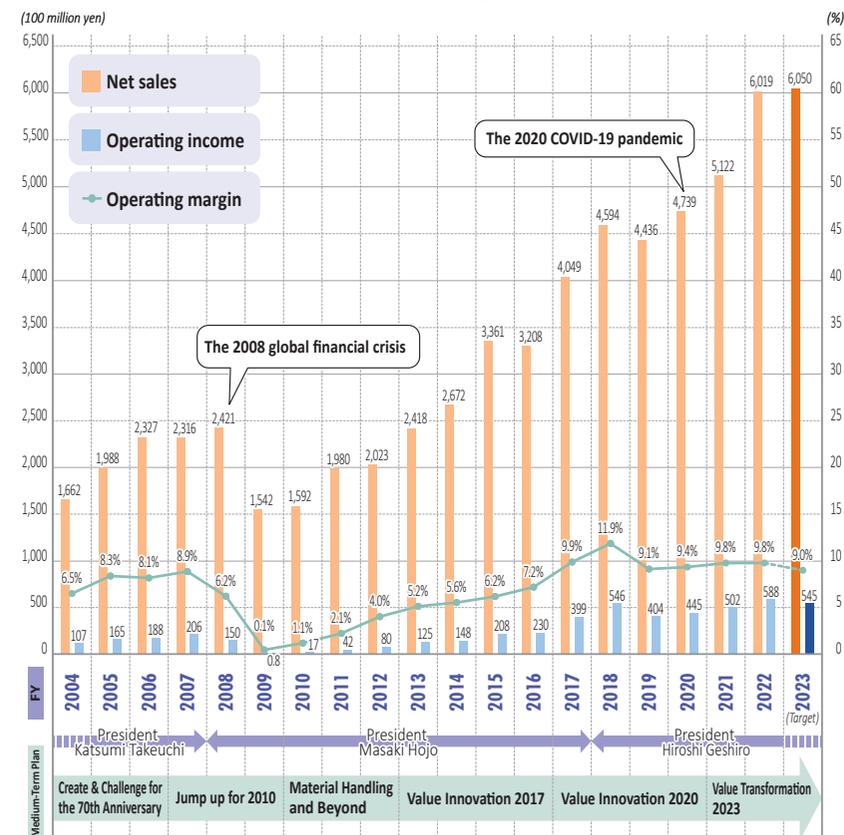
▶ Management targets

The targets of the final year of Value Transformation 2023 (fiscal year ending March 31, 2024) were net sales of 600 billion yen, an operating margin of 10.5%, and ROE of 10% or more (each year). However, in light of recent changes in the business environment, including temporary restraints on semiconductor-related investment, inflation and soaring labor costs, we have revised our forecasts for net sales and the operating margin as follows:

Net sales: 605.0 billion yen
Operating margin: 9.0%

With respect to shareholder return, the Group will aim to achieve a consolidated dividend payout ratio of 30% or more on a three-year average (FY2021-2023).

▶ Consolidated net sales and operating income



► Themes and business strategy of Value Transformation 2023

Business environment

Market Trends

- Global expansion of e-commerce
- Diversified automation needs



Themes and business strategy

Business Domains

- 1 Accelerating globalization**
> Strategically invest in the global market
- 2 Strengthening existing business**
> Create next-generation business models
- 3 Developing new business**
> Invest in promising new domains

Business Environment

- Progress of DX (Digital Transformation)
- Rising competition in emerging markets



Profitability

- 1 Enhancing product value**
> Transform value provided through cutting-edge technologies
- 2 Increasing productivity**
> Strengthen international price competitiveness
- 3 Reinforcing production framework**
> Promote innovation in *monozukuri* (manufacturing) through digitalization

Operating Environment

- Increase in non-Japan Group companies through M&A
- Review of analog business processes and acceleration of digitalization



Operational Framework

- 1 Rebuilding Group management**
> Strengthen Group governance
- 2 Transforming business operations**
> Increase efficiency and add value from a customer-oriented perspective
- 3 Reforming personnel systems**
> Adopt diverse human capital management systems

Social Environment

- Strengthening of stakeholder engagement
- Fulfillment of corporate social responsibility through business activities



Brand

- 1 Innovating value provided**
> Provide smart logistics through TOP* innovation
- 2 Creating social value**
> Strengthen framework consistent with our role as a company responsible for social infrastructure
- 3 Transforming internal perceptions**
> Create a global corporate culture

*TOP: Time, Occasion, Place



Intralogistics
Manufacturing and distribution systems



Cleanroom
Cleanroom production line systems



Automotive
Automobile production line systems



Airport
Airport technologies



Auto Wash
Car wash machines and related products



Electronics

One-stop support structure

Daifuku's advantage lies in its one-stop support structure, which deals with all kinds of services and operations, including consulting, system construction, manufacturing, installation, and after-sales services, for stable operation and replacements over the long term. Independently developing and producing the products that are the key components of material handling systems, we offer the best solutions that satisfy customers around the world, helping increase their competitive advantage.



► **Intralogistics**

Manufacturing and distribution systems

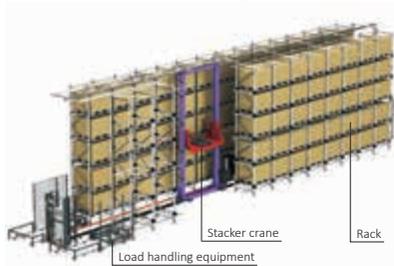
Daifuku provides systems to distributors and manufacturers in a wide range of sectors, including retail and wholesale, in areas such as e-commerce, transportation and warehousing, as well as food, pharmaceuticals and chemicals, and machinery. This business operates mainly in Japan, and is expanding into Asia and North America.

AS/RS* and grouping system

Daifuku’s mainstay AS/RS is classified into two types, unit load or mini load, by size and weight of items handled. Stacker cranes are used to store and retrieve loads.

*AS/RS: Automated Storage and Retrieval System

AS/RS basic configuration



Unit load AS/RS

Benefits of AS/RS

- Energy- and labor-saving
- Improvement in inventory control and shipping speed
- Effective use of storage space
- Suitable for various environments and conditions (cold chain, explosion proof)

Mini load AS/RS

An automated warehouse system for receiving, storing, and retrieving small-lot, multi-variety items. For “what you need, when you need it, and as many as you need,” the system enables speedy and accurate supply as well as first-in, first-out management, and lot-specified retrieval.



High-throughput multi shuttle mini load AS/RS – Shuttle Rack M

Instead of conventional stacker cranes, Shuttle Rack M provides temporary storage, sorting, and sequential retrieval of loads, using shuttle vehicles with transfer function and lifters.



Pick-to-light system – Digital Pick System

The system instructs workers to pick items in accordance with the digital indications. Limiting the scope of worker responsibility, it offers improved work efficiency compared to the paper list method. Picking robots have increasingly been adopted in recent years.



High-speed sorter – Surfing Sorter

Surfing Sorter is an automatic sorting system capable of handling various packing styles for irregular shapes and long items, with high speed and accuracy. We have an extensive track record with this product as a facility that can sort by destination and store at distribution centers for mail order, wholesale, and retail.



Rack system – Mobile Rack

Daifuku provides twice the storage of a fixed rack because it moves to open aisles. Daifuku also offers non-rail type for existing buildings and rental storage along with options for cold storage, heavy-duty loads, and long objects.



Logistics Solution Site: www.daifuku.com/solution/intralogistics
 The site shows our solutions by industry, product information, case studies, and after-sales services.

[Case Study]

Cutting-edge distribution center using the latest technologies

Along with responding to labor shortages brought on by an aging population and declining birth rate, this center also targets zero shipping errors. As a cutting-edge facility, the center uses a number of advanced technologies, including 3D image processing that enables high-mix, low-volume handling and robotic piece picking; and AI-based palletizing simulations. Daifuku's extensive experience, expertise and intensive initiatives for new technologies help drive automation to new heights.

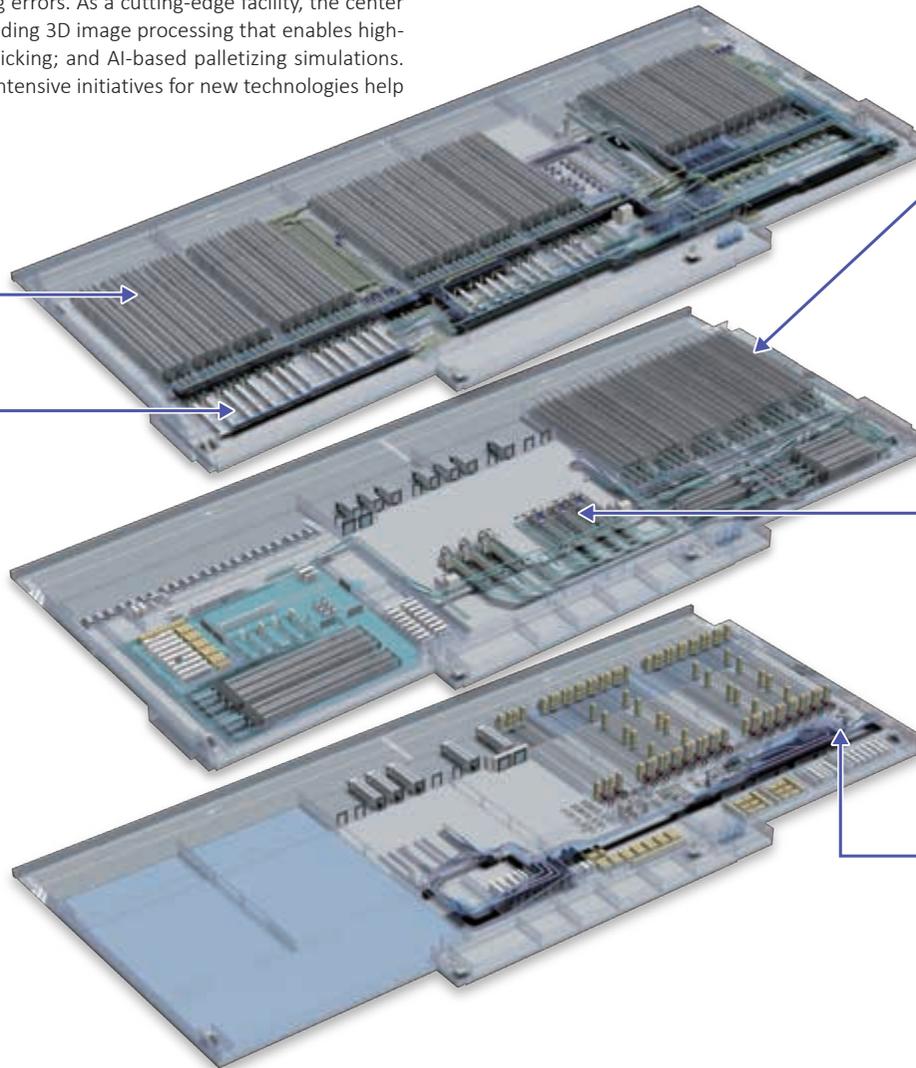


AS/RS* for picking operations
Provides products in a timely manner to piece-picking robots.

*AS/RS: Automated Storage and Retrieval System



Piece-picking robot
Accurately picks individual items of various sizes and weights.



Mini load AS/RS
Stores various-sized cardboard boxes.



Case-palletizing robot
Rapidly palletizes cases of various shapes and sizes.

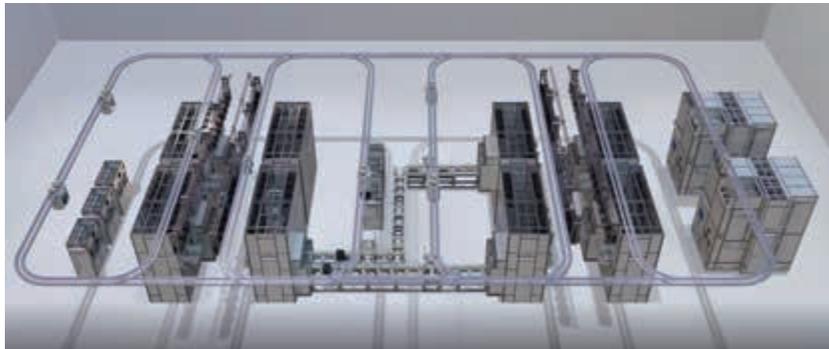


Depalletizing robot
Picks cardboard boxes from a pallet retrieved from an AS/RS.

Cleanroom

Cleanroom production line systems

Daifuku provides storage and transport systems designed exclusively for clean rooms to factories manufacturing semiconductors, flat-panel displays (FPDs), and organic light emitting displays. This business boasts a large market share because it requires advanced technology, and about 90% of its sales are recorded outside of Japan, such as Asia and North America. A semiconductor factory has interbay rail tracks with a total length of 10 km, and several hundred wafer transport vehicles in operation 24/7.



Cleanroom transport system – Cleanway

Cleanway is used for intrabay/interbay transport of wafers held in an enclosure called a front opening unified pod (FOUP), and is equipped with non-contact power supply technology, which eliminates abrasion powder.



Cleanroom storage system – Clean Stocker

As an automated warehouse, Clean Stocker buffers intrabay/interbay work in progress in semiconductor factories. Daifuku also developed a nitrogen purge stocker system to meet needs for semiconductor miniaturization. Nitrogen gas prevents deterioration of wafers.

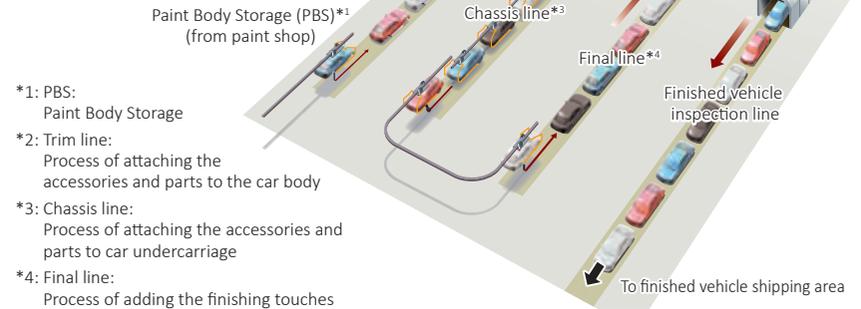


Cleanroom Promotion Site: www.daifuku.com/pro/cr/jp
The site features video images of products and systems for semiconductor and FPD production lines.

Automotive

Automobile production line systems

Daifuku provides automated and labor-saving systems for all automotive production processes, including press, weld, and assembly, to Japanese automakers as well as U.S. and Chinese automakers.



Chainless conveyor system – Flexible Drive System (FDS)

FDS enables steady and stable transport and performs best in assembly and processing lines.



Temporary storage/sortation system – SPDR (Spider)

SPDR is an automated system that stores, retrieves, and sorts various sizes cases containing auto assembly parts. It enables timely supply according to production plans.



Production Line Optimization Solutions Site: www.daifuku.com/pro/aps
The site offers our solutions for automakers and other sectors.

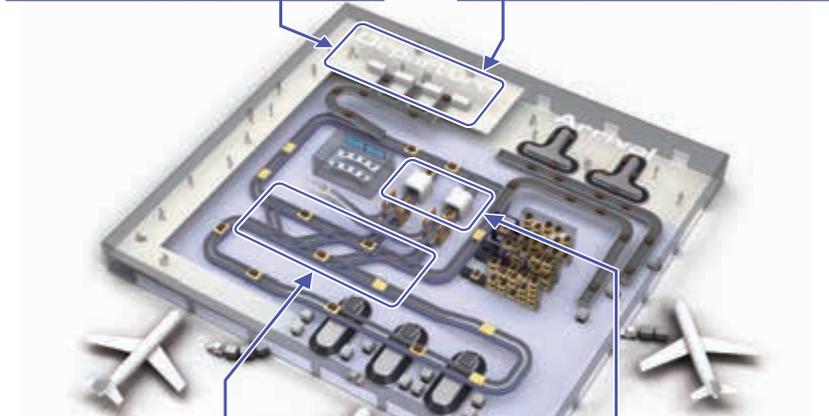
► **Airport**
Airport technologies

Daifuku provides airports around the world with an extensive array of solutions, centering on baggage handling, self-service baggage check-in, security, and airport facility monitoring.

Self-service bag drop



Airport terminal operation system



Baggage transport and sortation system



AGV-based mobile inspection table

Airport Technologies Site: www.daifukuattec.com

► **Auto Wash**
Car wash machines and related products

Daifuku develops and sells car wash machines, harnessing the manufacturing expertise and technologies it has accumulated in material handling systems. This business boasts the top market share in Japan and South Korea.

Car wash machines

We offer a wide variety of car wash machines and related products, including gate-type machines with water-saving and low-noise features, tunnel-type machines using conveyor technologies, drive-through machines, and large-sized machines for trucks, buses, and semi-trailers. They are used at filling stations, car dealerships and maintenance shops, transportation companies, and coin-operated car washes.



► **Electronics (Contec Co., Ltd.)**

Daifuku's subsidiary Contec develops, manufactures, and sells industrial computers, measuring/control systems, and network-related products. It also develops IoT devices and solutions business.

Industrial computers

Industrial computers are developed for factory automation (FA) environments that require high reliability and durability. In recent years, leveraging our expertise in the FA industry has allowed us to expand our business and quality product offerings to the growing information and communication technology fields, including digital signage, healthcare, and energy.



Contec Americas Site: www.contec.com/us

▶ Investing in intellectual property

The Sustainability Action Plan (Page 34) seeks to contribute to a smart society through technological development and the provision of products and services. As material issues, we have identified innovative technology development and invention promotion, and list the cumulative total amount of innovation investment [R&D expense + digital transformation (DX) investment amount] and the number of patent registrations in our KPIs.

In fiscal 2022, our innovation investment was 15.6 billion yen. At the end of the year we had registered a cumulative total of 4,040 patents.

▶ Daifuku's inventions and designs

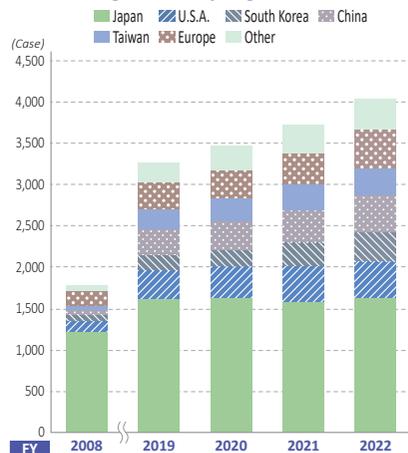
We established our Rules on Inventions and Designs, under which we actively promote patent applications and the acquisition of rights with a special focus on newly developed products. Normally it takes four to six years from the point of filing the patent application to registration, therefore, Daifuku gives awards to innovators prior to patent registration based on feedback from customers and internal evaluations across the Daifuku Group.

During fiscal 2022, the Daifuku Innovation Grand Prize was given to one product, while three products were recognized with the Daifuku Innovation Award.

▶ Non-Japan patents registered

In recent years, the number of patent applications outside Japan has been on the rise, and we hold patents in more than 30 countries around the world. In particular, there has been a steady rise in the number of patent registrations in Asia, mainly China, South Korea, and Taiwan.

Patents registered by region



▶ Financial index

(100 million yen, the record-high in shaded area)

| FY | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------|----------------|----------------|----------------|----------------|
| Orders received | 5,033 | 4,831 | 4,510 | 5,890 | 7,374 |
| Order backlogs | 3,584 | 3,979 | 3,750 | 4,518 | 5,874 |
| Net sales | 4,594 | 4,436 | 4,739 | 5,122 | 6,019 |
| Operating income | 546 | 404 | 445 | 502 | 588 |
| Operating margin (%) | 11.9 | 9.1 | 9.4 | 9.8 | 9.8 |
| Ordinary income | 558 | 409 | 458 | 512 | 597 |
| Net income attributable to shareholders of the parent company | 395 | 280 | 323 | 358 | 412 |
| Net income per share (yen)* | 104 | 74 | 85 | 94 | 109 |
| Cash dividends per share (yen) | 90 | 75 | 80 | 90 | 110 |
| Total assets | 4,099 | 4,108 | 4,454 | 4,833 | 5,515 |
| Net assets | 2,228 | 2,373 | 2,620 | 2,920 | 3,323 |
| ROA (%) | 10.1 | 6.8 | 7.6 | 7.7 | 8.0 |
| ROE (%) | 19.5 | 12.4 | 13.2 | 13.1 | 13.2 |
| Equity ratio (%) | 53.3 | 56.7 | 57.7 | 60.2 | 60.2 |
| Cash flows from operating activities | 85 | 137 | 382 | 566 | 200 |
| Cash flows from investing activities | 59 | -147 | -61 | -98 | -118 |
| Cash flows from financing activities | -68 | -183 | -89 | -275 | -301 |
| Free cash flows | 144 | -10 | 320 | 468 | 81 |
| Employees (of which, outside of Japan) | 9,857 (6,459) | 10,863 (7,312) | 11,697 (8,045) | 12,436 (8,643) | 13,020 (9,059) |
| Capital investment | 79 | 132 | 74 | 115 | 168 |
| Depreciation | 45 | 56 | 64 | 73 | 85 |
| R&D expenditures | 86 | 89 | 91 | 107 | 104 |
| Interest-bearing liabilities | 400 | 334 | 351 | 263 | 114 |

*The Company conducted a three-for-one split of its common stock effective April 1, 2023. Net income per share is calculated, assuming that the stock split was conducted at the beginning of fiscal 2018.

► Performance by segment

| Reportable segment | Outline |
|-----------------------|---|
| Daifuku | The core company, which manufactures and sells material handling systems and equipment, and car wash machines |
| Contec | A subsidiary, which manufactures and sells industrial PCs, interface boards, and other equipment |
| Daifuku North America | A U.S. subsidiary, which oversees operations in North America <div style="text-align: center; margin-top: 10px;"> <pre> graph TD DNH[Daifuku North America Holding Company] --- DA[Daifuku America Corporation] DNH --- WY[Wynright Corporation] DNH --- DCA[Daifuku Cleanroom Automation America Corporation] DNH --- JW[Jervis B. Webb Company] </pre> </div> |
| Clean Factomation | A subsidiary, which manufactures and sells cleanroom transport systems for semiconductor manufacturers |
| Other | Subsidiaries and affiliates worldwide except the three above |

(100 million yen)

| FY | | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Orders received | Daifuku | 2,314 | 2,183 | 1,841 | 2,624 | 2,931 |
| | Contec | 163 | 168 | 153 | 196 | 192 |
| | Daifuku North America | 1,094 | 1,367 | 1,194 | 1,351 | 2,110 |
| | Clean Factomation | 417 | 238 | 310 | 367 | 481 |
| | Other | 1,051 | 874 | 1,010 | 1,349 | 1,658 |
| | Total | 5,033 | 4,831 | 4,510 | 5,890 | 7,374 |
| Net sales | Daifuku | 2,025 | 2,044 | 1,993 | 2,250 | 2,388 |
| | Contec | 163 | 163 | 162 | 157 | 186 |
| | Daifuku North America | 971 | 1,022 | 1,371 | 1,404 | 1,587 |
| | Clean Factomation | 342 | 326 | 305 | 286 | 426 |
| | Other | 1,108 | 939 | 896 | 1,048 | 1,409 |
| | Total | 4,594 | 4,436 | 4,739 | 5,122 | 6,019 |
| Segment income <small>(Net income attributable to shareholders of the parent company)</small> | Daifuku | 337 | 186 | 260 | 286 | 340 |
| | Contec | 16 | 16 | 11 | 12 | 9 |
| | Daifuku North America | 4 | 62 | 60 | 75 | 61 |
| | Clean Factomation | 25 | 25 | 27 | 20 | 29 |
| | Other | 57 | 25 | 23 | 37 | 56 |
| | Total | 395 | 280 | 323 | 358 | 412 |

Note: Since fiscal 2021, new accounting standards for revenue recognition have been applied.

► Sales by industry

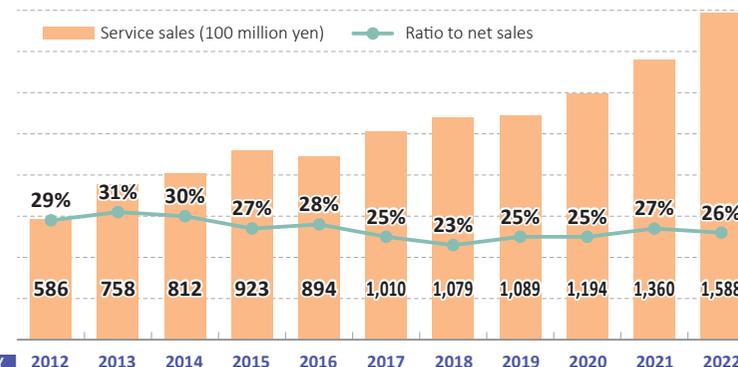
(100 million yen)

| Industry | FY | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|----|--------------|--------------|--------------|--------------|--------------|
| Automobile, auto parts | | 686 | 684 | 801 | 590 | 654 |
| Electronics | | 1,899 | 1,441 | 1,370 | 1,513 | 2,157 |
| Commerce, retail | | 717 | 862 | 1,155 | 1,551 | 1,609 |
| Transportation, warehousing | | 290 | 285 | 235 | 328 | 304 |
| Machinery | | 93 | 135 | 112 | 115 | 103 |
| Chemicals, pharmaceuticals | | 141 | 153 | 183 | 176 | 246 |
| Food | | 118 | 131 | 177 | 200 | 157 |
| Iron, steel, nonferrous metals | | 45 | 53 | 44 | 35 | 48 |
| Precision equipment, printing, office equipment | | 64 | 114 | 87 | 62 | 64 |
| Airport | | 355 | 419 | 412 | 437 | 461 |
| Other | | 180 | 153 | 158 | 136 | 190 |
| Consolidated adjustment and other | | - | - | - | -25 | 20 |
| Total | | 4,594 | 4,436 | 4,739 | 5,122 | 6,019 |

Note: Since fiscal 2021, new accounting standards for revenue recognition have been applied.

► Service sales

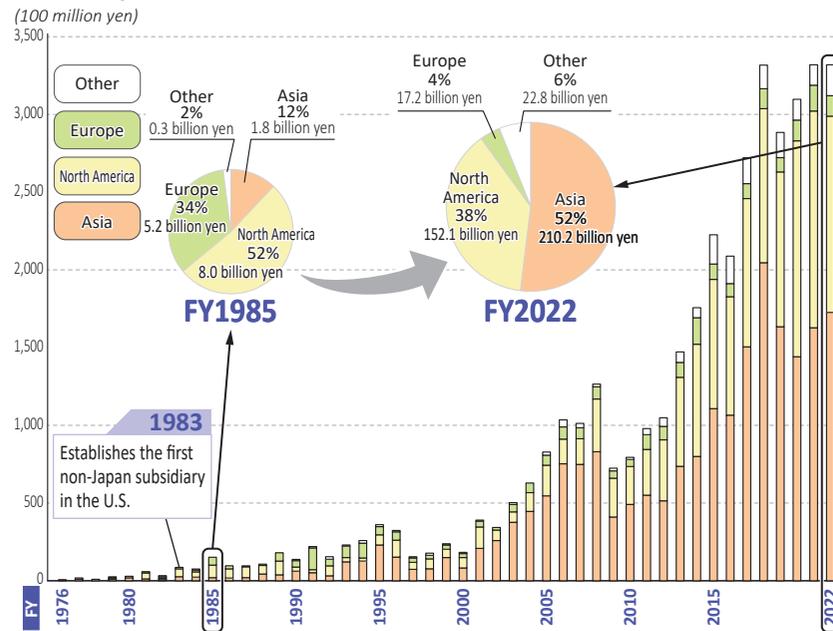
Our service includes maintenance and regular inspection of products we have delivered. We provide an extensive servicing menu, which leads to stable earnings.



After-sales service

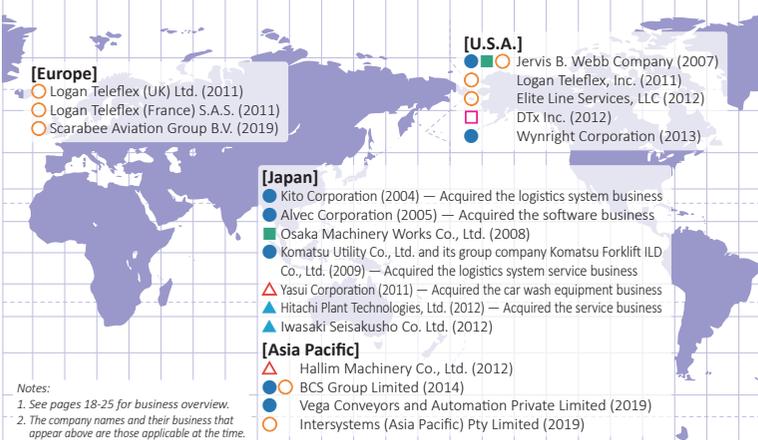
- Periodic inspection
- System maintenance contracts
- Safety training
- Facility services
- Troubleshooting
- Supply of parts/components
- Remote maintenance
- Prediction/Forecast system
- On-site services
- Upgrades, retrofits

▶ Non-Japan sales



▶ Expanding business fields through M&A (2000 and after)

- Intralogistics
- ▲ Cleanroom
- Automotive
- Airport
- △ Auto Wash
- Electronics



▶ Sales by region

• Japan

The number of large projects has been increasing, backed by increased demand for intralogistics systems for the e-commerce sector. We have a strong record for installing systems at automakers and other manufacturers as well as distributors. In addition, the ratio of service sales to net sales is high in this market.

• North America

In the United States, we established our first non-Japan subsidiary in 1983, as Japanese automakers were entering the U.S. market, and have subsequently further expanded our business into the manufacturing, distribution, and semiconductor production sectors. Since 2007, we have entered the airport technologies business as a result of M&A. Looking ahead, we will aim to increase sales and profitability in systems for manufacturers, distributors, and airports.

• Asia

The ratio of sales in Asia to total non-Japan sales remains at 52%. In Asia, previously, we focused on business from semiconductor and flat-panel display factories mainly in China, South Korea and Taiwan, and automobile factories mainly in China, South Korea, Thailand and Indonesia. Meeting rising needs along with economic growth in Asia, we will expand business into the manufacturing and distribution sectors.

• Europe

We mainly provide after-sales services, including maintenance, for intralogistics systems and airport systems.

• Latin America

We primarily sell systems for automobile factories.

(100 million yen)

| Region | FY | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------------------|----|--------------|--------------|--------------|--------------|--------------|
| Japan | | 1,276 | 1,550 | 1,639 | 1,827 | 1,972 |
| Non-Japan sales total | | 3,318 | 2,886 | 3,099 | 3,320 | 4,025 |
| North America | | 991 | 996 | 1,389 | 1,367 | 1,521 |
| Asia | | 2,046 | 1,634 | 1,440 | 1,643 | 2,102 |
| China | | 1,113 | 702 | 595 | 572 | 608 |
| South Korea | | 567 | 435 | 433 | 465 | 600 |
| Taiwan | | 211 | 371 | 305 | 490 | 587 |
| Other | | 153 | 125 | 104 | 114 | 305 |
| Europe | | 128 | 92 | 133 | 158 | 172 |
| Latin America | | 60 | 62 | 41 | 52 | 62 |
| Other | | 92 | 99 | 93 | 99 | 166 |
| Consolidated adjustment and other | | - | - | - | -25 | 20 |
| Total | | 4,594 | 4,436 | 4,739 | 5,122 | 6,019 |
| Non-Japan sales ratio | | 72% | 65% | 65% | 65% | 67% |

Note: Since fiscal 2021, new accounting standards for revenue recognition have been applied.

Listed on Prime, Tokyo Stock Exchange (Securities code: 6383)

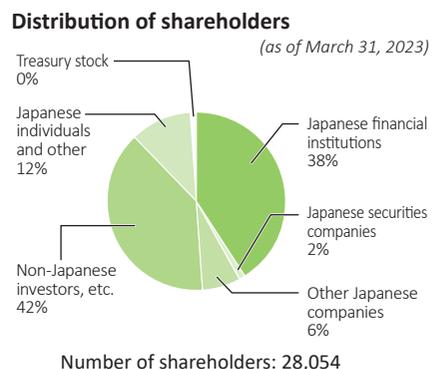
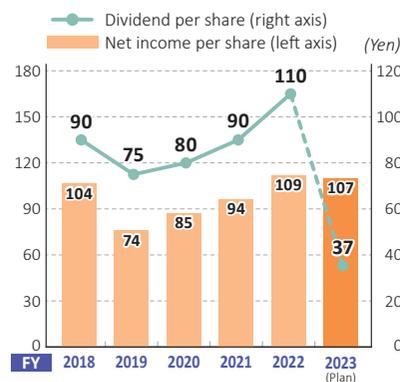
Number of shares per unit: 100 shares

(Yen)

| FY | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------------|-------------|-------------|-------------|-------------|
| Net income per share*1 | 104 | 74 | 85 | 94 | 109 |
| Net assets per share*1 | 579 | 616 | 680 | 769 | 878 |
| Price to book value ratio (times)*1 | 3.3 | 3.7 | 5.3 | 3.8 | 2.8 |
| Price earnings ratio (times)*1 | 18.3 | 30.7 | 42.2 | 30.9 | 22.4 |
| Dividends per share | 90 | 75 | 80 | 90 | 110 |
| Dividends payout (%) | 29 | 34 | 31 | 32 | 33 |
| Year-end stock price*1 | 1,920 | 2,283 | 3,613 | 2,930 | 2,443 |
| TSR (Total Shareholder Return) ¹² (%) | 91.8 | 110.1 | 174.0 | 143.2 | 122.0 |
| TOPIX (incl. dividends)*2 | 95.0 | 85.9 | 122.1 | 124.6 | 131.8 |
| Year-end market capitalization (100 million yen)*1 | 7,292 | 8,672 | 13,724 | 11,129 | 9,279 |
| Number of shares issued at the end of the period (shares)*1 | 379,830,231 | 379,830,231 | 379,830,231 | 379,830,231 | 379,830,231 |
| Paid-in capital (100 million yen) | 318 | 318 | 318 | 318 | 318 |

*1: The Company conducted a three-for-one split of its common stock effective April 1, 2023. The figures are calculated, assuming that the stock split was conducted at the beginning of fiscal 2018.

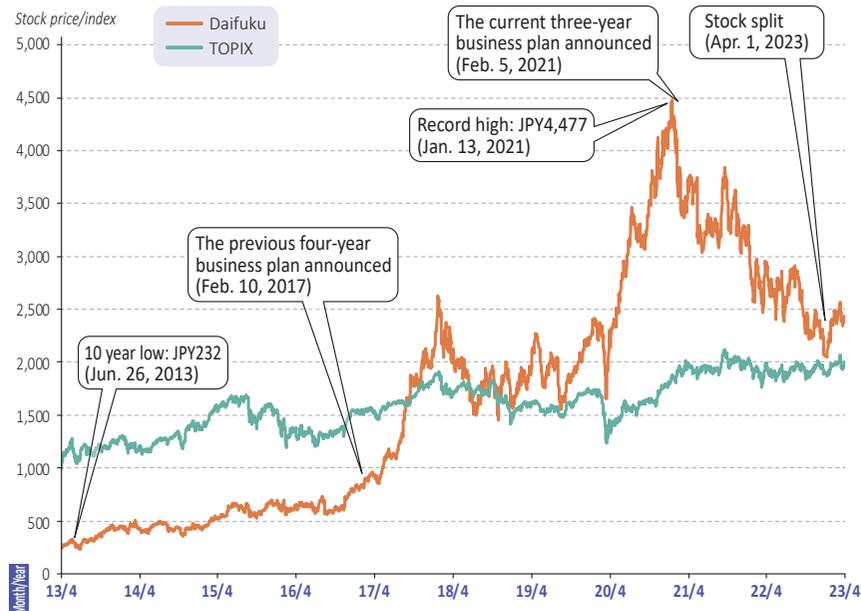
*2: Calculated based on the figures at the end of fiscal 2017



Basic policy for dividends

Daifuku regards the return of profits to shareholders as its most important management task. We aim to achieve a consolidated dividend payout ratio of 30% or more on a three-year (FY2021-2023) average during the ongoing three-year business plan Value Transformation 2023.

Trends in stock prices



Note: The graph below has been changed from the previous one based on the figures after the April 1, 2023 stock split.

Investor relations (IR) events

As part of its IR initiatives, Daifuku invites its shareholders to tour the Hini Arata Kan demo center and holds an IR Day for institutional investors and securities analysts.



Hini Arata Kan tour for shareholders



The 2022 IR Day, held for the first time

► Toward realizing a sustainable society

With the aim of achieving a sustainable society and increasing our corporate value, we have identified the materiality (material issues) that must be addressed through our business activities. In addition, we have formulated the Sustainability Action Plan (FY2021-2023) based on the five themes focused on in our initiatives.

Five themes and 18 material issues

| Themes | Related SDGs | Materiality |
|---|--|---|
| Contribute to a smart society |   | <ul style="list-style-type: none"> Promote innovative technological development and invention Develop new business domains Cater to customer needs through smart logistics |
| Maintain and improve the quality of products and services |   | <ul style="list-style-type: none"> Optimize production through globalization Pursue product quality and safety |
| Enhance operational framework |       | <ul style="list-style-type: none"> Strengthen governance Ensure compliance Manage risk Ensure responsible procurement in the supply chain Strengthen information security Ensure transparent information disclosure and strategic communication |
| Respect human dignity |      | <ul style="list-style-type: none"> Protect employee safety and health Achieve diversity and inclusion Create a workplace environment that motivates employees Cultivate human resources Respect human rights |
| Contribute to the environment through our business |      | <ul style="list-style-type: none"> Keep business operations environmentally friendly Expand environmentally friendly products and services |

For details on the Sustainability Action Plan, see our website: www.daifuku.com/sustainability/management/plan



► Daifuku Environmental Vision 2050 (revised May 2023)

We at the Daifuku Group aim to realize a world where material handling systems operate with zero environmental impact by 2050, and we have established three crucial issue areas as well as environmental targets to achieve by 2030.



Environmental Goals for 2030

| Crucial Issue Areas | Key Performance Indicators | Targets |
|---|---|--|
|  Addressing Climate Change | Daifuku CO ₂ emissions (Scopes 1 + 2) | 50.4% reduction (compared to FY2018) |
| | CO ₂ emissions from purchased goods and services (Scope 3 Category 1) | 30% reduction^{*1} (compared to FY2018) |
| | CO ₂ emissions from the use of sold products (Scope 3 Category 11) | |
|  Promoting Resource Recycling | Landfill disposal rate | Less than 1% |
| | Water use intensity ^{*2} | 30% reduction (compared to FY2018) |
|  Coexisting with Nature | Rate of implementation of biodiversity conservation activities at major sites ^{*3} | 100% |
| | Sustainability Action ^{*4} total annual number of participants | 30,000 people |

*1: Scope 3 Category 1 and Category 11 combined target

*2: Water consumption (1,000 m³) divided by net sales (100 million yen)

*3: Sites with 100 or more employees

*4: Daifuku's unique program for sustainability awareness and training

For details, see our website: www.daifuku.com/sustainability/environment/management

▶ Environmental initiatives

Introduction and expansion of renewable energy

As of November 2022, all electricity used within the Shiga Works, our largest core plant in Japan, has been switched to renewable energy sources. When converted to CO₂ emissions, the Group's Scope 1 and 2 emissions are reduced by about 16% (compared to 2018).



Photovoltaic systems have already been installed at Group companies Contec Headquarters (Japan) and Changshu Plant (China). Group companies in Suzhou (China), South Korea, Thailand, Taiwan, and the United States are planning to do the same between 2023 and 2024, expanding the introduction of renewable energy.

Daifuku Eco-Products Certification Program (environmentally friendly products)

In November 2012, we launched the Daifuku Eco-Products Certification Program, which is a system to rate and certify products based on in-house environmental standards. Every product manufactured within the Group is rated on its performance in terms of energy saving, recyclability, weight, lifespan, packaging materials, water conservation, noise, water pollution, and hazardous materials, as well as the results from a Life Cycle Assessment. As of May 2023, 83 products were certified.



For details, see our website: www.daifuku.com/sustainability/environment/products

Daifuku Sustainability-Action program

The Daifuku Eco-Action Program was launched in fiscal 2012 with the aim of promoting and stimulating employees' voluntary learning about the environment. The program issues eco-points to employees who voluntarily take part in environmental activities, which can then be exchanged for eco-friendly goods, disaster recovery support products, and other rewards. We also donate a monetary amount equivalent to the total number of eco-points gained by employees to external organizations. In fiscal 2022, 10,132 people participated and 52,979 points were issued.

In fiscal 2023, the program was renamed as the Daifuku Sustainability Action Program. We are working to expand the scope of our activities to include social contribution activities in addition to environmental activities.

The Yui Project, an initiative for biodiversity conservation (since 2014)

Surrounded by greenery, the 1.2 million square meter Shiga Works site is home to more than 1,000 native species in forests, wetlands, reservoirs, and other environments. Of these, more than 70 species of wildlife listed in the Japanese Red List and the Shiga Prefecture Red Data Book have been identified. To protect this rich natural environment, we have established conservation areas within the Shiga Works as part of the Yui Project, and we are engaged in biological conservation activities, environmental contribution activities, and creating opportunities for employees to come into contact with nature.



Staff participating in reed cutting at Lake Ibaniko and Lake Nishinoko in Shiga Prefecture, which helps improve water quality



The endangered Yamato salamander



Trigomphus ogumai, a rare species of dragonfly

For details, see our website: www.daifuku.com/sustainability/environment/biodiversity

External evaluation

| | Evaluator | Evaluation (end of FY2022) |
|---|-----------|----------------------------|
| MSCI (U.S.A.) | | AA |
| FTSE Russell (U.K.) | | 3.5 |
| Sustainalytics (the Netherlands) | | 21.4 (Medium Risk) |
| CDP Worldwide (U.K.) (Climate Change Questionnaire) | | A- |

For details, see our website: www.daifuku.com/sustainability/external-evaluation

► Safety

With a slogan of placing priority on safety, we strive to increase safety awareness, led by the Safety and Health Management Division directly overseen by the president.

- Safety patrols
- Hands-on safety training facilities
- Safety and health seminar for top management of key suppliers, etc.



President Geshiro conducting a safety patrol at a work site

► HR development

To facilitate effective human resource (HR) development, we developed HR policies and conduct systematic and focused training programs based on these policies across the Daifuku Group. In particular, we are responsible for fostering the human resources we need to support the global development of our business and the strengthening of our management.

- Position-specific training
- Career development training
- Global HR development system
- Leadership training
- Global staff training, etc.

For details, see our website: www.daifuku.com/sustainability/society/human-resources

► Health

The Mental and Physical Health Promotion Committee, which is one of the Company-wide organizations, specifies health challenges, sets targets, and provides a range of health-promoting events, sessions by outside lecturers, and training for employees.

- Line-of-command care and self-care seminars
- Opportunities for exercise at work
- Staff exercise seminars
- Walking events, etc.



Lunchtime walking using promenade in the Shiga Works

► Human Rights Policy

In October 2021, the Daifuku Group adopted its Group Human Rights Policy. The Group declares its commitment to respecting human rights in its management philosophy and Group Code of Conduct, and strives to create an environment where each and every employee is able to maximize their potential. We will continue to contribute to building a sustainable society by ensuring that our employees and business partners understand and comply with this policy.

For details, see our website: www.daifuku.com/sustainability/society/human-rights

► Achieve diversity and inclusion

We seek to employ diverse human resources based on our management philosophy and to develop an environment where each employee is able to work actively with a sense of “motivation” and “ease of work.”

Women’s participation and advancement in the workplace

To facilitate the active participation of women, we are developing and expanding a support system that enables us to fully demonstrate our abilities and grow while striving to balance childcare and work. Looking ahead, we will step up our efforts to promote female managers.

Create employment opportunity

We have exceeded the statutory employment rate for people with disabilities of 2.3% (as of April 1, 2023), with an actual rate of 2.49%.

At the Shiga Works, our core factory, we have set up a specialized department to facilitate the employment of people with disabilities at the manufacturing site. We are accepting workplace training and regular recruitment in partnership with a high school for students with disabilities in Shiga Prefecture. In addition, we have instituted our own curriculum that takes the steps of “preemployment training-> company adaptation-> workplace training-> workplace adaptation” and have built a system that enables disabled employees to work with peace of mind.

In recent years, the work area has been expanded due to digitalization, and the number of cases of not only work at the manufacturing site but also clerical work such as design and management, is increasing.



Assembly guidance by support staff

We disclose financial/non-financial information on our website, as outlined in the following table.
www.daifuku.com

Investor Relations

www.daifuku.com/ir

Corporate Governance

www.daifuku.com/ir/policy/governance

Sustainability

www.daifuku.com/sustainability



| | Title | Language | |
|----------------------|---|----------|---------|
| | | Japanese | English |
| Investor Relations | Earnings announcements and presentations | ✓ | ✓ |
| | Securities reports | ✓ | ✓ |
| | Notice of the Ordinary General Meeting of Shareholders | ✓ | ✓ |
| | Newsletters for shareholders | ✓ | |
| | Daifuku Report (integrated reporting) | ✓ | ✓ |
| Corporate Governance | Corporate Governance Report | ✓ | ✓ |
| | Daifuku Group's Basic Policy for Corporate Governance | ✓ | ✓ |
| | The Disclosure Based on the Principles of Japan's Corporate Governance Code | ✓ | ✓ |
| Company | Corporate Profile | ✓ | ✓ |
| Sustainability | Sustainability information | ✓ | ✓ |
| | ESG (environment, society, governance) data, environmental performance, evaluation from outside | ✓ | ✓ |
| | Sustainability reports | ✓ | ✓ |

Notice of the Ordinary General Meeting of Shareholders



Daifuku Report



Sustainability Report



► Our policy on corporate governance

As a company with Audit & Supervisory Board, the Daifuku Group is introducing and expanding systems that enhance management transparency, monitoring and supervision functions, adopting a flexible approach. We strive to improve our effectiveness by continuously following the PDCA (plan-do-check-act) cycle, establishing the Daifuku Group's Basic Policy for Corporate Governance and the Disclosure Based on the Principles of Japan's Corporate Governance Code.

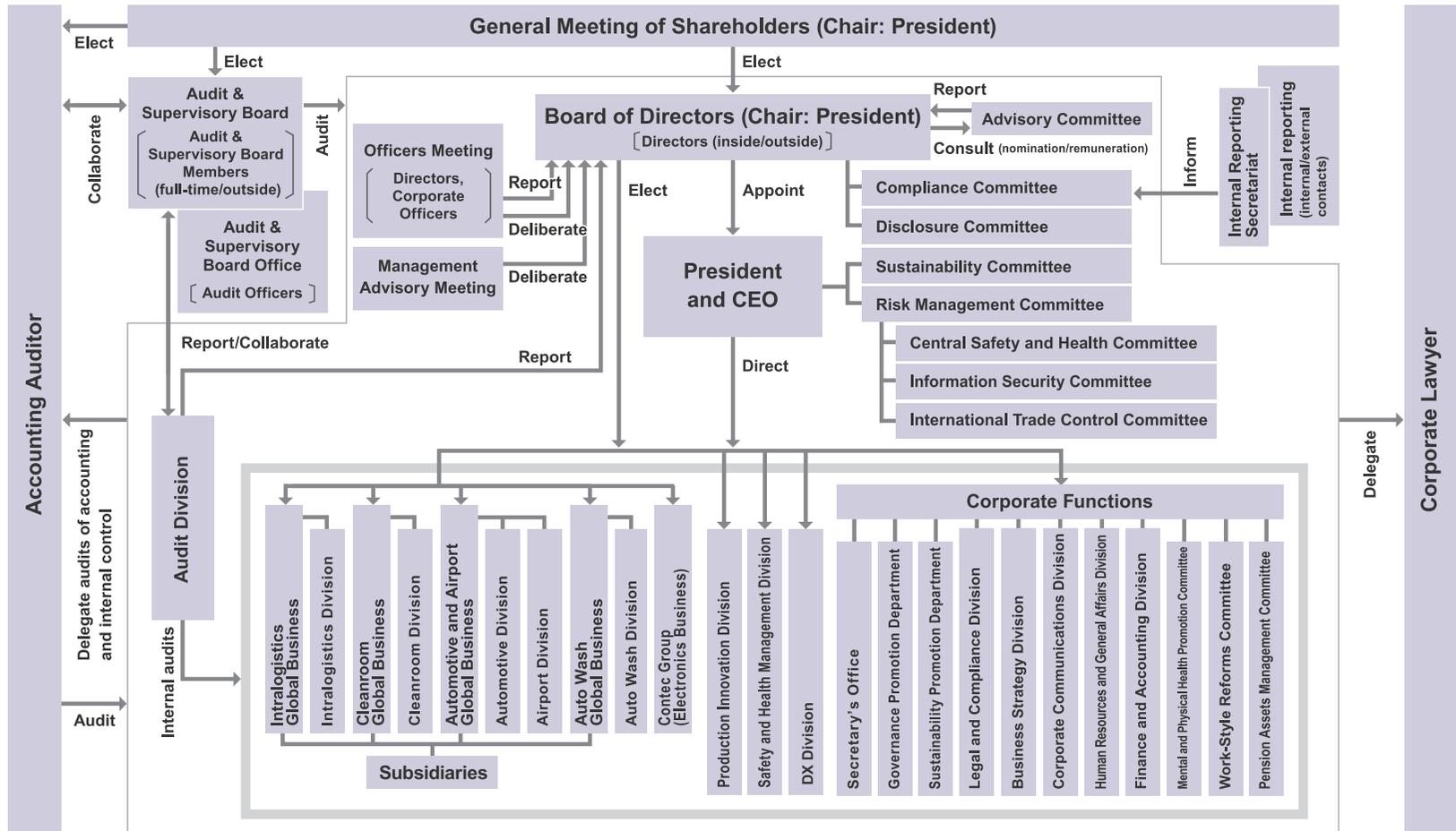
Daifuku Group's Basic Policy for Corporate Governance and the Disclosure Based on the Principles of Japan's Corporate Governance Code: www.daifuku.com/ir/policy/governance

► Corporate governance structure (as of June 23, 2023)

| | |
|--|---|
| Form of organization | Company with the Audit & Supervisory Board |
| Term of office of the Board of Directors specified in the Articles of Incorporation | 1 year |
| Chair of the Board of Directors | President and CEO |
| Number of directors | 10 (including 5 outside directors) |
| Frequency of Board meetings (FY2022) | Ordinary: 12 times, Extraordinary: 5 times |
| Voluntary committee | Advisory Committee for nominations and remunerations |
| Members and chair of the voluntary committee | Members: 1 or more representative directors and 3 or more directors including 1 or more outside directors Chair: One of outside directors Meets: 3 times or more a year |
| Number of Audit & Supervisory Board members | 4 (including 3 outside members) |
| Frequency of Audit & Supervisory Board meetings (FY2022) | Ordinary: 8 times, Extraordinary: Once |
| Independence standards of outside directors and outside members of the Audit & Supervisory Board | Daifuku defines its standards, which are specified in disclosed convocation notices of General Meeting of Shareholders among others. |
| Evaluation of the Board of Directors' effectiveness | Daifuku conducts a questionnaire survey through an external organization, of all directors and Audit and Supervisory Board members concerning the Board of Directors' effectiveness. The summary of the survey is disclosed in the Corporate Governance Report. |
| Directors' remuneration system linked to the medium- to long-term results | Daifuku introduces the Board Benefit Trust, a performance-linked equity compensation plan. |

► Corporate governance structure

Updated in April 2023



FY2023 major changes in corporate organization

1. We have added new C-suite titles to strengthen corporate governance across the Group and speed up decision-making by delegating authority from the CEO and clarifying the responsibility of each officer after the delegation. Newly established positions are as follows:
 Chief Financial Officer
 Chief Human Resources Officer

Chief Information Officer
 Chief Production Officer
 Chief Technology Officer

2. We have formed the Production Innovation Division to increase productivity and strengthen production framework through the Group's supply chain risk management and manufacturing innovation.

▶ Inside directors



Hiroshi Geshiro
Representative Director
President and CEO



Seiji Sato
Director
Senior Managing Officer
Cleanroom Global Business Head
President and CEO of Daifuku
North America Holding Company



Toshiaki Hayashi
Director
Managing Officer
Chief Officer of Shiga Works
Safety and Health Management
Division Manager



Hiroshi Nobuta
Director
Managing Officer
Intralogistics Global Business
Head



Hideaki Takubo
Director (newly appointed)
Managing Officer
Chief Human Resources Officer
Corporate Functions Head

▶ Outside directors



Yoshiaki Ozawa
Director



Mineo Sakai
Director



Kaku Kato
Director



Keiko Kaneko
Director



Gideon Franklin
Director (newly appointed)

▶ Audit & Supervisory Board members



Tsukasa Saito
Audit Supervisory Board
Member (full-time)



Ryosuke Aihara
Audit & Supervisory Board
Member (outside)



Tsukasa Miyajima
Audit & Supervisory Board
Member (outside)



Nobuo Wada
Audit & Supervisory Board
Member (outside)

► Composition of Board of Directors

We will continue to discuss the diversity in the Board of Directors, based on changes in the business environment, the Group's management plans, and other aspects.

Skill matrix of the Board of Directors

| | Expertise/Experience | | | | | | | Diversity | | | |
|------------------|----------------------|------------|---------------------|--------------------------------|------------------|--------|----------------------------------|--------------|--------|-----|--|
| | Corporate management | Technology | Finance, accounting | Legal affairs, risk management | Sales, marketing | Global | Environment, society, governance | Independence | Gender | Age | Major career |
| Hiroshi Geshiro | ✓ | | | ✓ | ✓ | ✓ | ✓ | | M | 65 | The Group |
| Seiji Sato | ✓ | | | | ✓ | ✓ | | | M | 63 | The Group |
| Toshiaki Hayashi | ✓ | ✓ | | | | ✓ | | | M | 64 | The Group |
| Hiroshi Nobuta | ✓ | ✓ | | | | ✓ | | | M | 63 | The Group |
| Hideaki Takubo | ✓ | | ✓ | ✓ | | ✓ | ✓ | | M | 62 | The Group |
| Yoshiaki Ozawa | | | ✓ | | | ✓ | ✓ | ✓ | M | 69 | Accounting firm, university, outside member of the Audit & Supervisory Board and Substitute Director (Audit & Supervisory Committee Member) of enterprises |
| Mineo Sakai | ✓ | | ✓ | | | ✓ | ✓ | ✓ | M | 72 | Trading company, IT company |
| Kaku Kato | ✓ | | | ✓ | | ✓ | ✓ | ✓ | M | 68 | Trading company, energy-related company, university |
| Keiko Kaneko | | | | ✓ | | ✓ | ✓ | ✓ | F | 55 | Trading company, university, law firm, statutory auditor and external director of enterprises |
| Gideon Franklin | ✓ | | ✓ | | | ✓ | ✓ | ✓ | M | 60 | Finance, M&A, corporate management, and outside director of enterprises |

Notes:

1. In Expertise/Experience, up to five skills of individuals are marked with "✓".
2. The above list does not represent all of the knowledge, experience, and abilities of individuals.

► Senior Managing officer

| | |
|------------------|--|
| Yasuhisa Mishina | Chief Production Officer Chief Information Officer Production Innovation Division Manager DX Division Manager |
|------------------|--|

► Managing officers

| | |
|-------------------|---|
| Akihiko Kishida | Chairman of Daifuku (China) Co., Ltd. |
| Yoshiyuki Horiba | Auto Wash Global Business Head Auto Wash Division Manager President of Daifuku Plusmore Co., Ltd. |
| Takaya Uemoto | Automotive and Airport Global Business Head Airport Division Manager |
| Takuya Gondoh | Chief Technology Officer General Manager of Engineering Operations, Intralogistics Division |
| Akihiko Nishimura | Deputy Automotive and Airport Global Business Head Automotive Division Manager General Manager of Sales and Service Business Strategy Operations, Automotive Division |
| Norihito Toriya | Intralogistics Division Manager General Manager of Sales Operations, Intralogistics Division |
| Tetsuya Hibi | Chief Financial Officer Deputy Corporate Functions Head Finance and Accounting Division Manager |

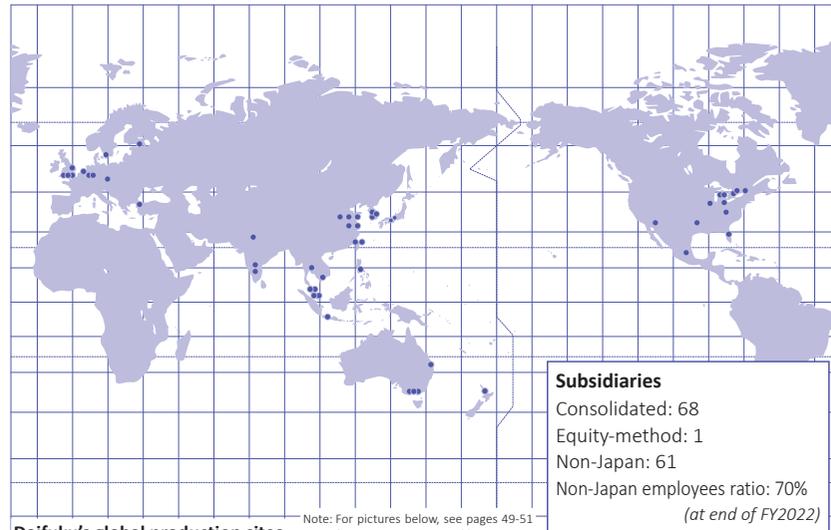
► Corporate officers

| | |
|----------------|---|
| Hiroaki Kita | CEO of Daifuku Oceania Limited |
| Seiji Yamamoto | General Manager of Installation and Service Operations, Intralogistics Division |
| Tsutomu Maeda | General Manager of Domestic Market Business Unit, Automotive Division |
| Tomoaki Terai | Cleanroom Division Manager General Manager of Production Operations, Cleanroom Division |
| Atsushi Sonoda | Deputy Cleanroom Division Manager General Manager of Sales Operations, Cleanroom Division Chief Officer of Komaki Works |
| Hirobumi Akiba | Corporate Communications Division Manager |

► Audit officer

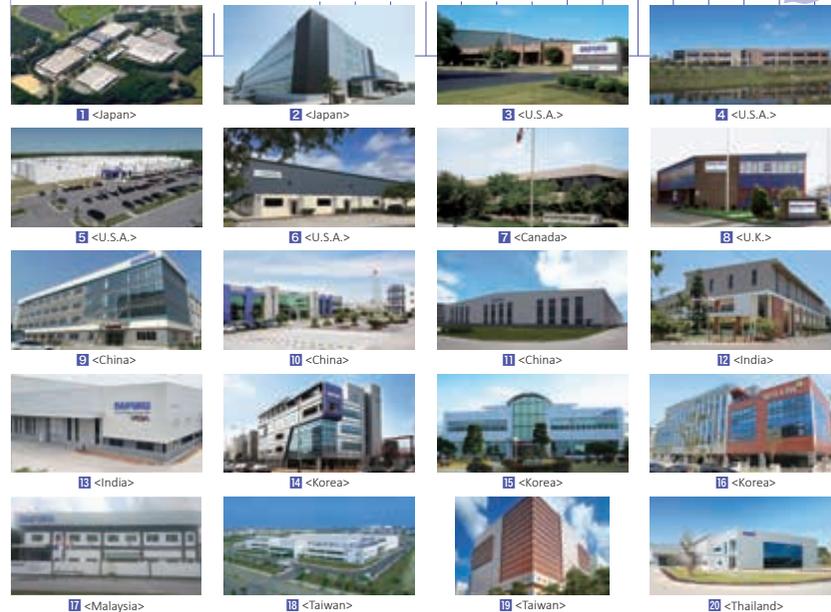
| | |
|----------------------|---|
| Toshikatsu Takahashi | General Manager of Audit & Supervisory Board Office |
|----------------------|---|

Operations in 25 countries and regions



Daifuku's global production sites

Note: For pictures below, see pages 49-51 for company names and locations.



Principal locations

Osaka Headquarters

3-2-11 Mitejima, Nishiyodogawa-ku, Osaka
 555-0012 Japan
 Tel: 81-6-6472-1261

Tokyo Head Office

Shiodome-Shibarikyū Building, 1-2-3 Kaigan
 Minato-ku, Tokyo 105-0022 Japan
 Tel: 81-3-6721-3501

Shiga Works 1

1225 Nakazaiji, Hino-cho, Gamo-gun, Shiga
 529-1692 Japan
 Tel: 81-748-53-0321

Komaki Works 2

4-103 Komakihara, Komaki-shi, Aichi
 485-8653 Japan
 Tel: 81-568-74-1500

Sales and service offices in Japan: About 60

Global branches

Czech
 Germany
 Philippines

St. Petersburg (Russia)
 Istanbul (Turkey)
 UK

Japan subsidiaries

Contec Co., Ltd.
 Daifuku Plusmore Co., Ltd.
 Daifuku Business Service Corporation
 Daifuku Manufacturing Technology Co., Ltd.

Iwasaki Seisakusho Co., Ltd.
 Daifuku Airport Technologies Japan Co., Ltd.
 Scarabee Aviation Group – Japan Co., Ltd.

Americas

Daifuku North America Holding Company

Novi, MI, U.S.A.

Daifuku America Corporation [3](#)

- **Main Office & Plant**
Reynoldsburg, OH, U.S.A.
- **Carlisle Forging Plant**
South Carolina
- **Other offices**
Indiana, Kentucky, Michigan, Tennessee

Daifuku Cleanroom Automation America Corporation

- **Main Office:** Chandler, AZ, U.S.A.
- **Test Center & Office:** Oregon
- **Other office:** Texas

Jervis B. Webb Company [4](#)

- **World Headquarters**
Novi, MI, U.S.A.
- **Northern Michigan Manufacturing Plant**
Michigan

Elite Line Services, Inc.

Carrollton, TX, U.S.A.

Wynright Corporation [5](#)

- **World Headquarters**
Hobart, IN, U.S.A.
- **Innovation Center:** Illinois
- **Other offices**
Florida, Indiana, Kentucky
Michigan, Utah
- **Plants:** Indiana, Texas

Contec Americas Inc. [6](#)

- **Main Office:** Melbourne, FL, U.S.A.
- **Other office:** Illinois

Daifuku Canada Inc.

Mississauga, Ontario, Canada

Jervis B. Webb Company of Canada, Ltd. [7](#)

Hamilton, Ontario, Canada

Daifuku Airport Technologies Canada Inc.

Montréal, QC, Canada

Elite Line Services Ltd.

Toronto, Ontario, Canada

Daifuku de México, S.A. de C.V.

Querétaro, Qro., México

Daifuku (China) Co., Ltd.

Shanghai, China

Daifuku (China) Automation Co., Ltd. [9](#)

- **Main Office:** Changshu, Jiangsu, China
- **Branches**
Beijing, Changchun, Chongqing,
Guangzhou, Tianjin, Wuhan
- **Other offices**
Fuzhou, Nansha TEDA, Zhengzhou

Daifuku (China) Manufacturing Co., Ltd. [10](#)

- **Main Office:** Shanghai, China
- **Branches:** Beijing, Guangzhou, Shenzhen
- **Other offices**
Changsha, Chengdu, Chongqing,
Hangzhou, Hongqiao, Nanjing, Ningbo,
Suzhou, Taichang, Tianjin, Wuhan, Xi'an

Daifuku (Suzhou) Cleanroom Automation Co., Ltd. [11](#)

- **Main Office:** Suzhou, Jiangsu, China
- **Branches:** Shenzhen, Xi'an

Contec (Shanghai) Co., Ltd.

- **Main Office:** Shanghai, China
- **Branch:** Beijing

Daifuku India Private Limited

- **Main Office:** Haryana
- **Other offices:** Bengaluru, Gujarat

ForgePro India Private Limited [12](#)

Karnataka, India

Daifuku Intralogistics India Private Limited [13](#)

- **Main Office:** Hyderabad, India
- **Other office:** Mumbai

P.T. Daifuku Indonesia

- **Main Office:** Jakarta, Indonesia
- **Deltamas Office:** Bekasi

Daifuku Korea Co., Ltd. [14](#)

- **Main Office / R&D Center**
Incheon, Korea
- **Plant:** Incheon

Clean Factomation, Inc. [15](#)

- **Main Office:** Gyeonggi-do, Korea
- **Asan Plant**
Chungcheongnam-do, Korea

Hallim Machinery Co., Ltd. [16](#)

- **Main Office & Plant**
Gyeonggi-do, Korea
- **Other offices**
Busan, Daegu, Daejeon, Gwangju, Seoul

Daifuku (Malaysia) Sdn. Bhd.

Selangor D.E., Malaysia

BCS Integration Solutions Sdn. Bhd. [17](#)

- **Main Office**
Kuala Lumpur, Malaysia
- **Factory**
Negeri Sembilan, Malaysia

Daifuku Oceania Limited

- **Main Office:** Auckland, NZ
- **Other offices**
Australia, Canada, Malaysia

Daifuku Mechatronics (Singapore) Pte. Ltd.

Techplace 1, Singapore

Singapore Contec Pte. Ltd.

Techplace 1, Singapore

Taiwan Daifuku Co., Ltd. [18](#)

- **Main Office & Plant:** Tainan, Taiwan
- **Branch:** Hsinchu
- **Plant:** Taichung

Taiwan Contec Co., Ltd. [19](#)

Xinbei, Taiwan

Daifuku (Thailand) Limited [20](#)

- **Main Office & Plant (Pinthong)**
Chonburi, Thailand
- **Other office:** Bangkok
- **Chonburi Plant:** Chonburi

Daifuku Intralogistics Vietnam Company Limited

- **Main Office:** Ho Chi Minh City, Vietnam
- **Other office:** Hanoi

Europe

Daifuku Europe GmbH

- **Main Office**
Moenchengladbach, Germany
- **Denmark Branch:** Copenhagen, Denmark
- **Sweden Branch:** Helsingborg, Sweden
- **UK Branch:** Milton Keynes, U.K.

Jervis B. Webb Company, Ltd.

Milton Keynes, U.K.

Daifuku Logan Ltd. [8](#)

- **Main Office:** Hull, U.K.
- **France Branch:** Alfortville, France

Scarabee Aviation Group B.V.

Hoofddorp, The Netherlands

Asia Pacific

BCS Airport Systems Pty. Ltd.

Hallam, VIC, Australia

BCS Logistics Solutions Pty. Ltd.

Hallam, VIC, Australia

BCS Infrastructure Support Pty. Ltd.

Hallam, VIC, Australia

Intersystems (Asia Pacific) Pty. Ltd.

Murrarie, QLD, Australia

Organizations of which Daifuku is a member

| | |
|---|--|
| Japan Institute of Material Handling (JIMH) | www.jimh.or.jp/en |
| Japan Institute of Logistics Systems (JILS) This organization surveys to announce the logistics systems and equipment production and shipment statistics once a year. (This statistics excludes imported goods and services.) | www.logistics.or.jp/english/about.html |

Top 20 systems suppliers

| 2022 Rank | Company | Worldwide 2022 revenue (million USD) | Headquarters |
|-----------|------------------------------------|--------------------------------------|-----------------------|
| 1 | DAIFUKU | 4,549 | Japan |
| 2 | Dematic (KION Group) ** | 4,063 | U.S.A. (Germany) |
| 3 | Honeywell Intelligrated | 2,336 | U.S.A. |
| 4 | Vanderlande (TALG*) | 2,200 | Netherlands (Japan) |
| 5 | Knapp | 2,139 | Austria |
| 6 | FORTNA | 2,100 | U.S.A. |
| 7 | Murata Machinery | 1,970 | Japan |
| 8 | SSI Schaefer Group ** | 1,932 | Germany |
| 9 | Interlake Mecalux (MECALUX) | 1,576 | U.S.A. (Spain) |
| 10 | WITRON Integrated Logistics | 1,200 | Germany |
| 11 | Beumer Group | 1,070 | Germany |
| 12 | stow Group | 1,043 | Belgium |
| 13 | TGW Logistics Group | 991 | Austria |
| 14 | Swisslog (KUKA) | 827 | Switzerland (Germany) |
| 15 | Bastian Solutions (TALG*) | 775 | U.S.A.(Japan) |
| 16 | Fives Intralogistics (Fives Group) | 692 | Japan (France) |
| 17 | Kardex | 606 | Switzerland |
| 18 | Symbotic | 593 | U.S.A. |
| 19 | AutoStore | 583 | Norway |
| 20 | Element Logic | 527 | Norway |

* Toyota Advanced Logistics Group

Source: U.S. magazine, *Modern Materials Handling*

** Converted from official public number

Note: Names and countries in () show the parent company and its headquarters location.

Hini Arata Kan is one of the world's largest hands-on demo centers for material handling and logistics. At the center, cutting-edge material handling systems and equipment, developed and manufactured in-house, are on display along with other products from companies involved in the logistics industry.

Since its founding in 1994, Hini Arata Kan has welcomed about 510,000 visitors from around 90 countries and regions. We undertook a large-scale replacement of the latest systems and equipment and reopened in June 2022.

Our dedicated staff introduce product functions and features, as well as case studies and solutions. Japanese, English, Chinese, and Korean guides are available.

日新館

1225 Nakazaiji, Hino-cho, Gamogun, Shiga 529-1692 Japan

Access

From Shinkansen MAIBARA or JR Tokaido (Biwako) Line OMI HACHIMAN Station, a ride on the Daifuku shuttle bus (reservations required)



Facility facts

- Building area: 6,049 sq.m
- Floor space: 19,482 sq.m
- Closed: Saturdays, Sundays & holidays
- Hours open: 9:00 a.m. – 4:30 p.m.
- Tour times: 9:50 a.m. – 3:15 p.m. (course system using time slots)

Note: Operating days, hours, and tour times are subject to change.

- Tours: Make online reservations at our website.

www.daifuku.com/showroom/hiniaratakan

Note: For non-competitors and organizations only.

