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This is an English translation of the original Japanese release.

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## NEWS RELEASE

February 5, 2021

**Daifuku Co., Ltd.** (TSE code: 6383)  
Representative: Hiroshi Geshiro, President and CEO

### **Daifuku Announces New Three-Year Business Plan and Related Items**

The Daifuku Group has formulated *Value Transformation 2023*, its new three-year business plan beginning in fiscal 2021 (ending March 31, 2022) and ending fiscal 2023 (ending March 31, 2024).

#### **1. Overview of Value Transformation 2023**

Given the drastic changes in the environment surrounding the Group, including the new normal and the global expansion and diversification of automation needs, in the new business plan the Group will promote

***DX<sup>2</sup> (DX Squared) = Digital Transformation × Daifuku Transformation***

with the goal of contributing to the realization of a sustainable society and the enhancement of corporate value through solutions that solve the challenges faced by customers and society.

#### **(1) Period of the new business plan**

While the current business plan was formulated to address a four-year period, the period of the new business plan is three years to enable a quicker response to drastic change in the social environmental and business climates surrounding the Company.

#### **(2) Concept of the new three-year business plan**

( i ) Transformation of the value provided through DX<sup>2</sup>

The 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 Daifuku Group itself (Daifuku Transformation).

( ii ) 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.

( iii ) 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 (to be announced in April 2021) 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.

### **(3) Management targets**

Consolidated sales: 540 billion yen (fiscal year ending March 31, 2024)

Operating margin: 10.5% (fiscal year ending March 31, 2024)

ROE: 10% or higher (each fiscal year)

### **(4) Shareholder return policy**

The Group will aim to achieve a consolidated dividend payout ratio of 30% or more on a three-year average from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024.

\* For more information about Value Transformation 2023, please refer to Appendix A.

## **2. Review of the current four-year medium-term business plan, Value Innovation 2020**

In general, financial results during Value Innovation 2020, which began in fiscal 2017, remained strong as initially planned. While the results did not reach the management targets that were revised upward in May 2019 (consolidated sales of 500 billion yen and an operating margin of 11.5%) due to a temporary decline in the motivation to invest in plants and equipment in the cleanroom sector where market conditions tend to significantly fluctuate, and the impact from the COVID-19 pandemic, the Group is expected to record results including consolidated sales of 470 billion yen and an operating margin of 9.0% and achieve its initial management targets (consolidated sales of 420 billion yen and an operating margin of 8.0%).

It is also expected that the Group will achieve the target ROE of 10% or higher for all the periods of the plan. The consolidated dividend payout ratio was also maintained at roughly 30% in every fiscal year.

In terms of the outcome of the core policies of the plan, the Airport business has steadily become the Group's fourth core business. The Group also continued active growth investment, including a significant increase in production capacity in Japan and overseas. Further, the Company has been working to increase its brand power, including efforts for comprehensive ESG improvement.

## **3. Towards realizing a sustainable society**

The Group has clarified its intent to realize a sustainable society and its related policies by identifying material issues and updating its environmental vision as below in conjunction with its formulation of Value Transformation 2023.

( i ) Identification of Materiality of the Daifuku Group (Appendix 1)

( ii ) Formulation of the Daifuku Environmental Vision 2050 (Appendix 2)

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Notice

All statements made in this release are future projected results in accordance with Daifuku's plans, strategies, and outlook for the future. Daifuku cannot guarantee this information and advises that you not rely on this alone.

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## **Identification of Materiality of the Daifuku Group**

Daifuku Co., Ltd. has recently identified materiality (priority issues), also known as material issues, in line with its efforts to promote sustainability.

Daifuku will contribute to the achievement of the SDGs\* by working on materiality through its business activities, thereby enhancing its corporate value and helping it realize a sustainable society.

### **1. Background behind the identification of materiality**

The business environment surrounding the Daifuku Group is undergoing drastic change due to climate change and the COVID-19 pandemic. The Group is conducting business from a long-term perspective to realize a sustainable society as envisioned by the United Nations when it established the SDGs. The Company recently reviewed its current “CSR priority issues” and has reformed these as materiality.

### **2. Overview of materiality**

Daifuku has set five themes for the promotion of sustainability management and the SDGs: 1) contribute to a smart society, 2) maintain and improve the quality of products and services, 3) enhance operational framework, 4) respect human dignity, and 5) contribute to the environment through our business. It has also identified 18 material issues related to these themes.

### **3. Sustainability Action Plan**

In April 2021, Daifuku plans to publish a three-year Sustainability Action Plan to address the identified materiality.

\* SDGs: The Sustainable Development Goals are international goals adopted by the United Nations General Assembly in September 2015 that aim to achieve a better, sustainable world by 2030. The SDGs consist of 17 goals and 169 targets.

For more information about materiality, please see the next page.

**Toward realizing a sustainable society, Daifuku is focusing its efforts on five themes and 18 material issues**

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

## **Formulation of the Daifuku Environmental Vision 2050**

Daifuku Co., Ltd. has formulated the Daifuku Environmental Vision 2050 (the "Vision"), a new environmental vision looking toward 2050 for the realization of a sustainable society.

The Vision is a long-term environmental goal that follows on from Daifuku's initial vision (Daifuku Environmental Vision 2020) adopted in April 2011. The Daifuku Environmental Vision 2020, which set fiscal 2020 as its final year, focused on three themes: 1) promote environmentally friendly activities in business operations, 2) expand environmentally friendly products and services, and 3) enhance the foundations for environmental management.

In the new Vision, the Company has set a goal to create material handling systems with zero environmental impact by 2050, and toward that goal has established targets for issue areas until 2030: 1) climate change and energy and 2) resource recycling. During its implementation period from 2021 to 2030, the Vision shall be driven by the Sustainability Committee with the president as chair.

As a global provider of material handling systems, Daifuku will contribute to the realization of a sustainable society through its achievement of the Vision and will work toward continued, sustainable growth and the enhancement of its corporate value by continuing to solidify the trust-based relationships it maintains with its customers, shareholders, investors and other stakeholders.

For more information about the Daifuku Environmental Vision 2050, please see the next page.

# Daifuku Environmental Vision 2050

**DAIFUKU**  
Always an Edge Ahead

Daifuku Environmental Vision 2050

## One-Daifuku Zero

Aiming for a world where material handling systems have zero environmental impact

### Climate Change and Energy

We will contribute to the environmental activities of our customers with the best quality products and services to bring about a post-carbon society.

We will make 100% of the energy used in production, including among our primary suppliers, renewable.

### Resource Recycling

We will contribute to the environmental activities of our customers with the best quality products and services to create a recycling-oriented society.

In addition to extending the life of our products, we will eliminate landfill waste created by products we provide and the waste generated at our production sites.



**2030 Targets**

| Issue Area                       | 2030 Target  |
|----------------------------------|--|
| <b>Climate Change and Energy</b> | 70% or higher sales ratio of projects that include eco-friendly products*                |
|                                  | Overall avoided CO <sub>2</sub> emissions** of 300,000 tons or more                      |
|                                  | 25% or more reduction in total CO <sub>2</sub> emissions by Daifuku (from FY2018 levels) |
|                                  | 50% or more corporate participation in supply chain CO <sub>2</sub> reduction program    |
| <b>Resource Recycling</b>        | 90% or higher recyclability rate for new products  |
|                                  | Resource recycling*** for all our production sites                                       |

\* Projects that contributed to our customers' environmental activities through Daifuku Eco-Products.  
 \*\* CO<sub>2</sub> volume after subtracting all CO<sub>2</sub> emissions from Daifuku products and services provided to our customers from CO<sub>2</sub> emissions in fiscal 2011, used as a base standard for environmental performance at the time.  
 \*\*\* In April 2022 we will announce a target following an assessment of resource recycling at our production sites.